



HealthyWay Inc. 健康之路股份有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2587

Global Offering

Sole Sponsor, Overall Coordinator, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager



IMPORTANT

IMPORTANT: If you are in any doubt about any of the contents of this prospectus, you should seek independent professional advice.



HealthyWay Inc. 健康之路股份有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	: 25,000,000 Shares
Number of Hong Kong Offer Shares	: 2,500,000 Shares (subject to reallocation)
Number of International Offer Shares	: 22,500,000 Shares (subject to reallocation)
Maximum Offer Price	: HK\$8.80 per Offer Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	: US\$0.00002 per Share
Stock code	: 2587

Sole Sponsor, Overall Coordinator, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager



Overall Coordinator, Joint Global Coordinator,
Joint Bookrunner and Joint Lead Manager

Financial Advisor



Joint Bookrunners and Joint Lead Managers

(in no particular order)



Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Appendix V—Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display" of this prospectus, has been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any of the other documents referred to above.

The Offer Price is expected to be fixed by agreement between the Overall Coordinators (on behalf of the Underwriters) and the Company on the Price Determination Date. The Price Determination Date is expected to be on or around Tuesday, December 24, 2024, and in any case no later than 12:00 noon on Tuesday, December 24, 2024 (Hong Kong time). The Offer Price will be no more than HK\$8.80 per Offer Share and is currently expected to be no less than HK\$7.80 per Offer Share unless otherwise announced. Investors applying for Offer Shares must pay, on application (subject to application channel), the maximum Offer Price of HK\$8.80 per Share, unless otherwise announced, together with brokerage fee of 1.0%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%, subject to refund if the Offer Price is less than HK\$8.80 per Offer Share.

The Overall Coordinators (on behalf of the Underwriters) may, with the consent of the Company, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement will be published on the Hong Kong Stock Exchange's website at www.hkexnews.hk and on the Company's website at www.jkzlkj.cn no later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Further details are set out in "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares." If, for any reason, the Offer Price is not agreed between the Overall Coordinators (on behalf of the Underwriters) and the Company on or before 12:00 noon on Tuesday, December 24, 2024, the Global Offering will not proceed and will lapse. See "Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering—Grounds for Termination."

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares may be offered, sold or delivered outside of the United States in accordance with Regulation S under the U.S. Securities Act.

December 18, 2024

IMPORTANT

IMPORTANT NOTICE TO INVESTORS: FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the “*HKEXnews > New Listings > New Listing Information*” section, and our website at www.jkzlkj.cn. You may download and print from these website addresses if you want a printed copy of this prospectus.

To apply for the Hong Kong Offer Shares, you may:

- (1) apply online via the **White Form eIPO** service at www.eipo.com.hk; or
- (2) apply electronically through the **HKSCC EIPO** channel and cause HKSCC Nominees to apply on your behalf by instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions via HKSCC’s FINI system to apply for the Hong Kong Offer Shares on your behalf.

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

If you are an intermediary, broker or agent, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses stated above.

Please refer to the section headed “*How to Apply for the Hong Kong Offer Shares*” in this prospectus for further details on the procedures through which you can apply for the Hong Kong Offer Shares electronically.

IMPORTANT

Your application through the **White Form eIPO** service or the **HKSCC EIPO** channel must be made for a minimum of 500 Hong Kong Offer Shares and in multiples of that number of Hong Kong Offer Shares as set out in the table below. No application for any other number of Hong Kong Offer Shares will be considered and such an application is liable to be rejected.

If you are applying through the **White Form eIPO** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective amount payable on application in full upon application for Hong Kong Offer Shares.

If you are applying through the **HKSCC EIPO** channel, you are required to pre-fund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application HK\$	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application HK\$	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application HK\$	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application HK\$
500	4,444.38	7,000	62,221.23	50,000	444,437.40	400,000	3,555,499.20
1,000	8,888.75	8,000	71,109.99	60,000	533,324.88	450,000	3,999,936.60
1,500	13,333.13	9,000	79,998.73	70,000	622,212.35	500,000	4,444,374.00
2,000	17,777.50	10,000	88,887.48	80,000	711,099.85	600,000	5,333,248.80
2,500	22,221.86	15,000	133,331.22	90,000	799,987.32	700,000	6,222,123.60
3,000	26,666.24	20,000	177,774.95	100,000	888,874.80	800,000	7,110,998.40
3,500	31,110.62	25,000	222,218.70	150,000	1,333,312.20	900,000	7,999,873.20
4,000	35,554.99	30,000	266,662.45	200,000	1,777,749.60	1,000,000	8,888,748.00
4,500	39,999.37	35,000	311,106.18	250,000	2,222,187.00	1,100,000	9,777,622.80
5,000	44,443.75	40,000	355,549.92	300,000	2,666,624.40	1,250,000 ⁽¹⁾	11,110,935.00
6,000	53,332.49	45,000	399,993.65	350,000	3,111,061.80		

(1) Maximum number of Hong Kong Offer Shares you may apply for.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) and the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC; and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the AFRC).

EXPECTED TIMETABLE⁽¹⁾

If there is any change in the following expected timetable, our Company will issue an announcement to be published on the website of the Stock Exchange at www.hkexnews.hk and the website of our Company at www.jkzlkj.cn.

Hong Kong Public Offering commences 9:00 a.m. on Wednesday,
December 18, 2024

Latest time for completing electronic applications
under the **White Form eIPO** service through the
designated website at www.eipo.com.hk⁽²⁾ 11:30 a.m. on Monday,
December 23, 2024

Application lists open⁽³⁾ 11:45 a.m. on Monday,
December 23, 2024

Latest time for (a) completing payment of **White Form
eIPO** applications by effecting internet banking
transfer(s) or PPS payment transfer(s) and (b) giving
electronic application instructions to HKSCC⁽⁴⁾ 12:00 noon on Monday,
December 23, 2024

If you are instructing your broker or custodian who is a HKSCC Participant will submit electronic application instruction(s) on your behalf through HKSCC's FINI system in accordance with your instruction, you are advised to contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

Application lists close⁽³⁾ 12:00 noon on Monday,
December 23, 2024

Expected Price Determination Date⁽⁵⁾ Tuesday, December 24, 2024

Announcement of:

(1) the Final Offer Price on the website of the Stock Exchange at www.hkexnews.hk and our website at www.jkzlkj.cn at or before. 11:00 p.m. on Friday,
December 27, 2024

(2) the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of the Hong Kong Offer Shares to be published on the website of the Stock Exchange at www.hkexnews.hk and our website at www.jkzlkj.cn at or before. 11:00 p.m. on Friday,
December 27, 2024

EXPECTED TIMETABLE⁽¹⁾

Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels, including:

- (1) in the announcement to be published on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.jkzlkj.cn** at or before 11:00 p.m. on Friday, December 27, 2024

- (2) from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment**) with a "search by ID" function from 11:00 p.m. on Friday, December 27, 2024 to 12:00 midnight on Thursday, January 2, 2025

- (3) from the allocation results telephone enquiry by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. from. Monday, December 30, 2024, to Friday, January 3, 2025 (excluding Saturdays, Sundays and public holidays in Hong Kong)

Dispatch of Share certificates or deposit of Share certificates into CCASS in respect of wholly or partially successful application under the Hong Kong Public Offering on or before⁽⁷⁾⁽⁹⁾ Friday, December 27, 2024

Dispatch of refund checks or **White Form** e-Refund payment instructions in respect of (i) wholly or partially successful applications if the final Offer Price is less than the price payable on application (if applicable) and (ii) wholly or partially unsuccessful application under the Hong Kong Public Offering on or before⁽⁸⁾⁽⁹⁾ Monday, December 30, 2024

Dealings in the Shares on the Stock Exchange expected to commence at 9:00 a.m. on⁽⁷⁾ Monday, December 30, 2024

Notes:

- (1) All dates and times refer to Hong Kong local dates and time, except as otherwise stated.
- (2) You will not be permitted to submit your application under the **White Form eIPO** service through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the

EXPECTED TIMETABLE⁽¹⁾

designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

- (3) If there is/are a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, December 23, 2024, the application lists will not open or close on that day. For details, please see “How to Apply for Hong Kong Offer Shares—E. Severe Weather Arrangements” in this prospectus.
- (4) Applicants who apply for Hong Kong Offer Shares by giving electronic application instructions to HKSCC should refer to the section headed “How to Apply for Hong Kong Offer Shares—2. Application Channels” in this prospectus.
- (5) The Price Determination Date is expected to be on Tuesday, December 24, 2024. If, for any reason, we do not agree with the Overall Coordinators (on behalf of the Underwriters) on the pricing of the Offer Shares by 12:00 noon on Tuesday, December 24, 2024, the Global Offering will not proceed and will lapse.
- (6) None of the websites nor any of the information contained on the websites form part of this prospectus.
- (7) No temporary documents of title will be issued in respect of the Offer Shares. Share certificates will only become valid evidence of title at 8:00 a.m. on Monday, December 30, 2024, provided that (i) the Global Offering has become unconditional in all respects and (ii) neither of the Underwriting Agreements has been terminated in accordance with their respective terms at or before that time. Investors who trade Shares on the basis of publicly available allocation details or prior to the receipt of Share certificates or the Share certificates becoming valid evidence of title do so entirely at their own risk.
- (8) White Form e-Refund payment instructions/refund checks will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Public Offer Price is less than the price payable per Offer Share on application. Part of the applicant’s Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund check, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant’s Hong Kong identity card number or passport number before encashment of the refund check. Inaccurate completion of an applicant’s Hong Kong identity card number or passport number may invalidate or delay encashment of the refund check. For details, please see “How to Apply for Hong Kong Offer Shares” in this prospectus.
- (9) Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. Individuals must produce evidence of identity acceptable to the Hong Kong Share Registrar at the time of collection.

Applicants who have applied for Hong Kong Offer Shares through **HKSCC eIPO** channel should refer to the section headed “How to Apply for Hong Kong Offer Shares—D. Despatch/Collection of Share Certificates and Refund of Application Monies” in this prospectus for details.

Applicants who have applied through the **White Form eIPO** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to the bank account in the form of **White Form e-Refund** payment instructions. Applicants who have applied through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund checks by ordinary post at their own risk.

EXPECTED TIMETABLE⁽¹⁾

Share certificates and/or refund checks for applicants who have applied for less than 1,000,000 Hong Kong Offer Shares and any uncollected Share certificates and/or refund checks will be dispatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

Further information is set out in “How to Apply for Hong Kong Offer Shares—*D. Despatch/Collection of Share Certificates and Refund of Application Monies*” in this prospectus.

The above expected timetable is a summary only. For details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, see “Structure of the Global Offering” and “How to Apply for Hong Kong Offer Shares”, respectively.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such a case, we will make an announcement as soon as practicable thereafter.

CONTENTS

This prospectus is issued by us solely in connection with the Hong Kong Public Offering and Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and the sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not contained or made in this prospectus must not be relied on as having been authorized by us, the Sole Sponsor, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers, the Underwriters, any of their respective directors, officers, representatives, employees, agents or professional advisors or any other person or party involved in the Global Offering.

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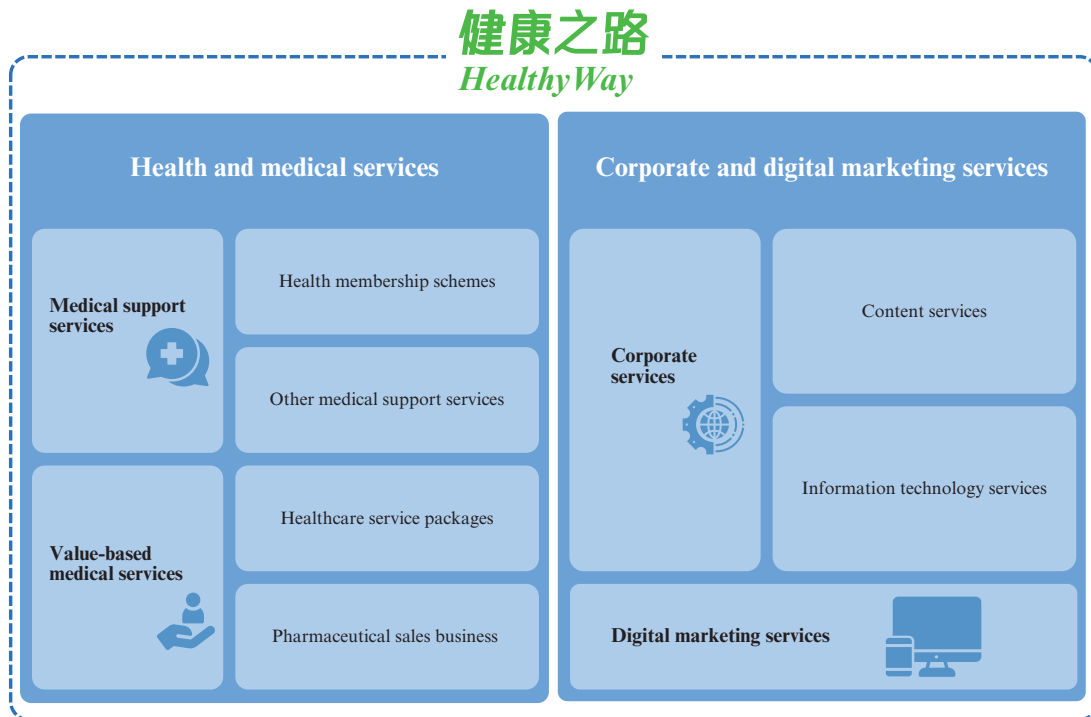
SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. Since it is a summary, it does not contain all the information that may be important to you. Moreover, there are risks associated with any investment. Some of the particular risks of investing in the Offer Shares are set out in “Risk Factors.” You should read the entire document carefully before you decide to invest in the Offer Shares.

OVERVIEW

About Us

We operate a digital health and medical service platform in China. We are the fourth largest digital health and medical service platform in terms of the number of registered individual users on our platform as of December 31, 2023, according to Frost & Sullivan. We are also the fifth largest digital health and medical service platform in terms of revenue in 2023 with market share below 5%, according to Frost & Sullivan. Since 2001, we have been providing health and medical services on digital platforms to individual users in China. In 2015, we started to provide corporate and digital marketing services to corporations and institutions. Over the last two decades, we have participated in the major digital transformations of China’s health and wellness industry, driving our business to grow. The following diagram provides an overview of our business segments.

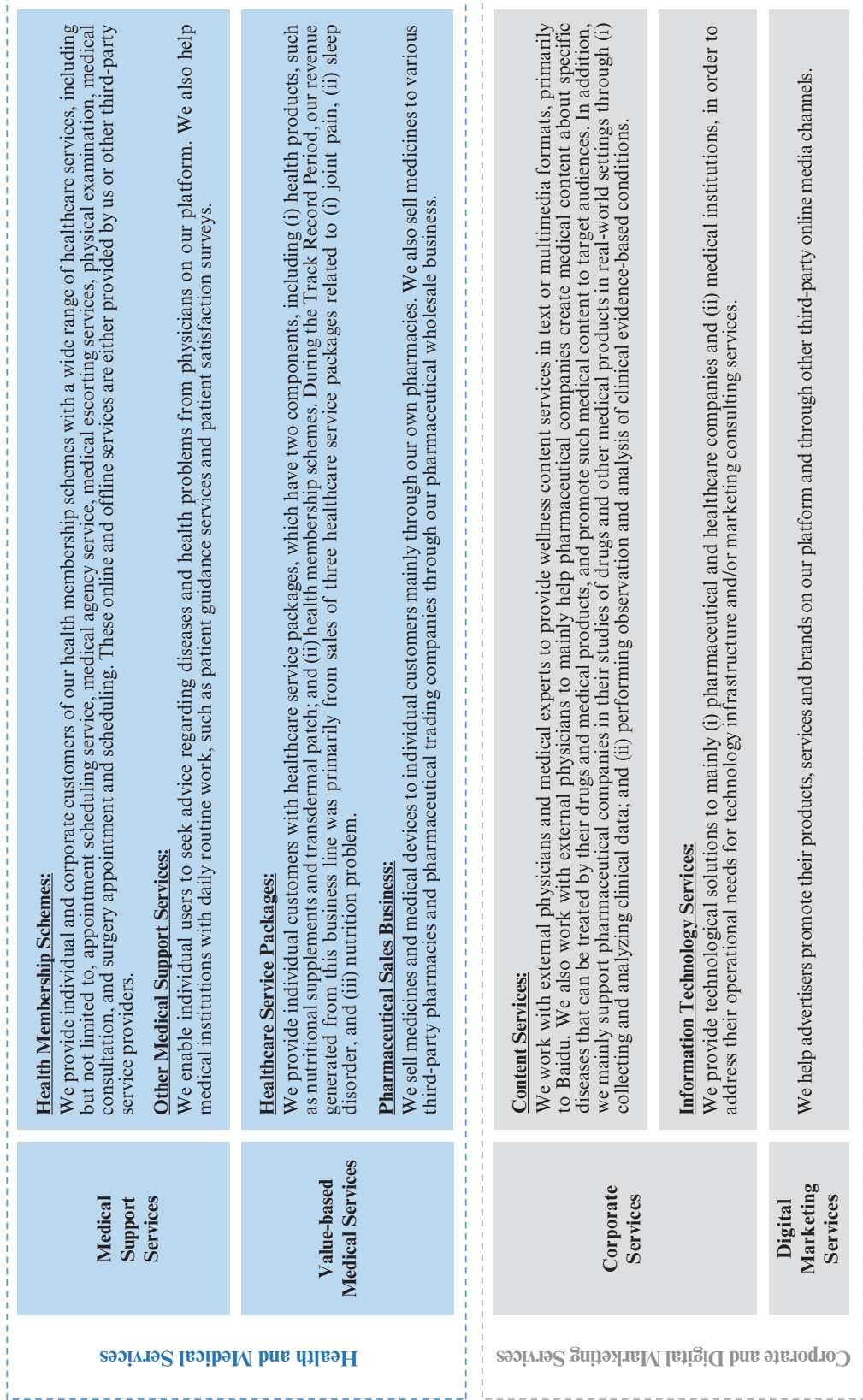


SUMMARY

We develop our services to enable key industry stakeholders in the digital health and wellness industry in China. These industry stakeholders primarily include (i) individual users; (ii) corporations and institutions such as pharmaceutical companies, hospitals, insurance companies and local health authorities; and (iii) physicians. For individual users, we mainly provide them with health and medical services through our platform, so that they are enabled to manage their health and wellness more easily. For corporations and institutions, we mainly provide corporate and digital marketing services to enhance their operational efficiency and support their business growth. We also engage physicians to play a crucial role on our platform. Users can access health and medical resources on our *HealthyWay* (健康之路) platform through multiple channels, including *HealthyWay* (健康之路) mobile applications, Yihu.com (醫護網), our WeChat public accounts and WeChat mini-programs.

Our Services

Our two main business segments, namely (i) health and medical services and (ii) corporate and digital marketing services, provide various services to individual, corporate and institutional customers. The following diagram sets forth a summary of each business line and sub-business line of our two business segments.



SUMMARY











The following table sets forth the monetization model of our services.

Business Segments	Business Lines	Sub-Business Lines	Monetization Model		
			Major customers	Services/products that are provided by us	Generation of revenue
Health and Medical Services	Medical Support Services	Health Membership Schemes	Individuals	Health management services	We generate revenue from fees paid by the individuals and corporations for purchasing such schemes.
			Corporations (e.g. insurance companies, insurance brokerage companies, and other financial institutions)		
		Other Medical Support Services	Individuals	Remote medical consultation services	We generate revenue from fees paid by individuals for purchasing such services, netting off the payments that are made to physicians.
	Hospitals		Supportive services to hospital routine operations	We generate revenue from fees paid by hospitals for the personnel who are deployed onsite by us.	
	Value-based Medical Services	Healthcare Service Packages	Individuals	Health products and health membership schemes	We generate revenue from fees paid by individuals for purchasing such packages.
		Pharmaceutical Sales Business	Individuals, third-party pharmacies and pharmaceutical trading companies	Medicines and medical devices	We generate revenue from fees paid by individuals for purchasing medicines and medical devices from our pharmacies, and from third-party pharmacies and pharmaceutical trading companies for procuring medicines through our pharmaceutical wholesale business.
Corporate and Digital Marketing Services	Corporate Services	Content Services	Internet platforms	Wellness content about diseases	We generate revenue from fees paid by Internet platforms for purchasing wellness content about a wide range of diseases.
			Pharmaceutical companies	Content about specific diseases requested by pharmaceutical companies	We generate revenue from fees paid by pharmaceutical companies for creation and dissemination of content about specific diseases, in order to influence patients. Those diseases can be treated by the drugs and medicines manufactured by the pharmaceutical companies.
				Real-world study reports about drugs	We generate revenue from fees paid by pharmaceutical companies for studying drugs and medicines in real-world setting.
	Information Technology Services	Pharmaceutical and healthcare companies	Medical institutions	Software development and maintenance	We generate revenue from fees paid by pharmaceutical and healthcare companies, medical institutions and other corporations and institutions that request us to develop and maintain software, including but not limited to, systems, online platforms, mobile applications, WeChat public accounts, and mini-programs.
			Other corporations and institutions		
Digital Marketing Services	/	Advertisers	Online advertising services	We generate revenue from fees paid by advertisers that would like to promote services, products, and brands to potential customers via online media channels.	

See “Business—Pricing” for details about the pricing of our services.

SUMMARY

Our Key Operating Data

 195.0 million Registered individual users on our platform ⁽¹⁾	 877.2 thousand Registered physicians ⁽¹⁾
 11,727 Hospitals connected to our platform ⁽³⁾	 1,494 Class III Grade A hospitals connected to our platform ⁽¹⁾
 6.5 million Individual customers of health and medical services ⁽²⁾⁽⁴⁾	 1.8 million Medical consultations arranged on our platform ⁽²⁾
 2.9 million Online appointments on our platform ⁽²⁾	 3.5 million Monthly active users on our platform ⁽²⁾⁽⁶⁾
 0.2 million Paying individual users of health and medical services ⁽²⁾⁽⁵⁾	 513 Paying corporate and institutional customers of our corporate and digital marketing services ⁽²⁾⁽⁷⁾

Notes:

- (1) As of June 30, 2024.
- (2) Six months ended June 30, 2024.
- (3) Refer to hospitals (i) with which we have formally entered into collaboration agreements; or (ii) in which we can help individual customers with pick-up of medical reports and drugs, and hospital queue-up; or (iii) of which the physicians provide medical consultation services to individual customers on our platform.
- (4) Refer to individual customers who purchased our services or products under the business segment of health and medical services, including (i) individual customers who directly purchased health membership schemes from us, (ii) individual customers who purchased health membership schemes via our corporate customers, (iii) individual customers of our other medical support services, (iv) individual customers of our health service packages and (v) individual customers of our pharmaceutical retail business. Such number has excluded duplicates between (i) individual customers who directly purchased health membership schemes from us and (ii) individual customers who purchased health membership schemes via our corporate customers.
- (5) Refer to individual customers who directly purchased our services and products under the business segment of health and medical services, including (i) individual customers who directly purchased health membership schemes from us, (ii) individual customers of our other medical support services, (iii) individual customers of our health service packages and (iv) individual customers of our pharmaceutical retail business.
- (6) Refer to users who have viewed the services or products on our platform in one month. According to Frost & Sullivan, such definition for the monthly active users on our platform is in line with the industry practice.
- (7) Refer to number of paying corporate and institutional customers of our corporate and digital marketing services after excluding duplicates across business lines.

SUMMARY

OUR MARKET OPPORTUNITIES

As an important part of China's national economy, the health and wellness industry in China has been growing steadily in recent years. According to Frost & Sullivan, the health and wellness market in China is undergoing a digital transformation, and the market share of digital health and wellness market is expected to expand. According to Frost & Sullivan, the market size of digital health and wellness in China increased from RMB179.5 billion in 2018 to RMB738.6 billion in 2023, representing a CAGR of 32.7% from 2018 to 2023; it is expected to reach RMB1,984.4 billion in 2027 from RMB738.6 billion in 2023, representing an estimated CAGR of 28.6% from 2024 to 2027. According to Frost & Sullivan, the market size is expected to further reach RMB3,879.0 billion in 2030.

While the digital health and wellness market in China is at an early stage of development, it is, and is expected to be, increasingly competitive. We currently face intense competition from other digital health and medical service platforms that develop and commercialize various services similar to ours. See "Risk Factors—Risks Relating to Our Business and Industry—We face intense competition in each of the business segments we operate, including but not limited to medical support services, pharmaceutical sales business and digital marketing services" and "Business—Competition" for details.

OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths have contributed to our success and will position us for future growth:

- a fast-growing platform for healthcare-enabling services;
- a long-term, value-generating platform connecting key industry stakeholders;
- a matrix of Internet traffic portals featuring efficient and cost-effective user acquisition;
- strong capabilities to develop services to address diverse health and medical demands;
- evolving monetization strategies fueling continuous growth; and
- experienced and visionary management team and strong support from shareholders.

OUR STRATEGIES

To further grow our business, we intend to pursue the following strategies:

- continue to grow and expand the breadth and depth of our services;
- drive physician engagement and expand cooperation with more physicians to prioritize the growth of related business lines;
- expand our presence in pharmaceutical sales business;
- explore other strategic investments and acquisitions; and

SUMMARY

- advance our technological capabilities to enhance the functionalities of our platform.

RISK FACTORS

Our business and the Global Offering involve certain risks, which are set out in “Risk Factors.” You should carefully consider these risks before making an investment. Some major risks that we confront are set forth below:

- the digital health and medical service market and the digital health corporate service market are immature and volatile;
- we face intense competition in each of the business segments we operate, including but not limited to medical support services, pharmaceutical sales business and digital marketing services;
- we may fail to attract, maintain, and manage various stakeholders in the digital health and wellness industry;
- growth of our business will depend on our brands;
- we may be subject to liability for content available on our platform that is alleged to be factually incorrect, obscene, defamatory, libelous, plagiarized or otherwise unlawful;
- we have historically incurred net losses and may not be able to achieve or maintain profitability in the future; and
- we had net current liabilities and net liabilities during the Track Record Period.

SUMMARY OF KEY FINANCIAL INFORMATION

The following selected consolidated financial data have been derived from, and should be read in conjunction with, our consolidated financial statements, including the accompanying notes, set forth in the Accountants’ Report in Appendix I to this prospectus, as well as the information set forth in “Financial Information.”

SUMMARY

Selected Consolidated Statements of Profit or Loss Items

The following table sets forth selected items of our consolidated statements of profit or loss for the years and periods indicated.

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(Unaudited)</i>	
Revenue	431,305	569,068	1,244,458	534,013	611,485
Cost of sales	<u>(257,832)</u>	<u>(323,273)</u>	<u>(846,222)</u>	<u>(359,964)</u>	<u>(427,824)</u>
Gross profit	173,473	245,795	398,236	174,049	183,661
Other net income/(loss).	7,361	8,140	3,855	(953)	455
Selling expenses	(126,354)	(147,414)	(211,751)	(78,189)	(98,576)
Administrative expenses	(106,779)	(41,195)	(79,780)	(37,638)	(29,097)
Research and development costs	<u>(14,142)</u>	<u>(54,410)</u>	<u>(103,400)</u>	<u>(36,367)</u>	<u>(53,968)</u>
(Loss)/profit from operations	(66,441)	10,916	7,160	20,902	2,475
Finance cost.	(1,160)	(1,578)	(3,254)	(1,599)	(2,321)
Share of profits less losses of associates	(112)	891	(72)	142	(315)
Changes in carrying amount of the redemption liabilities	<u>(84,370)</u>	<u>(267,834)</u>	<u>(324,779)</u>	<u>(127,132)</u>	<u>(62,989)</u>
Loss before taxation.	(152,083)	(257,605)	(320,945)	(107,687)	(63,150)
Income tax	<u>(3,224)</u>	<u>1,966</u>	<u>7,063</u>	<u>2,348</u>	<u>5,875</u>
Loss for the year/period	<u>(155,307)</u>	<u>(255,639)</u>	<u>(313,882)</u>	<u>(105,339)</u>	<u>(57,275)</u>
Attributable to:					
Equity shareholders of our Company .	(157,223)	(258,131)	(310,079)	(101,759)	(55,818)
Non-controlling interests.	1,916	2,492	(3,803)	(3,580)	(1,457)

Non-IFRS Measure

In order to supplement our consolidated statements of profit or loss, we also use adjusted net profit (non-IFRS measure) as an additional financial measure. Such measure is not required by or presented in accordance with IFRSs to evaluate our operating performance. We define “adjusted net profit (non-IFRS measure)” as loss for the year/period, adding back equity-settled share-based payment expenses, changes in carrying amount of the redemption liabilities, and listing expenses. The equity-settled share-based payment expenses are non-cash in nature. The carrying amount of the redemption liabilities are non-cash in nature. The listing expenses relate to the Global Offering.

The adjusted net profit (non-IFRS measure) can provide useful information to investors in understanding and evaluating our consolidated results of operations in the same manner as it helps our management. However, our presentation of adjusted net profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of adjusted net profit (non-IFRS measure) has limitations as an

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analytical tool, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRSs. The following tables reconcile our adjusted net profit (non-IFRS measure) to net loss during the Track Record Period.

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the year/period	<u>(155,307)</u>	<u>(255,639)</u>	<u>(313,882)</u>	<u>(105,339)</u>	<u>(57,275)</u>
<i>Add:</i>					
Equity-settled share-based payment expenses ⁽¹⁾	65,508	-	-	-	-
Changes in carrying amount of the redemption liabilities ⁽²⁾	84,370	267,834	324,779	127,132	62,989
Listing expenses ⁽³⁾	<u>5,915</u>	<u>11,724</u>	<u>28,514</u>	<u>8,563</u>	<u>9,128</u>
Adjusted net profit (non-IFRS measure)	<u>486</u>	<u>23,919</u>	<u>39,411</u>	<u>30,356</u>	<u>14,842</u>

Notes:

- (1) Equity-settled share-based payment expenses relate to the share awards we offered to our employees, directors and consultants under our equity incentive plans, which are primarily non-cash in nature. See Note 25 to the Accountants' Report in Appendix I to this prospectus.
- (2) Changes in carrying amount of the redemption liabilities relate to the amount of changes in our redemption obligations arising from the preferential rights granted to the investors. Such non-cash item is not expected to result in future cash payments to be made by us. We expect all preferential rights of the convertible redeemable preferred shares to be terminated upon Listing and the relevant redemption liabilities to be re-classified to equity.
- (3) Listing expenses relate to the Listing and the Global Offering.

Our overall profitability fluctuated during the Track Record Period. We had adjusted net profit (non-IFRS measure) of RMB0.5 million, RMB23.9 million and RMB39.4 million, in 2021, 2022 and 2023, respectively. Our adjusted net profit (non-IFRS measures) decreased by 51.3% from RMB30.4 million for the six months ended June 30, 2023 to RMB14.8 million for the six months ended June 30, 2024, primarily because our profit from operations decreased by 88.0% from RMB20.9 million for the six months ended June 30, 2023 to RMB2.5 million for the six months ended June 30, 2024. Such decrease in profit from operations was mainly because (i) our revenue had relatively modest growth, which increased by 14.5% from RMB534.0 million for the six months ended June 30, 2023 to RMB611.5 million for the six months ended June 30, 2024, and (ii) our gross profit margin slightly decreased from 32.6% for the six months ended June 30, 2023 to 30.0% for the six months ended June 30, 2024; as compared to (i) the relatively high increase in our selling expenses, which grew by 26.1% from RMB78.2 million for the six months ended June 30, 2023 to RMB98.6 million for the six months ended June 30, 2024, primarily due to the increase in expenses for promotion of our overall brand and offerings among customers, physicians and hospitals, and (ii) the relatively high increase in our research and

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development costs, which grew by 48.4% from RMB36.4 million for the six months ended June 30, 2023 to RMB54.0 million for the six months ended June 30, 2024, primarily due to the increase in technical and outsourcing service fees in relation to development of AI-based plugins. See “Financial Information—Management’s Discussion and Analysis of Results of Operations—Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023” for details.

We incurred net losses of RMB155.3 million, RMB255.6 million, RMB313.9 million, RMB105.3 million and RMB57.3 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively, primarily as a result of changes in carrying amount of the redemption liabilities, and to a lesser extent, our loss from operations of RMB66.4 million in 2021. We recorded loss from operations in 2021 because our operating expenses exceeded our gross profit and other net income. This is primarily attributable to (i) the expenses arising from granting awarded shares of RMB65.5 million to our staff; and (ii) expenses for marketing campaigns specifically related to our healthcare service packages of RMB71.5 million.

Despite the expansion of our business scale during the Track Record Period, our future business growth and long-term profitability are subject to a variety of factors that are beyond our control, including the continuous growth of the digital health and medical service market and the digital health corporate service market, users’ and customers’ trust in our platform, our working relationships with industry stakeholders, and our reputation and brand.

We expect to further improve our financial performance and profitability in the near future through continuous revenue growth and improved cost efficiency. Specifically, we expect to drive our revenue growth by further monetizing pharmaceutical sales business, content services, and information technology services. As our business scale continues to increase, we believe we will have enhanced economics of scale by reducing costs and expenses as a percentage of revenue. We expect to improve our profitability by (i) leveraging our enlarged business scale and strengthened bargaining power over suppliers for more favorable procurement costs; (ii) capitalizing on our investments in innovative technologies to reduce staff cost and content development cost; and (iii) controlling advertising and marketing expenses at a relatively lower level, as our demand for advertising and marketing services is likely to decrease relatively, due to the increasing awareness of our brand driven by our expanded business scale. However, as we continue to expand pharmaceutical sales business, content services, and information technology services, our gross profit margin may be affected if we cannot effectively control costs and expenses incurred in relation to such business expansion.

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Revenue

The following is a breakdown of our revenue by services, in both absolute amounts and as a percentage of our total revenue for the years and periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
<i>(Unaudited)</i>										
Health and medical services										
Medical support services										
Health membership schemes	44,289	10.3	71,671	12.6	126,139	10.1	55,756	10.4	54,256	8.9
Other medical support services	21,767	5.0	19,706	3.5	11,428	0.9	3,666	0.7	2,949	0.5
Value-based medical services										
Healthcare service packages ⁽¹⁾	60,862	14.1	90,999	16.0	65,495	5.3	40,469	7.6	12,262	2.0
Pharmaceutical sales business	1,177	0.3	630	0.1	94,390	7.6	24,320	4.6	53,362	8.7
Subtotal	<u>128,095</u>	<u>29.7</u>	<u>183,006</u>	<u>32.2</u>	<u>297,452</u>	<u>23.9</u>	<u>124,211</u>	<u>23.3</u>	<u>122,829</u>	<u>20.1</u>
Corporate and digital marketing services										
Corporate services										
Content services	184,300	42.7	183,299	32.2	537,502	43.2	252,181	47.2	308,600	50.5
Information technology services	51,030	11.8	110,491	19.4	251,934	20.2	108,890	20.4	129,319	21.1
Digital marketing services	<u>65,773</u>	<u>15.3</u>	<u>90,817</u>	<u>16.0</u>	<u>156,362</u>	<u>12.6</u>	<u>48,637</u>	<u>9.1</u>	<u>50,620</u>	<u>8.3</u>
Subtotal	<u>301,103</u>	<u>69.8</u>	<u>384,607</u>	<u>67.6</u>	<u>945,798</u>	<u>76.0</u>	<u>409,708</u>	<u>76.7</u>	<u>488,539</u>	<u>79.9</u>
Others ⁽²⁾	2,107	0.5	1,455	0.2	1,208	0.1	94	0.0	117	0.0
Total⁽³⁾	<u>431,305</u>	<u>100.0</u>	<u>569,068</u>	<u>100.0</u>	<u>1,244,458</u>	<u>100.0</u>	<u>534,013</u>	<u>100.0</u>	<u>611,485</u>	<u>100.0</u>

Notes:

- (1) Including revenue generated from health products of RMB53.9 million, RMB31.0 million, RMB17.8 million, RMB5.8 million and RMB3.2 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively, and revenue generated from the health membership schemes included in healthcare service packages as a component of RMB7.0 million, RMB60.0 million, RMB47.7 million, RMB34.6 million and RMB9.0 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively.
- (2) Primarily including other sales of health services and products through various online and offline channels, such as service of visiting patients on behalf of our customers and sales of nutritional supplements.
- (3) RMB47.7 million, RMB121.9 million, RMB154.1 million, RMB84.7 million and RMB54.5 million, or 11.1%, 21.4%, 12.4%, 15.9% and 8.9% of our total revenue in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively, were breakage revenue. See “Business—Our Services—Health and Medical Services—Breakage.”

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Our revenue increased by 31.9% from RMB431.3 million in 2021 to RMB569.1 million in 2022, and then by 118.7% to RMB1,244.5 million in 2023. Our revenue also increased by 14.5% from RMB534.0 million for the six months ended June 30, 2023 to RMB611.5 million for the six months ended June 30, 2024. The increase in our revenue during the Track Record Period was mainly attributable to the expansion and growth of our health and medical services and corporate and digital marketing services.

Health and medical services

Our revenue generated from health and medical services increased by 42.9% from RMB128.1 million in 2021 to RMB183.0 million in 2022. This is primarily due to the increases in revenue generated from (i) health membership schemes, as we collaborated with more corporate customers; and (ii) healthcare service packages, as a result of the breakage amount we recognized as revenue in 2022.

Our revenue generated from health and medical services increased by 62.6% from RMB183.0 million in 2022 to RMB297.5 million in 2023. This is primarily due to the increases in revenue generated from (i) health membership schemes, as we deepened collaboration with large corporate customers with strong purchasing power; and (ii) pharmaceutical sales business, as we acquired six specialty pharmacies in December 2022, which generated revenue of RMB44.6 million in 2023, and started pharmaceutical wholesale business in November 2023, which generated revenue of RMB48.8 million in 2023.

Our revenue generated from health and medical services remained stable at RMB124.2 million and RMB122.8 million for the six months ended June 30, 2023 and 2024, respectively, in which (i) revenue generated from health membership schemes slightly decreased, primarily because our revenue from direct individual customers decreased while our revenue from corporate customers maintained relatively stable; and (ii) revenue generated from healthcare service packages decreased, primarily because we (a) further reduced our selling and marketing budget in response to the increase in customer acquisition costs, and (b) allocated more resources to develop our pharmaceutical sales business. This was partially offset by the increase in revenue generated from pharmaceutical sales business, driven by the expansion of our pharmaceutical wholesale business, which generated revenue of RMB31.6 million for the six months ended June 30, 2024.

Corporate and digital marketing services

Our revenue generated from corporate and digital marketing services increased by 27.7% from RMB301.1 million in 2021 to RMB384.6 million in 2022. This is primarily due to the increases in revenue generated from (i) information technology services, as a result of our enhanced marketing efforts to strengthen our brand and our continuously improved technological solutions, which brings an increase in the average purchase amount per customer from approximately RMB107,000 in 2021 to approximately RMB252,300 in 2022; and (ii) digital marketing services, as a result of our effort in enlarging our user base and actively collaborating with third-party advertising service providers, which made us a favorable platform for our customers to promote their products and services.

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Our revenue generated from corporate and digital marketing services increased by 145.9% from RMB384.6 million in 2022 to RMB945.8 million in 2023. This is primarily due to the increases in revenue generated from (i) content services, as we expanded our RWS support services by serving more pharmaceutical companies; (ii) information technology services, as we expanded our service portfolio in the second half of 2022; and (iii) digital marketing services, as we deepened collaboration with pharmaceutical companies with budgets for advertising activities.

Our revenue generated from corporate and digital marketing services increased by 19.2% from RMB409.7 million for the six months ended June 30, 2023 to RMB488.5 million for the six months ended June 30, 2024. This is primarily due to increases in revenue generated from (i) content services, as we continued to expand our RWS support services by serving more pharmaceutical companies; and (ii) information technology services, as we further developed our marketing consulting services, which attracted more partnerships with pharmaceutical and healthcare companies.

Gross Profit and Gross Profit Margin

The following table sets forth our gross profit and gross profit margin by services for the years and periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
	<i>(Unaudited)</i>									
Health and medical services										
Medical support services	51,783	78.4	54,617	59.8	58,472	42.5	25,597	43.1	15,706	27.5
Value-based medical services	<u>33,708</u>	54.3	<u>74,518</u>	81.3	<u>69,658</u>	43.6	<u>38,620</u>	59.6	<u>19,695</u>	30.0
Subtotal	<u>85,491</u>	66.7	<u>129,135</u>	70.6	<u>128,130</u>	43.1	<u>64,217</u>	51.7	<u>35,401</u>	28.8
Corporate and digital marketing services										
Corporate services	47,770	20.3	90,421	30.8	203,263	25.7	90,019	24.9	130,967	29.9
Digital marketing services	<u>39,125</u>	59.5	<u>25,957</u>	28.6	<u>65,896</u>	42.1	<u>19,731</u>	40.6	<u>17,197</u>	34.0
Subtotal	<u>86,895</u>	28.9	<u>116,378</u>	30.3	<u>269,159</u>	28.5	<u>109,750</u>	26.8	<u>148,164</u>	30.3
Others	<u>1,087</u>	51.6	<u>282</u>	19.4	<u>947</u>	78.4	<u>82</u>	87.2	<u>96</u>	82.1
Total	<u>173,473</u>	40.2	<u>245,795</u>	43.2	<u>398,236</u>	32.0	<u>174,049</u>	32.6	<u>183,661</u>	30.0

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In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, our gross profit was RMB173.5 million, RMB245.8 million, RMB398.2 million, RMB174.0 million and RMB183.7 million, and our gross profit margin was 40.2%, 43.2%, 32.0%, 32.6% and 30.0%, respectively. Our gross profit margins were primarily affected by our business mix, pricing policies, and cost structures.

Health and medical services

The gross profit margin of health and medical services increased from 66.7% in 2021 to 70.6% in 2022. This is primarily due to the increased revenue contribution and increased gross profit margin of our value-based medical services, as a result of the breakage amount we recognized as revenue in 2022, which has low cost in nature.

The gross profit margin of health and medical services decreased from 70.6% in 2022 to 43.1% in 2023. This is primarily due to the decreased gross profit margin of (i) medical support services, as a result of increased cost of sales due to the increased utilization rate of our health membership schemes; and (ii) value-based medical services, as a result of increased revenue contribution of the pharmaceutical sales business, which generally has a lower gross profit margin compared to other services.

The gross profit margin of health and medical services decreased from 51.7% for the six months ended June 30, 2023 to 28.8% for the six months ended June 30, 2024. This is primarily due to the decrease in the gross profit margin of (i) medical support services, as a result of an increase in cost of sales due to the increased utilization rate of our health membership schemes, which was primarily due to the inclusion of services with higher utilization rate and greater value into more health membership schemes for our individual customers and corporate customers; and (ii) value-based medical services, as a result of increased revenue contribution of the pharmaceutical sales business, which generally has a lower gross profit margin compared to other services.

Corporate and digital marketing services

The gross profit margin of corporate and digital marketing services increased from 28.9% in 2021 to 30.3% in 2022, primarily due to the increased gross profit margin of our corporate services, as we implemented effective cost control measures.

The gross profit margin of corporate and digital marketing services decreased from 30.3% in 2022 to 28.5% in 2023. This is primarily due to the increased revenue contribution and decreased gross profit margin of corporate services, as we engaged more third-party information technology service providers to support the growth of our information technology services.

The gross profit margin of corporate and digital marketing services increased from 26.8% for the six months ended June 30, 2023 to 30.3% for the six months ended June 30, 2024. This is primarily due to the increase in gross profit margin of content services, especially RWS support services, that resulted from a decrease in average cost per RWS

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report and desensitized sample delivered from RMB387 for the six months ended June 30, 2023 to RMB307 for the six months ended June 30, 2024, as our RWS support services further developed and scaled.

Summary of Consolidated Statements of Financial Position

The following table sets forth our consolidated statements of financial position as of the dates indicated.

	As of December 31,			As of
	2021	2022	2023	June 30,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2024
Total current assets	117,094	165,944	338,950	318,152
Total current liabilities	<u>1,326,207</u>	<u>1,641,006</u>	<u>2,060,824</u>	<u>2,108,255</u>
Net current liabilities	<u>(1,209,113)</u>	<u>(1,475,062)</u>	<u>(1,721,874)</u>	<u>(1,790,103)</u>
Total non-current asset	13,534	36,705	74,738	85,961
Total non-current liabilities	<u>3,647</u>	<u>2,433</u>	<u>4,916</u>	<u>4,715</u>
Net non-current assets	<u>9,887</u>	<u>34,272</u>	<u>69,822</u>	<u>81,246</u>
Net liabilities	<u>(1,199,226)</u>	<u>(1,440,790)</u>	<u>(1,652,052)</u>	<u>(1,708,857)</u>
Total equity attributable to equity shareholders of our Company	(1,205,725)	(1,448,939)	(1,657,777)	(1,713,125)
Non-controlling interests	<u>6,499</u>	<u>8,149</u>	<u>5,725</u>	<u>4,268</u>

During the Track Record Period, a major portion of our net liabilities and net current liabilities was redemption liabilities arising from the convertible redeemable preferred shares that we issued to certain Pre-IPO Investors. As of December 31, 2021, 2022 and 2023 and June 30, 2024, redemption liabilities represented 84.3%, 84.5%, 82.9% and 84.1% of our total liabilities, respectively. Such redemption liabilities will automatically be re-classified to equity upon Listing.

The carrying amount of redemption liabilities are predominantly affected by our equity value. In line with the increase in our equity value during the Track Record Period, we had increment in the carrying amount of our redemption liabilities as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively. The non-cash changes in carrying amount of the redemption liabilities had an adverse impact on our consolidated statements of profit or loss and other comprehensive income, contributing to our loss for the year/period during the Track Record Period. The loss for the year/period further affected our consolidated statements of changes in equity.

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Our net current liabilities increased by 4.0% from RMB1,721.9 million as of December 31, 2023 to RMB1,790.1 million as of June 30, 2024, primarily due to (i) an increase of RMB63.0 million in redemption liabilities, (ii) a decrease of RMB21.3 million in trade and other receivables, as we subsequently collected trade and other receivables that were outstanding as of December 31, 2023 and (iii) a decrease of RMB19.0 million in cash and cash equivalents, partially offset by (i) an increase of RMB16.4 million in inventories in line with the expansion of our pharmaceutical sales business and (ii) a decrease of RMB10.1 million in loans and borrowings due to our repayment of outstanding loans and borrowings as of December 31, 2023.

Our net current liabilities increased by 16.7% from RMB1,475.1 million as of December 31, 2022 to RMB1,721.9 million as of December 31, 2023, primarily due to (i) an increase of RMB324.8 million in redemption liabilities, (ii) an increase of RMB84.2 million in trade and other payables in line with our business growth and (iii) an increase of RMB39.1 million in current loans and borrowings to support our business expansion, partially offset by (i) an increase of RMB99.0 million in cash and cash equivalents, (ii) an increase of RMB77.0 million trade and other receivables in line with the business expansion of our information technology services, RWS support services and pharmaceutical sales business, and (iii) a decrease of RMB33.0 million in contract liabilities in line with the decrease in revenue from healthcare service packages.

Our net current liabilities increased by 22.0% from RMB1,209.1 million as of December 31, 2021 to RMB1,475.1 million as of December 31, 2022, primarily due to (i) an increase of RMB267.8 million in redemption liabilities and (ii) an increase of RMB39.4 million in current loans and borrowings to support our business expansion, partially offset by (i) an increase of RMB25.7 million in cash and cash equivalents, (ii) an increase of RMB13.0 million in prepayments due to increase in advance payments to third-party advertising service providers and (iii) an increase of RMB7.9 million in trade and other receivables in line with our revenue growth.

Our net liabilities increased by 3.4% from RMB1,652.1 million as of December 31, 2023 to RMB1,708.9 million as of June 30, 2024, primarily due to our loss for the period of RMB57.3 million.

Our net liabilities increased by 14.7% from RMB1,440.8 million as of December 31, 2022 to RMB1,652.1 million as of December 31, 2023, primarily due to our loss for the year of 2023 of RMB313.9 million, partially mitigated by capital injection from equity shareholders of RMB101.4 million.

Our net liabilities increased by 20.1% from RMB1,199.2 million as of December 31, 2021 to RMB1,440.8 million as of December 31, 2022, primarily due to our loss for the year of 2022 of RMB255.6 million, partially mitigated by (i) capital injection from equity shareholders of RMB9.8 million, and (ii) arising from acquisition of a subsidiary of RMB2.8 million.

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Our Directors are of the view that we have sufficient financial resources to operate for at least the next 12 months from the date of this prospectus, and there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on our ability to continue operation. See “Financial Information—Discussion of Selected Consolidated Statements of Financial Position Items—Current Assets and Liabilities” and “Financial Information—Discussion of Selected Consolidated Statements of Financial Position Items—Working Capital Sufficiency.” Our Directors are also of the view that our net liability position as of June 30, 2024 will turn into net asset position upon Listing, after taking into account that the redemption liabilities will automatically be re-classified to equity upon Listing.

Selected Consolidated Statements of Cash Flows

The following table sets forth our cash flows for the years and periods indicated.

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(Unaudited)</i>	
Net cash generated from operating activities	14,157	8,781	3,591	12,879	13,030
Net cash generated from/(used in) investing activities	7,544	(21,050)	(37,711)	(33,694)	(18,578)
Net cash (used in)/generated from financing activities	<u>(14,762)</u>	<u>37,966</u>	<u>133,094</u>	<u>14,517</u>	<u>(13,409)</u>
Net increase/(decrease) in cash and cash equivalents	6,939	25,697	98,974	(6,298)	(18,957)
Cash and cash equivalents at the beginning of the year/period	<u>37,083</u>	<u>44,022</u>	<u>69,719</u>	<u>69,719</u>	<u>168,693</u>
Cash and cash equivalents at the end of the year/period	<u>44,022</u>	<u>69,719</u>	<u>168,693</u>	<u>63,421</u>	<u>149,736</u>

We had net operating cash inflows in 2021, 2022 and 2023 and for the six months ended June 30, 2024. Our cash and cash equivalents increased from RMB44.0 million as of December 31, 2021 to RMB69.7 million as of December 31, 2022, primarily due to our net cash generated from operating activities and net cash generated from financing activities in 2022, partially offset by net cash used in investing activities in 2022. Our cash and cash equivalents increased from RMB69.7 million as of December 31, 2022 to RMB168.7 million as of December 31, 2023, primarily due to our proceeds of RMB100.0 million from the Pre-IPO Investment by Kequan, which was settled on September 22, 2023. See “History, Reorganization and Corporate Structure—Major Shareholding Changes and Corporate History of our Company, Major Subsidiaries and Consolidated Affiliated Entities—7. Pre-IPO Investment by Kequan.” Our cash and cash equivalents decreased from RMB168.7 million as of December 31, 2023 to RMB149.7 million as of June 30, 2024, primarily due to our net cash used in investing activities and net cash used in financing activities, partially offset by net cash generated from operating activities.

SUMMARY

Key Financial Ratios

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
Revenue growth rate ⁽¹⁾	131.1%	31.9%	118.7%	86.4%	14.5%
Gross profit growth rate ⁽²⁾	54.1%	41.7%	62.0%	24.3%	5.5%
Gross profit margin	40.2%	43.2%	32.0%	32.6%	30.0%
Adjusted net profit margin ⁽³⁾ (non-IFRS measure)	0.1%	4.2%	3.2%	5.7%	2.4%

Notes:

- (1) Revenue growth rate equals our increase in total revenue divided by total revenue in the previous year or period and multiplied by 100%.
- (2) Gross profit growth rate equals our increase in gross profit divided by the gross profit in the previous year or period and multiplied by 100%.
- (3) Adjusted net profit margin (non-IFRS measure) equals our adjusted net profit (non-IFRS measure) of respective years or periods divided by our revenue of respective years or periods and multiplied by 100%.

Compared to the revenue growth from 2022 to 2023, our revenue growth from the six month ended June 30, 2023 to the six months ended June 30, 2024 was relatively moderate, primarily because:

- Compared to the increase by 62.9% of our revenue generated from health and medical services from 2022 to 2023, our revenue generated from health and medical services decreased slightly by 1.1% from the six months ended June 30, 2023 to the six months ended June 30, 2024. Such decrease was primarily due to the following reasons:
 - (i) Our revenue generated from medical support services decreased slightly from the six months ended June 30, 2023 to the six months ended June 30, 2024, primarily due to a decrease in revenue generated from health membership schemes. Such decrease in revenue from health membership scheme was primarily due to a decrease in revenue from individual customers as we reallocated some of our sales staff to other business lines to enhance efficiency; and
 - (ii) Our revenue generated from value-based medical services increased slightly from the six months ended June 30, 2023 to the six months ended June 30, 2024. While the revenue generated from pharmaceutical sales business further increased, such increase was offset by the decrease in revenue from health service packages as we (a) further reduced our selling and marketing budget in response to the increase in customer acquisition cost for healthcare service packages and (b) allocated more resources to develop our pharmaceutical sales business.

SUMMARY

- Compared to the increase by 145.9% of our revenue generated from corporate and digital services from 2022 to 2023, our revenue generated from corporate and digital services had a relatively moderate increase by 19.2% from the six months ended June 30, 2023 to the six months ended June 30, 2024. Such moderate increase was primarily due to the following reasons:
 - (i) The revenue growth rate of our corporate services from the six months ended June 30, 2023 to the six months ended June 30, 2024 was relatively moderate, primarily because (a) the growth rate of our RWS support services has slowed down as the revenue scale expanded; and (b) we focused on better serving existing customers of our information technology services and further improving our marketing consulting services launched in 2022; and
 - (ii) The revenue growth rate of our digital marketing services from the six months ended June 30, 2023 to the six months ended June 30, 2024 was relatively moderate, primarily because we allocated more resources to improving existing service offerings and maintaining current customer relationships as opposed to expanding our service portfolio.

Compared to the gross profit growth from 2022 to 2023, our gross profit growth from the six month ended June 30, 2023 to the six months ended June 30, 2024 was relatively moderate, primarily because:

- Compared to the slight decrease by 0.8% of our gross profit generated from health and medical services from 2022 to 2023, our gross profit generated from health and medical services decreased by 44.9% from the six months ended June 30, 2023 to the six months ended June 30, 2024. Such larger decrease was primarily due to the following reasons:
 - (i) Our gross profit generated from medical support services decreased from the six months ended June 30, 2023 to the six months ended June 30, 2024, primarily due to a decrease in gross profit generated from health membership schemes as a result of an increase in its cost of services. Such increase was due to an increase in utilization rate of our health membership schemes; and
 - (ii) Our gross profit generated from value-based medical services decreased from the six months ended June 30, 2023 to the six months ended June 30, 2024, primarily due to a decrease in our revenue from health service packages.
- Compared to the significant increase by 131.3% of our gross profit generated from corporate and digital services from 2022 to 2023, our gross profit generated from corporate and digital services had a relatively moderate increase by 35.0% from the six months ended June 30, 2023 to the six months ended June 30, 2024. Such moderate increase was primarily due to the following reasons:
 - (i) The gross profit growth rate of our corporate services from the six months ended June 30, 2023 to the six months ended June 30, 2024 was relatively moderate, primarily due to its relatively moderate increase in its revenue; and

SUMMARY

- (ii) The gross profit growth rate of our digital marketing services from the six months ended June 30, 2023 to the six months ended June 30, 2024 decreased, primarily due to an increase in cost of services paid to third-party advertising service providers.

Breakage

During the Track Record Period, we recognized breakage amount as revenue mainly from (i) unexercised contractual rights of health membership schemes, including the health membership schemes included in the healthcare service packages, and (ii) the remaining balance of inactive *HealthyWay* mobile application accounts. Frost & Sullivan is of the view, and the Sole Sponsor concurs, that it is in line with the industry norm to incur breakage and recognize as revenue in the course of such business operations.

In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, the breakage amount from unexercised contractual rights of health membership schemes, including the health membership schemes in healthcare service packages, was RMB31.2 million, RMB105.5 million, RMB148.1 million, RMB82.0 million and RMB52.0 million, respectively. In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, the breakage amount generated from the remaining balance of inactive *HealthyWay* mobile application accounts was RMB16.5 million, RMB16.4 million, RMB6.0 million, RMB2.7 million and RMB2.5 million, respectively. We believe that (i) the breakage amount was our revenue generated in the ordinary and usual course of our principal business operations; and (ii) we have sufficient financial resources and service capabilities to meet customers' needs during peak periods under normal circumstances. See “Business—Our Services—Health and Medical Services—Breakage,” and “Financial Information—Discussion of Selected Consolidated Statements of Financial Position Items—Working Capital Sufficiency.”

Our PRC Legal Advisor is of the view that, during the Track Record Period and up to the Latest Practicable Date, (i) the business of the health membership schemes and the top-up services of *HealthyWay* mobile application had not been in violation of the PRC laws and regulations in any material respects; (ii) the non-extension of health membership scheme's validity period does not violate the applicable provisions of the Consumer Protection Law of the PRC regarding validity period; and (iii) the breakage revenue in relation to inactive *HealthyWay* mobile application accounts had not been in violation of the prohibitive provisions of all applicable PRC laws in relation to such business, provided that our individual users are fully informed and have voluntarily executed the contract regarding top-up service of *HealthyWay* mobile application. For the basis of the view of the PRC Legal Advisor and more information, see “Business—Our Services—Health and Medical Services—Breakage”.

SUMMARY

CONTROLLING SHAREHOLDERS

Immediately following the completion of the Share Subdivision and the Global Offering, our Controlling Shareholders, namely Mr. Zhang and Affluent Base, will hold approximately 33.71% our total issued share capital and thus will remain as a group of Controlling Shareholders of our Company under the Listing Rules. See “Relationship with our Controlling Shareholders” for more details.

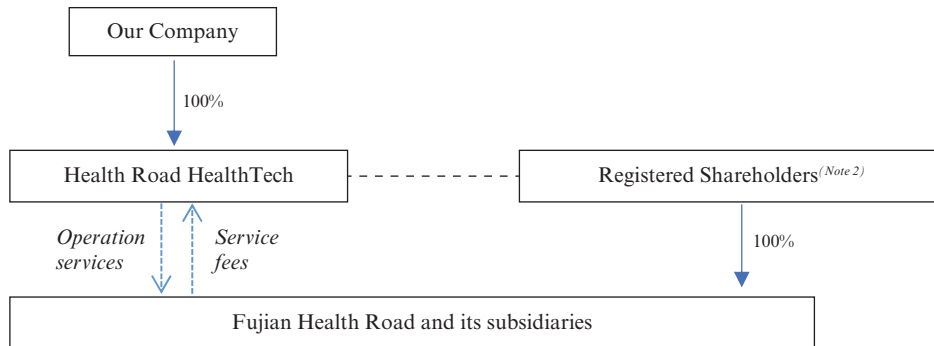
CONTINUING CONNECTED TRANSACTIONS

We have entered into the Contractual Arrangements and the Wellness Content Cooperation Agreements, which are expected to continue after the Listing and will constitute non-exempt continuing connected transactions under Chapter 14A of the Listing Rules upon Listing. See “Continuing Connected Transactions” and “Waivers from Strict Compliance with the Listing Rules” in this prospectus for more details.

CONTRACTUAL ARRANGEMENTS

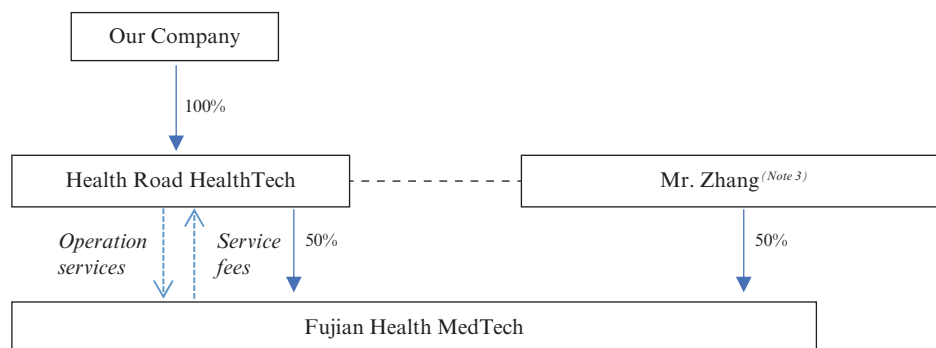
Due to foreign ownership restrictions under the relevant PRC laws, regulations and regulatory practices, it is not viable for our Company to (i) hold Fujian Health Road and its subsidiaries directly through equity ownership to conduct our remote medical consultation services, or (ii) directly hold more than 50% equity interests in Fujian Health MedTech to conduct our value-added telecommunications services businesses. Rather, we control all or part of the equity interests in these entities through the Contractual Arrangements, through which we are able to consolidate all the economic benefits of the Consolidated Affiliated Entities. For details, see “Contractual Arrangements” in this prospectus. The following simplified diagrams illustrate the flow of economic benefits from our Consolidated Affiliated Entities to our Group stipulated under the Contractual Arrangements as of the Latest Practicable Date:

Fujian Health Road Contractual Arrangements



SUMMARY

Fujian Health MedTech Contractual Arrangements



Notes:

(1) “” denotes direct legal and beneficial ownership in the equity interest.

“” denotes Contractual Arrangements.

“” denotes the control by Health Road HealthTech over the Consolidated Affiliated Entities, the Registered Shareholders and/or Mr. Zhang (as the case may be) through the (i) powers of attorney to exercise all shareholders’ rights in Fujian Health Road and Fujian Health MedTech (as the case may be), (ii) exclusive options to acquire all or part of the equity interests in Fujian Health Road and Fujian Health MedTech (as the case may be), and (iii) equity pledges over the equity interests in Fujian Health Road and Fujian Health MedTech (as the case may be).

(2) As of the Latest Practicable Date, the Registered Shareholders are the following persons who together hold 100% equity interest of Fujian Health Road:

Shareholders	Approximate percentage of shareholding
Mr. Zhang	34.66%
Chuanke Computer	12.77%
Shangrao SOA	2.67%
Shanghai Jiejia	1.02%
Health Road Investment Center	46.37%
Fuzhou Wanjia Kangjian	2.51%

(3) As of the Latest Practicable Date, Fujian Health MedTech was held as to 50% and 50% by Mr. Zhang and Health Road HealthTech, respectively.

PRE-IPO INVESTMENT

From December 2014 to September 2023, we received several rounds of Pre-IPO Investments. See “History, Reorganization and Corporate Structure—Pre-IPO Investments” for more information.

SUMMARY

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the granting of the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Global Offering on the basis that, among other things, we satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to (i) our revenue of RMB1,244.5 million for the year ended December 31, 2023, which exceeds HK\$500 million, and (ii) our expected market capitalization at the time of Listing, which, based on the Offer Price, exceeds HK\$4 billion.

GLOBAL OFFERING STATISTICS

	Based on an Offer Price of HK\$7.80 per Offer Share	Based on an Offer Price of HK\$8.80 per Offer Share
Market capitalization of our Shares ⁽¹⁾	HK\$6,846.1 million	HK\$7,723.8 million
Unaudited pro forma adjusted consolidated net tangible asset value attributable to the equity shareholders of our Company per Share ⁽²⁾	HK\$0.21	HK\$0.23

Notes:

- (1) The calculation of the market capitalization of our Shares is based on the assumption that 877,704,800 Shares are issued and outstanding upon completion of the Global Offering, which comprise: (i) 852,704,800 Shares in issue immediately following the completion of the Share Subdivision and (ii) 25,000,000 Shares to be issued pursuant to the Global Offering.
- (2) The unaudited pro forma adjusted consolidated net tangible asset value attributable to the equity shareholders of our Company per Share is calculated after making the adjustments as specified in “Appendix II—Unaudited Pro Forma Financial Information.”

DIVIDENDS

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

As we are a holding company incorporated under the laws of the Cayman Islands, the payment and amount of any future dividends will also depend on the availability of dividends received from our subsidiaries. Any dividends we pay will be determined at the absolute discretion of our Board, taking into account factors, including our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans,

SUMMARY

legal, regulatory and other contractual restrictions, and other factors that our Board deems to be appropriate. Our Shareholders may approve, in a general meeting, any declaration of dividends, which must not exceed the amount recommended by our Board. Throughout the Track Record Period, we did not pay or declare any dividend. Currently, we do not have a formal dividend policy or a fixed dividend distribution ratio.

USE OF PROCEEDS

Assuming an Offer Price of HK\$8.3 per Share (being the mid-point of the Offer Price range of between HK\$7.8 and HK\$8.8 per Share), we estimate that we will receive net proceeds of approximately HK\$121.2 million from the Global Offering after deducting the underwriting commissions and other estimated expenses paid and payable by us in connection with the Global Offering. In line with our strategies, we intend to use our proceeds from the Global Offering for the purposes and in the amounts set forth below:

- approximately 60.5% of the net proceeds, or approximately HK\$73.3 million, is expected to be used for business expansion, including 33.5% and 27.0% of the net proceeds for our health and medical services and corporate and digital marketing services, respectively;
- approximately 21.0% of the net proceeds, or approximately HK\$25.4 million, is expected to be used for strategic investments or acquisitions;
- approximately 14.5% of the net proceeds, or approximately HK\$17.5 million, is expected to be used for research and development; and
- approximately 4.0% of the net proceeds, or approximately HK\$4.8 million, is expected to be used for working capital and general corporate purposes.

See “Future Plans and Use of Proceeds.”

RECENT DEVELOPMENT

Recent Development of Our Business

Subsequent to the Track Record Period and up to the Latest Practicable Date, our business operations continued to expand. The number of registered individual users on our platform increased from 195.0 million as of June 30, 2024 to 201.0 million as of October 31, 2024. The number of our registered physicians increased from 877.2 thousand as of June 30, 2024 to 884.8 thousand as of October 31, 2024. Further, the number of hospitals connected to our platform increased from 11,727 as of June 30, 2024 to 11,752 as of October 31, 2024. In particular, in terms of our pharmaceutical sales business, as of the Latest Practicable Date, we had been authorized to be the sales agent of three drugs, including being the sales agent covering the national market of one drug that is commonly used to treat Influenza A and B viruses as well as being the sales agent covering regional markets of two drugs commonly used to treat cerebrovascular and cardiovascular diseases. As of the Latest Practicable Date, we had engaged more than 150 customers for our pharmaceutical wholesale business. For more about our pharmaceutical sales business, see “Business—Our Services—Health and Medical Services—Value-based Medical Services—Pharmaceutical Sales Business.”

SUMMARY

We expect to record a net loss for the year ending December 31, 2024, primarily due to changes in carrying amount of the redemption liabilities. Upon the Listing, we expect that our redemption liabilities will automatically be re-classified to equity and therefore no more changes in carrying amount of the redemption liabilities will be recognized on our consolidated statement of profit or loss.

Regulatory Development

The CSRC promulgated 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 “**Overseas Listing Trial Measures**”) and five relevant guidelines on February 17, 2023, which took effect on March 31, 2023. The Overseas Listing Trial Measures comprehensively reformed the regulatory regime for overseas offering and listing of PRC domestic companies’ securities, either directly or indirectly, into a filing-based system. See “Regulatory Overview—Regulations Relating to M&A and Overseas Listings.” As advised by our PRC Legal Advisor, we are required to file an application with the CSRC within three business days after we submit the first listing application to the Stock Exchange. We filed with the CSRC within the specific time limit as required by the Overseas Listing Trial Measures on June 16, 2023. As of June 24, 2024, we had completed the filing procedures with the CSRC in relation to the Global Offering.

No Material Adverse Change

Our Directors confirm that, up to the date of this prospectus, there have been no material adverse changes in our financial, operational or trading positions or prospects since June 30, 2024, being the date on which the latest audited consolidated financial information of our Group was prepared.

LISTING EXPENSES

Listing expenses consist of underwriting commissions, professional fees and other fees incurred in connection with the Listing and Global Offering. Assuming full payment of the discretionary incentive fee, we expect to incur total listing expenses of approximately RMB79.7 million (based on the mid-point of the indicative Offer Price range), which accounts for approximately 41.6% of the gross proceeds from the Global Offering, including: (i) underwriting-related expenses of approximately RMB11.5 million; and (ii) non-underwriting related expenses of approximately RMB68.2 million, which consist of (a) fees and expenses of legal advisors and reporting accountants of approximately RMB43.3 million and (b) other fees and expenses of approximately RMB24.9 million.

During the Track Record Period, we incurred approximately RMB57.6 million in listing expenses, of which RMB55.3 million were recognized in our consolidated statement of profit or loss and RMB2.3 million were recognized as deferred listing expenses, which is expected to be accounted for as a deduction from equity upon Listing. We estimate that we will further incur listing expenses of RMB22.1 million, of which RMB11.0 million will be charged to our consolidated statements of profit or loss for the year ending December 31, 2024. The remaining balance of approximately RMB11.1 million is expected to be accounted for as a deduction from equity upon the completion of the Global Offering. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

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In this prospectus, unless the context otherwise requires, the following words and expressions have the following meanings. Certain technical terms are explained in “Glossary.”

- “2022 Fujian Health Road Contractual Arrangements” a series of contractual arrangements entered into by, among others, Health Road HealthTech, Fujian Health Road and the Registered Shareholders on March 31, 2022. See “Contractual Arrangements” for more details
- “302 Internet Hospital” Hainan Jumei 302 Internet Hospital Co., Ltd.* (海南菊梅二零二互聯醫院有限公司), a limited liability company established in the PRC on June 8, 2020 and was one of our subsidiaries immediately before its disposal. See “History, Reorganization and Corporate Structure—Major Shareholding Changes and Corporate History of our Company, Major Subsidiaries and Consolidated Affiliated Entities—8. Major Acquisitions and Disposals—Disposal of 302 Medical Technology, 302 Internet Hospital and 302 Telemedicine Center” for further details
- “302 Internet Hospital Fuzhou Branch” Hainan Jumei 302 Internet Hospital Co., Ltd. Fuzhou Branch* (海南菊梅二零二互聯醫院有限公司福州分公司), the Fuzhou branch of 302 Internet Hospital established in the PRC on August 16, 2021
- “302 Medical Technology” Jumei 302 (Hainan) Medical Technology Co., Ltd.* (菊梅二零二(海南)醫療科技有限公司), a limited liability company established in the PRC on December 11, 2019 and was one of our subsidiaries immediately before its disposal. See “History, Reorganization and Corporate Structure—Major Shareholding Changes and Corporate History of our Company, Major Subsidiaries and Consolidated Affiliated Entities—8. Major Acquisitions and Disposals—Disposal of 302 Medical Technology, 302 Internet Hospital and 302 Telemedicine Center” for further details
- “302 Telemedicine Center” Hainan Jumei 302 Telemedicine Center Co., Ltd.* (海南菊梅二零二遠程醫療中心有限公司), a limited liability company established in the PRC on June 5, 2020 and was one of our subsidiaries immediately before its disposal. See “History, Reorganization and Corporate Structure—Major Shareholding Changes and Corporate History of our Company, Major Subsidiaries and Consolidated Affiliated Entities—8. Major Acquisitions and Disposals—Disposal of 302 Medical Technology, 302 Internet Hospital and 302 Telemedicine Center” for further details

DEFINITIONS

“affiliate(s)”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“Affluent Base”	Affluent Base Limited (豐基有限公司), a company incorporated in the BVI with limited liability on October 16, 2014, wholly owned by Mr. Zhang and directly held approximately 34.70% of the total issued share capital of our Company as of the Latest Practicable Date and one of our Controlling Shareholders
“AFRC”	Accounting and Financial Reporting Council of Hong Kong
“Anhui Health Road”	Anhui Health Road Health Management Co., Ltd.* (安徽健康之路健康管理有限公司), a limited liability company established in the PRC on May 25, 2011 and one of our subsidiaries immediately before its disposal. See “History, Reorganization and Corporate Structure—Major Shareholding Changes and Corporate History of our Company, Major Subsidiaries and Consolidated Affiliated Entities—8. Major Acquisitions and Disposals—Disposals pursuant to the Reorganization—Disposal of Anhui Health Road” for further details
“Anji Kequan”	Anji Kequan Equity Investment Partnership (Limited Partnership)* (安吉科泉股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on August 3, 2022, the limited partner of Kequan Xiamen holding approximately 99.90% of its interest
“Articles of Association” or “Articles”	The amended and restated articles of association of the Company, conditionally adopted on December 11, 2024 and will come into effect upon Listing, as amended, supplemented or otherwise modified from time to time, a summary of which is set out in “Appendix III—Summary of the Constitution of the Company and Cayman Islands Company Law” of this prospectus
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Baidu”	Baidu, Inc., a company listed on the Stock Exchange (stock code: 9888.HK), a connected person of our Company

DEFINITIONS

- “Baidu (HK)” Baidu (Hong Kong) Limited, a private company limited by shares incorporated in Hong Kong on November 27, 2007, an indirect wholly-owned subsidiary of Baidu and one of our Pre-IPO Investors. See “History, Reorganization and Corporate Structure—Pre-IPO Investments—Information of the Pre-IPO Investors—Baidu (HK)” for further details
- “Baidu Netcom” Beijing Baidu Netcom Science and Technology Co., Ltd.* (北京百度網訊科技有限公司), a limited liability company established in the PRC on June 5, 2001, an associate of Baidu and a connected person of our Company
- “Bai Sheng Enterprises” Bai Sheng Enterprises Limited (百盛企業有限公司), a company incorporated in the BVI with limited liability on October 16, 2014, which was wholly owned by Mr. Liang Jinhua (梁錦華), a former Director, and directly held approximately 4.52% of the total issued share capital of our Company as of the Latest Practicable Date
- “Beijing Dekai Xiaowei” Beijing Dekai Xiaowei Pharmacy Co., Ltd.* (北京德開小薇大藥房有限責任公司), a limited liability company established in the PRC on October 23, 2017 and one of our subsidiaries immediately before its disposal. See “History, Reorganization and Corporate Structure—Major Shareholding Changes and Corporate History of our Company, Major Subsidiaries and Consolidated Affiliated Entities—8. Major Acquisitions and Disposals—Disposal of Beijing Dekai Xiaowei” for further details
- “Beijing Health Road” Beijing Health Road Zhongkang Information Technology Co., Ltd.* (北京健康之路眾康信息技術有限公司), a limited liability company established in the PRC on March 13, 2008 and one of our subsidiaries immediately before its disposal. See “History, Reorganization and Corporate Structure—Major Shareholding Changes and Corporate History of our Company, Major Subsidiaries and Consolidated Affiliated Entities—8. Major Acquisitions and Disposals—Disposals pursuant to the Reorganization—Disposal of Beijing Health Road” for further details
- “Best Premier” Best Premier Group Investment Limited (佳滿集團投資有限公司), a company incorporated in the BVI with limited liability on October 8, 2014, a connected person of our Company and wholly owned by Mr. Chen Yong (陳勇), our non-executive Director, and directly held approximately 10.73% of the total issued share capital of our Company as of the Latest Practicable Date

DEFINITIONS

“Board” or “Board of Directors”	the board of directors of the Company
“business day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
“BVI”	the British Virgin Islands
“CAC”	the Cyberspace Administration of the PRC (中華人民共和國國家互聯網信息辦公室)
“Capital Market Intermediaries”	the capital market intermediaries participating in the Global Offering and has the meaning ascribed to it under the Listing Rules;
“Cayman Islands Companies Act”	the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CDE”	the Center for Drug Evaluation of NMPA (國家藥品監督管理局藥品審評中心)
“China” or “PRC”	the People’s Republic of China, but for the purpose of this prospectus and for geographical reference only and except where the context requires, references in this prospectus to “China” or the “PRC” do not apply to Taiwan, Macau Special Administrative Region and Hong Kong
“Choksend Communication”	Fujian Choksend Communication Technology Co., Ltd.* (福建省創科訊達通信科技有限公司), a limited liability company established in the PRC on August 13, 2012, one of our subsidiaries
“Chuanke Computer”	Chuanke Computer System (Beijing) Co., Ltd.* (傳課計算機系統(北京)有限公司), a limited liability company established in the PRC on December 27, 2011, one of the Registered Shareholders, a substantial shareholder of one of our Consolidated Affiliated Entities and a connected person of our Group
“Class I hospitals”	primary hospitals that directly provide the community of a certain population with comprehensive services of medical treatment, prevention, rehabilitation, and health care

DEFINITIONS

“Class II hospitals”	secondary hospitals that provide comprehensive medical services to a region, which are designated as Class II hospitals by the National Health Commission of the PRC
“Class III Grade A hospitals”	hospitals of the top level, which are designated as Class III Grade A hospitals by the National Health Commission of the PRC
“Class III hospitals”	multi-regional hospitals with large capacity that provide high-quality professional medical services, undertake higher education and scientific research initiatives, which are designated as Class III hospitals by the National Health Commission of the PRC
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Companies (WUMP Ordinance)”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies Ordinance” or “Hong Kong Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	HealthyWay Inc. (健康之路股份有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability on November 18, 2014
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consolidated Affiliated Entity(ies)”	the entities we control through the Contractual Arrangements, namely Fujian Health MedTech, Fujian Health Road and its subsidiaries. For further details of these entities, see “History, Reorganization and Corporate Structure” and “Contractual Arrangements”
“Contractual Arrangements”	the Fujian Health Road Contractual Arrangements, the Fujian Health MedTech Contractual Arrangements and the Subsidiary Contractual Arrangements, see “Contractual Arrangements” for more details
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules and, unless the context requires otherwise, refers to Mr. Zhang and Affluent Base, the controlling shareholders of our Company as of the date of this prospectus

DEFINITIONS

“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the Chinese national securities markets
“Deed of Non-competition”	a deed of non-competition given by our Controlling Shareholders in favor of our Company on December 11, 2024, see “Relationship with our Controlling Shareholders—Deed of Non-Competition” for more details
“Director(s)”	director(s) of the Company
“EIT”	the PRC enterprise income tax
“EIT Law”	the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法), enacted on March 16, 2007, effective from January 1, 2008 and was last amended on December 29, 2018 by the NPC
“EIT Rules”	the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法實施條例) promulgated by the State Council on December 6, 2007 and effective from January 1, 2008 and was latest amended on April 23, 2019
“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
“FIL”	Foreign Investment Law (中華人民共和國外商投資法)
“FINI” or “Fast Interface for New Issuance”	an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all new listings
“FITE Regulations”	Administrative Regulations on Foreign-Invested Telecommunications Enterprises (外商投資電信企業管理規定)
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., our independent industry consultant
“Fujian Health Management”	Fujian Health Road Health Management Co., Ltd.*(福建健康之路健康管理有限公司) (previously known as Fujian Health Road Network Technology Co., Ltd.* (福建健康之路網絡科技有限公司) and Fujian Health Road Health Management Joint Stock Co., Ltd.* (福建健康之路健康管理股份有限公司)), a limited liability company established in the PRC on February 22, 2008 and one of our Consolidated Affiliated Entities

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“Fujian Health MedTech”	Fujian Health Road Medical Technology Co., Ltd.* (福建健康之路醫療科技有限公司), a limited liability company established in the PRC on June 1, 2022, directly held by Mr. Zhang as to 50% and by Health Road HealthTech as to 50% as of the Latest Practicable Date and one of our Consolidated Affiliated Entities
“Fujian Health MedTech Contractual Arrangements”	the series of contractual arrangements currently in effect entered into by, among others, Fujian Health MedTech, Mr. Zhang and Health Road HealthTech on February 8, 2023, details of which are described in the section headed “Contractual Arrangements”
“Fujian Health Road”	Fujian Health Road Information Technology Co., Ltd.* (福建健康之路信息技術有限公司), a limited liability company established under the laws of the PRC on December 10, 2014 and one of our Consolidated Affiliated Entities
“Fujian Health Road Contractual Arrangements”	the series of contractual arrangements currently in effect entered into by, among others, Fujian Health Road, the Registered Shareholders and Health Road HealthTech on February 8, 2023, see “Contractual Arrangements” for more details
“Fujian Jianchen”	Fujian Jianchen Medical Co., Ltd.* (福建健宸醫藥有限公司), a limited company established in the PRC on June 12, 2023
“Fujian Sanping Bencao”	Fujian Sanping Bencao Health Technology Co., Ltd.* (福建三平本草健康科技有限公司) (now known as Longyan Sanping Bencao Health Technology Co., Ltd.* (龍岩三平本草健康科技有限公司)), a limited company established in the PRC on October 25, 2016 and one of our subsidiaries immediately before its disposal. See “History, Reorganization and Corporate Structure—Major Shareholding Changes and Corporate History of our Company, Major Subsidiaries and Consolidated Affiliated Entities—8. Major Acquisitions and Disposals—Disposals pursuant to the Reorganization—Disposal of Fujian Sanping Bencao” for further details
“Fuqing Pharmacy”	Fuqing Borderless Pharmacy Co., Ltd.* (福清無邊界大藥房有限公司), a limited liability company established in the PRC on August 19, 2021 and one of our wholly-owned subsidiaries
“Fuzhou Kangzhi”	Fuzhou Kangzhi Technology Co., Ltd.* (福州康知科技有限公司), a limited liability company established in the PRC on September 24, 2019 and one of our subsidiaries

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“Fuzhou Strait One”	Fuzhou High Tech Zone Strait 1 Infrastructure Investment Partnership (Limited Partnership)* (福州高新區海峽一號基礎設施投資合夥企業(有限合夥)), a limited partnership established in the PRC on December 21, 2021, the sole shareholder of Strait One, which is one of our Pre-IPO Investors
“Fuzhou Wanjia Kangjian”	Fuzhou Wanjia Kangjian Investment Center (Limited Partnership)* (福州萬家康健投資中心(有限合夥)), formerly known as Fuzhou Wanjia Kangjian Equity Investment Management Center (Limited Partnership)* (福州萬家康健股權投資管理中心(有限合夥)), a limited partnership established in the PRC on July 3, 2014 and one of the Registered Shareholders
“General Rules of HKSCC”	the General Rules of HKSCC as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Group,” “our Group,” “we,” “our” or “us”	the Company and its subsidiaries or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of the Company at that time
“Guangzhou Health Road”	Guangzhou Health Road Information Technology Co., Ltd.* (廣州健康之路信息技術有限公司), a limited liability company established in the PRC on February 9, 2009 and one of our wholly-owned subsidiaries
“Health Road (China)”	Health Road (China) Information Technology Co., Ltd.* (健康之路(中國)信息技術有限公司), a limited liability company established in the PRC on April 22, 2015 and one of our subsidiaries in the PRC which is a wholly-owned foreign enterprise
“Health Road HealthTech”	Fujian Health Road Health Technology Co., Ltd.* (福建健康之路健康科技有限公司) (previously known as Zhejiang Health Road Health Technology Co., Ltd.* (浙江健康之路健康科技有限公司)), a limited liability company established in the PRC on October 18, 2021 and one of our subsidiaries
“Health Road Investment Center”	Fuzhou Health Road Investment Center (Limited Partnership)* (福州健康之路投資中心(有限合夥)), a limited partnership established in the PRC on January 4, 2017 and one of the Registered Shareholders

DEFINITIONS

“HealthyWay (HK)”	HealthyWay (HongKong) Limited (健康之路(香港)股份有限公司), a limited liability company incorporated under the laws of Hong Kong on December 9, 2014 and one of our wholly-owned subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC EIPO”	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated HKSCC Participant’s stock account through causing HKSCC Nominees to apply on your behalf, including by instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions via HKSCC’s FINI system to apply for the Hong Kong Offer Shares on your behalf
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“HKSCC Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time in force
“HKSCC Participant”	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Offer Shares”	the 2,500,000 Offer Shares (subject to adjustment as described in “Structure of the Global Offering”) being initially offered by the Company for subscription pursuant to the Hong Kong Public Offering
“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price, on and subject to the terms and conditions of this prospectus, as further described in “Structure of the Global Offering”
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited

DEFINITIONS

“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering listed in “Underwriting—Hong Kong Underwriters”
“Hong Kong Underwriting Agreement”	the underwriting agreement dated December 16, 2024 relating to the Hong Kong Public Offering and entered into by, among others, the Company, our Controlling Shareholders and the Hong Kong Underwriters, as further described in “Underwriting—Underwriting Arrangements and Expenses”
“Hongda Juankang”	Hongda Juankang Limited (宏達遠康有限公司), a company incorporated in the BVI with limited liability on January 12, 2022, which is wholly owned by Shangrao SOA, one of our Pre-IPO Investors, and directly held approximately 2.60% of the total issued share capital of our Company as of the Latest Practicable Date
“Hubei Health Road”	Hubei Health Zhilu Health Technology Co., Ltd.* (湖北健康之路健康科技有限公司), a limited liability company established in the PRC on April 15, 2008 and one of our indirectly wholly-owned subsidiaries
“HW MedSpect”	HW MedSpect Limited (美尊仁和有限公司), a company incorporated in the BVI with limited liability on November 23, 2021 and one of our Pre-IPO Investors, and directly held approximately 4.70% of the total issued share capital of our Company as of the Latest Practicable Date. See “History, Reorganization and Corporate Structure—Pre-IPO Investments—Information of the Pre-IPO Investors—HW MedSpect” for further details
“IAS(s)”	International Accounting Standards
“IASB”	International Accounting Standards Board
“IFRS(s)”	IFRS Accounting Standards as issued by the IASB
“Independent Third Party(ies)”	an individual(s) or company(ies) who or which is/are to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are not our connected persons as defined under the Listing Rules

DEFINITIONS

“Initial Holding Companies”	Affluent Base, Shun Kang Ventures, Best Premier, Jun Hong, Bai Sheng Enterprises, Yazhi Ventures, Pukang and Star Flourish Ventures, the initial holding companies of our Company as of the date of its incorporation as further described in “History, Reorganization and Corporate Structure — Major Shareholding Changes and Corporate History for Our Company, Major Subsidiaries and Consolidated Affiliated Entities — 1. Series A Investment by Baidu (HK) and Entering into the Original Contractual Arrangements”
“International Offer Shares”	the 22,500,000 Shares (subject to adjustment as described in “Structure of the Global Offering”) being initially offered by the Company for subscription at the Offer Price pursuant to the International Offering
“International Offering”	the conditional offering of the International Offer Shares by the International Underwriters to institutional and professional investors, as further described in “Structure of the Global Offering”
“International Underwriters”	the underwriters of the International Offering
“International Underwriting Agreement”	the international underwriting agreement relating to the International Offering and to be entered into by, among others, the Company, our Controlling shareholders, and the International Underwriters on or about December 24, 2024 as further described in “Underwriting—Underwriting Arrangements and Expenses—The International Offering”
“JD Health”	JD Health International Inc., a company listed on the Stock Exchange (stock code: 6618)
“Jiangxi Health Road”	Jiangxi Health Road Information Service Technology Co., Ltd.* (江西健康之路信息服務有限公司), a limited liability company established in the PRC on January 4, 2007 and one of our indirectly wholly-owned subsidiaries
“Jianmingtang”	Fujian Jianmingtang Pharmacy Chain Co., Ltd.* (福建健明堂大藥房連鎖有限公司), a limited liability company established in the PRC on October 18, 2019 and one of our subsidiaries
“Joint Bookrunners”	the joint bookrunners as named in the section headed “Directors and Parties Involved in the Global Offering” of this prospectus
“Joint Global Coordinators”	the joint global coordinators as named in the section headed “Directors and Parties Involved in the Global Offering” of this prospectus

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“Joint Lead Managers”	the joint lead managers as named in the section headed “Directors and Parties Involved in the Global Offering” of this prospectus
“Jun Hong”	Jun Hong Limited (駿弘有限公司), a company incorporated in the BVI with limited liability on October 29, 2014 and one of the Initial Holding Companies
“Jyun Jing”	Jyun Jing Limited (元璟股份有限公司), a company incorporated in the BVI with limited liability on November 29, 2021, owned by the Jyun Jing Shareholders and directly held approximately 5.02% of the total issued share capital of our Company as of the Latest Practicable Date
“Jyun Jing Shareholders”	shareholders of Jyun Jing as of the Latest Practicable Date
“Kequan”	Kequan Venture Capital Limited (科泉創投有限公司), a company incorporated in the BVI with limited liability on June 27, 2023 and one of our Pre-IPO Investors, and directly held approximately 2.44% of the total issued share capital of our Company as of the Latest Practicable Date. See “History, Reorganization and Corporate Structure—Pre-IPO Investments—Information of the Pre-IPO Investors—Kequan” for further details
“Kequan Xiamen”	Kequan (Xiamen) Enterprise Management Partnership (Limited Partnership)* (科泉(廈門)企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on June 20, 2023, the sole shareholder of Kequan, which is one of our Pre-IPO Investors
“Latest Practicable Date”	December 8, 2024, being the latest practicable date for the purpose of ascertaining certain information in this prospectus prior to its publication
“Lecheng Internet Hospital”	Hainan Lecheng Internet Hospital Co., Ltd.* (海南樂城互聯網醫院有限公司), a limited liability company established in the PRC on August 5, 2020 and was one of our subsidiaries immediately before its disposal. See “History, Reorganization and Corporate Structure—Major Shareholding Changes and Corporate History of our Company, Major Subsidiaries and Consolidated Affiliated Entities—8. Major Acquisitions and Disposals—Disposals pursuant to the Reorganization—Disposal of Lecheng Internet Hospital” for further details
“Listing”	the listing of the Shares on the Main Board

DEFINITIONS

“Listing Committee”	the Listing Committee of the Hong Kong Stock Exchange
“Listing Date”	the date, expected to be on or about Monday, December 30, 2024, on which the Shares are listed on the Hong Kong Stock Exchange and from which dealings in the Shares are permitted to commence on the Hong Kong Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“M&A Rules”	the Rules on Merger and Acquisition of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定), jointly issued by the State-owned Assets Supervision and Administration Commission (國務院國有資產監督管理委員會), the MOFCOM, the SAT, the SAIC, the CSRC and the SAFE on August 8, 2006 and re-issued by MOFCOM on June 22, 2009
“Main Board”	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Hong Kong Stock Exchange
“May Jyu”	May Jyu Limited (美逸有限公司), a company incorporated in the BVI with limited liability on January 7, 2022, which was wholly owned by Mr. Zhang Wandu (張萬德), the brother of Mr. Zhang, and directly held approximately 9.50% of the total issued share capital of our Company as of the Latest Practicable Date
“May Syun”	May Syun Limited (美軒有限公司), a company incorporated in the BVI with limited liability on February 25, 2022, which was wholly owned by Mr. Hu Depan (胡德潘), an Independent Third Party and a former employee of our Group, and directly held approximately 2.05% of the total issued share capital of our Company as of the Latest Practicable Date
“May Xin”	May Xin Limited (美欣有限公司), a company incorporated in the BVI with limited liability on March 9, 2022, which was wholly owned by Ms. Zheng Shuxian (鄭舒嫻), an Independent Third Party and an employee of our Group, and directly held approximately 1.86% of the total issued share capital of our Company as of the Latest Practicable Date

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“Memorandum” or “Memorandum of Association”	The amended and restated articles of association of the Company, conditionally adopted on December 11, 2024 and will come into effect upon Listing, as amended, supplemented or otherwise modified from time to time, a summary of which is set out in “Appendix III — Summary of the Constitution of the Company and Cayman Islands Company Law” of this prospectus
“MIIT”	the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuer, a summary of which is set out in Appendix C3 to the Listing Rules
“MOF”	the Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“Mr. Zhang”	Mr. Zhang Wanneng (張萬能), the chairman of our Board, our executive Director, chief executive officer, a Substantial Shareholder and one of our Controlling Shareholders as of the date of this prospectus
“Ms. Shi”	Ms. Weimin Shi, the sole shareholder of HW MedSpect Limited, which is one of our Pre-IPO Investors
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“Ning Waa”	Ning Waa Limited (寧華有限公司), a company incorporated in the BVI with limited liability on December 6, 2021 and a wholly-owned subsidiary of our Company
“Ningde Health Road”	Ningde Health Road Information Technology Co., Ltd.* (寧德健康之路信息技術有限公司), a limited liability company established in the PRC on March 28, 2023 and a non-wholly owned subsidiary of our Company
“NMPA”	the National Medical Products Administration of the PRC (中華人民共和國國家藥品監督管理局)
“Nomination Committee”	the nomination committee of the Board
“NPC”	the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)

DEFINITIONS

“Offer Price”	the final Hong Kong dollar price per Offer Share (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee, SFC transaction levy and AFRC transaction levy) at which the Offer Shares are to be subscribed for pursuant to the Global Offering
“Offer Share(s)”	the Hong Kong Offer Shares and the International Offer Shares
“Original Contractual Arrangements”	the series of contractual arrangements entered into by Health Road (China), Fujian Health Road, Mr. Zhang and Ms. Wu Mengyi (吳夢漪), details of which are described in the section headed “History, Reorganization and Corporate Structure—Major Shareholding Changes and Corporate History of our Company, Major Subsidiaries and Consolidated Affiliated Entities—1. Series A Investment by Baidu (HK) and Entering into the Original Contractual Arrangements—The Original Contractual Arrangements”
“Overall Coordinators”	CCB International Capital Limited and Shenwan Hongyuan Securities (H.K.) Limited
“PBOC”	People’s Bank of China (中國人民銀行), the central bank of the PRC
“Ping An Healthcare”	Ping An Healthcare and Technology Company Limited, a company listed on the Stock Exchange (stock code: 1833)
“PRC Government”	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and organizations of such government or, as the context requires, any of them
“PRC Legal Advisor”	Jingtian & Gongcheng, acting as a legal counsel as to the PRC laws to our Company
“Preferred Shares”	the Company’s Series A Preferred Shares, Series B-1 Preferred Shares and Series B-2 Preferred Shares
“Pre-IPO Investment(s)”	the investment(s) in the Company undertaken by the Pre-IPO Investors prior to the Global Offering, the details of which are set out in the section headed “History, Reorganization and Corporate Structure—Pre-IPO Investments” in this prospectus
“Pre-IPO Investor(s)”	the investor(s) who acquired interest in our Company pursuant to the respective agreement(s) prior to the Global Offering, details of which are set out in the section headed “History, Reorganization and Corporate Structure—Pre-IPO Investments—Information of the Pre-IPO Investors” in this prospectus

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“Price Determination Date”	the date on which the Offer Price is to be determined
“Principal Share Registrar”	Tricor Services (Cayman Islands) Limited
“prospectus”	this prospectus issued in connection with the Hong Kong Public Offering
“Pukang”	Pukang Limited (普康有限公司), a company incorporated in the BVI with limited liability on October 16, 2014 and one of the Initial Holding Companies
“Registered Shareholders”	the registered shareholders of Fujian Health Road, namely Mr. Zhang, Chuanke Computer, Shangrao SOA, Shanghai Jiejia, Health Road Investment Center and Fuzhou Wanjia Kangjian
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration Committee”	the remuneration committee of the Board
“Renminbi” or “RMB”	the lawful currency of the PRC
“Reorganization”	the restructuring of our Group as described in “History, Reorganization and Corporate Structure—Reorganization”
“Reporting Accountants”	KPMG, the reporting accountants of our Company
“Repurchase Mandate”	the general mandate authorizing the repurchase by our Company, a summary of which is set out in the “Appendix IV—Statutory and General Information—A. Further Information about Our Group—6. Repurchase of Our Securities by Our Company” in this prospectus
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAFE Circular 13”	Circular on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (關於進一步簡化和改進直接投資外匯管理政策的通知)
“SAFE Circular 16”	Circular on Reforming and Standardizing the Administrative Provisions on Capital Account Foreign Exchange (關於改革和規範資本項目結匯管理政策的通知)

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“SAFE Circular 19”	Circular on Reforming the Management Approach Regarding the Foreign Exchange Capital Settlement of Foreign-Invested Enterprises (關於改革外商投資企業外匯資本金結匯管理方式的通知)
“SAFE Circular 37”	Circular on Issues Concerning Foreign Exchange Administration of the Overseas Investment and Financing and the Round-Tripping Investment Made by Domestic Residents through Special-Purpose Companies (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知)
“SAIC”	the State Administration for Industry and Commerce of the PRC (中國國家工商行政管理總局), including, as the context may require, its local affiliates, which was merged into the State Administration of Market Regulation (中國國家市場監督管理總局)
“SAMR”	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“SAT Circular 7”	Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (國家稅務總局關於非居民企業間接轉讓財產企業所得稅若干問題的公告) issued by the SAT
“SCNPC”	the Standing Committee of the NPC
“Securities and Futures Commission” or “SFC”	the Securities and Futures Commission of Hong Kong
“Series A Investment”	the investment in our Company undertaken by Baidu (HK) pursuant to the Baidu SPA, the details of which are set out in the section headed “History, Reorganization and Corporate Structure—Major Shareholding Changes and Corporate History of our Company, Major Subsidiaries and Consolidated Affiliated Entities—1. Series A Investment by Baidu (HK) and Entering into the Original Contractual Arrangements—Series A Investment by Baidu (HK)” in this prospectus
“Series A Preferred Shares”	the series A preferred shares of our Company with a par value of US\$0.0001 each

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“Series B-1 Investment”	the investment in our Company undertaken by Shanghai Jiejia, the details of which are set out in the section headed “History, Reorganization and Corporate Structure—Major Shareholding Changes and Corporate History of our Company, Major Subsidiaries and Consolidated Affiliated Entities—2. Series B-1 Investment by Shanghai Jiejia and Termination of the Original Contractual Arrangements—Series B-1 Investment by Shanghai Jiejia” in this prospectus
“Series B-1 Preferred Shares”	the series B-1 preferred shares of our Company with a par value of US\$0.0001 each
“Series B-2 Investment”	the investment in our Company undertaken by Shangrao SOA, the details of which are set out in the section headed “History, Reorganization and Corporate Structure—Major Shareholding Changes and Corporate History of our Company, Major Subsidiaries and Consolidated Affiliated Entities—3. Series B-2 Investment by Shangrao SOA” in this prospectus
“Series B-2 Preferred Shares”	the series B-2 preferred shares of our Company with a par value of US\$0.0001 each
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Shandong Gongjian”	Shandong Gongjian Information Service Co., Ltd.* (山東共健信息服務有限公司), a limited liability company established in the PRC on November 7, 2023 and one of our wholly-owned subsidiaries
“Shanghai Borderless”	Borderless (Shanghai) Medical Technology Co., Ltd.* (無邊界(上海)醫療科技有限公司), a limited liability company established in the PRC on December 19, 2018 and was one of our subsidiaries immediately before its disposal. See “History, Reorganization and Corporate Structure—Major Shareholding Changes and Corporate History of our Company, Major Subsidiaries and Consolidated Affiliated Entities—8. Major Acquisitions and Disposals—Disposals pursuant to the Reorganization—Disposal of Shanghai Borderless” for further details

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“Shanghai Jiejia”	Shanghai Jiejia Investment Management Center (Limited Partnership)* (上海界佳投資管理中心(有限合夥)), a limited partnership established in the PRC on February 26, 2016, one of our Pre-IPO Investors and one of the Registered Shareholders. See “History, Reorganization and Corporate Structure—Pre-IPO Investments—Information of the Pre-IPO Investors—Shanghai Jiejia” for further details
“Shangrao SOA”	Shangrao State Owned Assets Management Group Co., Ltd* (上饒市國有資產經營集團有限公司), a limited liability company established in the PRC on January 31, 2008, one of our Pre-IPO Investors and one of the Registered Shareholders. See “History, Reorganization and Corporate Structure—Pre-IPO Investments—Information of the Pre-IPO Investors—Shangrao SOA” for further details
“Share(s)” or “Ordinary Share(s)”	the ordinary share(s) in the share capital of the Company with a nominal value of US\$0.0001 each prior to the Share Subdivision and US\$0.00002 each upon the completion of the Share Subdivision
“Shareholder(s)”	holder(s) of the Ordinary Share(s) or the Preferred Share(s)
“Share Subdivision”	the subdivision of each Share in the Company’s issued and unissued share capital with a nominal value of US\$0.0001 into five Shares with a nominal value of US\$0.00002 each prior to the Listing, the details of which are set out in “History, Reorganization and Corporate Structure—Share Subdivision”
“Shun Kang Ventures”	Shun Kang Ventures Limited (順康創投有限公司), a company incorporated in the BVI with limited liability on September 25, 2014 and one of the Initial Holding Companies
“Sole Sponsor”	CCB International Capital Limited (建銀國際金融有限公司)
“Star Ease”	Star Ease Health Development Limited (星怡健康發展有限公司), a company incorporated in the BVI with limited liability on February 22, 2022, which is indirectly held as to 99.90% by Shanghai Jiejia and as to 0.10% by Shanghai Deqian Business Consulting Partnership (Limited Partnership)* (上海得鈺商務諮詢合夥企業(有限合夥)), the general partner of Shanghai Jiejia and an Independent Third Party, and directly held approximately 1.13% of the total issued share capital of our Company as of the Latest Practicable Date

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“Star Flourish Ventures”	Star Flourish Ventures Limited (星興創投有限公司), a company incorporated in the BVI with limited liability on October 16, 2014 which was owned by the Star Flourish Ventures Shareholders and directly held approximately 4.37% of the total issued share capital of our Company as of the Latest Practicable Date
“Star Flourish Ventures Shareholders”	shareholders of Star Flourish Ventures as of the Latest Practicable Date
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Strait One”	Strait One Investment LTD (海峽一號投資有限公司), a company incorporated in the BVI with limited liability on January 18, 2023 and one of our Pre-IPO Investors, and directly held approximately 0.65% of the total issued share capital of our Company as of the Latest Practicable Date. See “History, Reorganization and Corporate Structure—Pre-IPO Investments—Information of the Pre-IPO Investors—Strait One” for further details
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024
“treasury shares”	has the meaning ascribed thereto under the Listing Rules
“U.S. Securities Act”	the United States Securities Act of 1933, as amended
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“United States,” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$” or “USD”	U.S. dollars, the lawful currency of the United States
“VAT”	the PRC value-added tax

DEFINITIONS

“We Doctor”	We Doctor Holding Limited (微醫控股有限公司)
“White Form eIPO”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of White Form eIPO Service Provider at www.eipo.com.hk
“White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited
“Xing Da”	Xing Da Limited (興達有限公司), a company incorporated in the BVI with limited liability on January 16, 2023, which was wholly owned by Ms. Chen Qin (陳琴), an Independent Third Party and an employee of our Group, and directly held approximately 3.26% of the total issued share capital of our Company as of the Latest Practicable Date
“Yazhi Ventures”	Yazhi Ventures Limited (雅致創投有限公司), a company incorporated in the BVI with limited liability on October 8, 2014 and one of the Initial Holding Companies
“Yichun Health Road”	Yichun Health Road Information Technology Co., Ltd.* (宜春健康之路信息技術有限公司), a limited liability company established in the PRC on June 3, 2019 and one of our subsidiaries immediately before its disposal. See “History, Reorganization and Corporate Structure—Major Shareholding Changes and Corporate History of our Company, Major Subsidiaries and Consolidated Affiliated Entities—8. Major Acquisitions and Disposals—Disposals pursuant to the Reorganization—Disposal of Yichun Health Road” for further details
“Yinchuan Borderless”	Yinchuan Borderless Internet Hospital Co., Ltd.* (銀川無邊界互聯網醫院有限公司), a limited liability company established in the PRC on January 23, 2019 and one of our Consolidated Affiliated Entities
“Zhejiang Health Road”	Zhejiang Health Road Technology Group Co., Ltd.* (浙江健康之路科技集團有限公司), a limited liability company established in the PRC on June 8, 2023 and one of our subsidiaries in the PRC

DEFINITIONS

“Zhongjian Xinlian (Hangzhou)”	Zhongjian Xinlian (Hangzhou) Technology Company Limited* (眾健信聯(杭州)科技有限公司), a limited liability company established in the PRC on February 1, 2021 and one of our subsidiaries immediately before its disposal. See “History, Reorganization and Corporate Structure—Major Shareholding Changes and Corporate History of our Company, Major Subsidiaries and Consolidated Affiliated Entities—8. Major Acquisitions and Disposals—Disposal of Zhongjian Xinlian (Xiamen) and Zhongjian Xinlian (Hangzhou)” for further details
“Zhongjian Xinlian (Xiamen)”	Zhongjian Xinlian (Xiamen) Technology Company Limited* (眾健信聯(廈門)科技有限公司), a limited liability company established in the PRC on December 28, 2016 and one of our subsidiaries immediately before its disposal. See “History, Reorganization and Corporate Structure—Major Shareholding Changes and Corporate History of our Company, Major Subsidiaries and Consolidated Affiliated Entities—8. Major Acquisitions and Disposals—Disposal of Zhongjian Xinlian (Xiamen) and Zhongjian Xinlian (Hangzhou)” for further details

* *For identification purposes only*

The English translation of the PRC entities, enterprises, nationals, facilities and regulations in Chinese or another language in this prospectus is for identification purposes only. To the extent that there is any inconsistency between the Chinese names of the PRC entities, enterprises, nationals, facilities and regulations and their English translations, the Chinese names shall prevail.

GLOSSARY

This glossary contains definitions of certain technical terms used in this prospectus in connection with us and our business. Some of these terms and their meanings may not correspond to standard industry meanings or usage of such terms.

“AI”	artificial intelligence
“BI”	business intelligence
“CAGR”	compound annual growth rate
“CPC”	cost per click, a performance-based pricing model where advertisement service fees are charged on the basis of each click
“CPM”	cost per mille, a non-performance-based pricing model where the advertising fee is determined based on the number of impressions achieved by the advertisement
“CPT”	cost per time, a pricing model where advertising is paid on the basis of a fixed period of time
“DevOps”	a combination of software development (dev) and operations (ops), i.e. a software engineering methodology which aims to integrate the work of development teams and operations teams by facilitating a culture of collaboration and shared responsibility
“GFA”	gross floor area
“ISO”	an acronym for a series of quality management and quality assurance standards published by the International Organization for Standardization, a non-government organization based in Geneva, Switzerland, for assessing the quality systems of business organizations
“medical experts”	physicians or researchers in the medical field who have profound professional knowledge and rich practical experiences
“natural language processing”	a subfield of linguistics, computer science, information engineering, and artificial intelligence concerned with the interactions between computers and human (natural) languages, in particular how to program computers to process, understand and analyze large amounts of natural language data
“PC”	personal computer

GLOSSARY

“real-world study” or “RWS”	study investigating health interventions whose design does not follow the design of a randomized controlled trial and aims to reflect health intervention effectiveness in routine clinical practice
“registered users”	users who have registered accounts on our platform as of a given time; a registered user is not necessarily a unique user, as an individual may register multiple accounts on our platform, and consequently, the number of registered users we present in this prospectus may not equal the number of unique users who have registered on our platform as of a given time
“specialty pharmacies”	pharmacies that sell specialty medicines for the treatment of specialty diseases, such as diabetes, hypertension and oncology. According to Frost & Sullivan, the term “specialty pharmacy” is commonly used in the pharmaceutical sales industry

FORWARD-LOOKING STATEMENTS

This prospectus contains certain forward-looking statements and information relating to the Company and its subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, the words “aim,” “anticipate,” “believe,” “can,” “continue,” “could,” “forecast,” “expect,” “going forward,” “intend,” “ought to,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “will,” “would” and the negative of these words and other similar expressions, as they relate to our Group or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing the Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business prospects;
- future developments, trends and conditions in the industry and markets in which we operate;
- our business strategies and plans to achieve these strategies;
- our ability to identify and integrate suitable acquisition targets;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment and general outlook in the industry and markets in which we operate;
- the effects of the global financial markets and economic crisis;
- the actions and developments of our competitors; and
- other statements in this prospectus that are not historical facts.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise.

In this prospectus, statements of or references to our intentions or those of the Directors are made as of the date of this prospectus. Any such information may change in light of future developments.

RISK FACTORS

An investment in our Shares involves various risks. You should carefully consider all of the information set forth in this prospectus, including the risks and uncertainties described below, before making an investment in our Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, the market price of our Shares could decline, and you may lose all or part of your investment.

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

The digital health and medical service market and the digital health corporate service market are immature and volatile.

The digital health and medical service market and the digital health corporate service market are relatively new and unproven, and it is uncertain whether they will achieve and sustain high levels of demand, user acceptance and market adoption. Our success will depend to a substantial extent on the willingness of users to use, and to increase the frequency and extent of their utilization of, our services, as well as on our ability to demonstrate the value of our services to users, physicians, medical institutions, pharmaceutical companies, insurance companies, other financial institutions, local health authorities, and other corporations. If these key industry stakeholders do not perceive the benefits of our services, or if our services do not drive user engagement, then our market may not develop at all, or it may develop more slowly than we expect. If any of these events occurs, it could have a material adverse effect on our business, financial condition or results of operations.

We are subject to regulatory requirements, with which failure to comply, may materially and adversely affect our business, reputation and prospects.

We are or will be subject to the regulation of various governing bodies in China, Hong Kong and the Cayman Islands. In particular, we are subject to legal and regulatory requirements of multiple industries in the PRC, as we are engaged in regulated and evolving industries. These industries primarily cover the Internet, healthcare, digital health and wellness, and advertising, business. Regulatory authorities of the PRC may promulgate and implement new regulations that govern many aspects of the Internet and healthcare industries in which we operate. We may incur substantial costs in ensuring the compliance with upcoming relevant laws and regulations. Any violation of the laws, rules, and regulations of the industries in which we operate, could lead to severe fines and penalties. Non-compliance with the regulatory requirements of healthcare industry may even result in criminal prosecution against us under certain circumstances.

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The regulations on the digital health and wellness industry in which we operate are relatively new and evolving, and may be subject to evolving laws and regulations and standards of enforcement. Compliance with future laws and regulations may require us to change our business models and/or incur substantial costs. The rise in our compliance costs is likely to increase our future overhead, which may, in turn, have a material adverse effect on our business, financial condition and results of operations.

In addition, the introduction of new services may require us to comply with additional, laws, rules, and regulations. We may be required to obtain new permits, licenses or certificates, and/or deploy additional resources to monitor developments in the relevant regulatory environment. Failure to comply with future laws and regulations could undermine our capability to offer services to our customers, which may have a material adverse effect on our business, financial condition and results of operations.

Furthermore, new laws, regulations and standards in practice may evolve over time. The new requirements may result in additional compliance costs and changes in our compliance management practices. If we fail to address and comply with these regulations and any subsequent changes, we may be subject to fines or penalties, which may adversely and materially affect our financial condition and results of operations. We cannot assure you that we will not be found in violation of any future laws and regulations, or any of the laws and regulations currently in effect due to the enactment of new laws, regulations, guidance and standards.

We face intense competition in each of the business segments we operate, including but not limited to medical support services, pharmaceutical sales business and digital marketing services.

While the digital health and wellness market in China is at an early stage of development, it is, and is expected to be, increasingly competitive. We currently face intense competition from other digital health and medical service platforms that develop and commercialize various services similar to ours. In particular, the competition in the businesses of medical support services, pharmaceutical sales business, digital marketing services is becoming increasingly fierce. When we operate these businesses, we compete fiercely with other digital health and medical service platforms for individual users, physicians and hospitals, with different pharmacy chains for retail customers and store locations, and with other digital health corporate service providers for corporate customers and Internet traffic. For example, with respect to our medical support services, according to Frost & Sullivan, several leading companies in the health and medical service market also provide health membership schemes and other medical support services, such as Ping An Healthcare, JD Health and We Doctor. We face competition based on several factors, including quality and breadth of services, ability to protect our customers' confidential information, timeliness of delivery and price, among others. In addition, the pharmaceutical sales market is also competitive. With respect to the pharmaceutical retail business, we compete with other pharmacies in terms of store location, service quality, breadth of product categories and stability and variety of supply chains, among others. The competitors of our pharmaceutical wholesale business mainly include other pharmaceutical whole distributors. We face competition with them in terms of the ability

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to obtain the sales agency rights for drugs, the extensiveness of sales channels, the sufficiency of financial reserves and the capability of operation teams, among others. In addition, in our digital marketing services, we mainly compete with other advertising companies. We face competition in our digital marketing services primarily based on factors such as structure of target audience including both physicians and patients, service quality, timeliness of delivery, price of services and commercial value one can bring to its customers. See “Industry Overview” for more information about the competitive landscape of the industries in which we operate and “Business—Competition” for details.

Our competitors may operate different business models, have different cost structures or participate selectively in different industry segments. They may ultimately prove to be more successful or more adaptable to customer demand and new regulatory, technological, and other developments. Some of our competitors may have longer operating histories, better supplier relationships, more established brand names, larger user bases, and greater financial, technical and marketing resources than we do, and in turn may have an advantage in attracting and retaining users and customers. Furthermore, large technology companies with substantial resources, technical expertise, and greater brand power could enter or further expand in the markets where we operate to compete with us. Competition from other market players may also result in continued pricing pressures, which is likely to lead to a decline in the price of our services, and may, in turn, adversely affect our profitability and market share.

New competitors or alliances that have greater market share, larger customer bases, more widely adopted proprietary technologies, more excellent marketing expertise, more abundant financial resources and stronger sales forces than us may emerge, which could put us at a competitive disadvantage. In light of these factors, even if our services are more effective than those of our competitors, current or potential users and customers may accept competitive solutions in lieu of ours. If we are unable to successfully compete in the digital health and wellness market, our business, financial condition and results of operations may be materially and adversely affected.

We may fail to attract, maintain, and manage various stakeholders in the digital health and wellness industry.

Our results of operations depend on our ability to manage and create value for stakeholders in the value chain and the digital health and wellness industry, who in turn generate more monetization opportunities for us. We provide these stakeholders, including physicians, medical institutions, pharmaceutical companies, insurance companies, local health authorities, and other corporations, with integrated services to help them create value. By integrating these solutions into and channeling these stakeholders onto our platform, we manage to foster a more diverse service offering where different industry stakeholders could utilize the resources on our platform for their business purposes, which in turn may create more monetization opportunities for us.

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However, we cannot assure you that we are able to continuously manage and create value for such stakeholders, or at all. For example, as physicians have responsibilities at their hospitals, they may not be willing to set aside additional hours from their busy schedules to participate in our online healthcare services. Additionally, they may not share our vision about digitalization of health and medical services and may stick to their traditional practices. If we fail to manage or create value for those stakeholders, we may not be able to enhance their engagement and connection with our platform, or deepen our penetration in the healthcare value chain, which in turn may deprive monetization venues for us to drive our revenue growth.

Any damage to the reputation and recognition of our brand names, or failure to maintain or enhance stakeholders' trust, stickiness and engagement in our platform, may materially and adversely affect our business operations and prospects.

We depend on our reputation and brand names as well as stakeholders' trust, stickiness and engagement in our platform in many aspects of our business operations. However, we cannot assure you that we will always be able to maintain or enhance a positive reputation, brand names, or stakeholders' trust, stickiness and engagement for all of our businesses in the future. Our reputation, brand names and the stakeholders' opinion on us may be affected by a number of factors, of which many are beyond our control, including:

- our ability to offer and maintain quality services through our platform;
- the breadth and depth of the services and their efficacy in addressing our patients' health and medical needs;
- the reliability, security and functionality of our platform;
- our ability to adopt new technologies to continuously develop our platform; and
- our ability to increase brand awareness among the existing and potential users and customers via multiple channels.

Any loss of trust in our platform, or any negative publicity associated with us, our Directors, officers, employees or business partners, the services provided through our platform, or our industry in general, may harm our reputation, brand names and public image, which could materially and adversely affect our business, results of operations and financial condition.

We may be subject to liability for content available on our platform that is alleged to be factually incorrect, obscene, defamatory, libelous, plagiarized or otherwise unlawful.

Under the PRC laws, we are required to monitor our websites and mobile interfaces for items or content deemed to be factually incorrect, obscene, defamatory, libelous or plagiarized, as well as content, products or services that are illegal to sell online, and promptly take appropriate actions with respect to such content, products or services. We may also be subject to potential liabilities for any unlawful actions of our customers or users of our websites or mobile interfaces or for content we distribute that is deemed inappropriate. It

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may be difficult to determine the type of content that may result in liability to us, and if we are found to be liable, we may be subject to fines, have our relevant business operation licenses revoked, or be prevented from operating our websites or mobile interfaces in the PRC.

In particular, our corporate and digital marketing services are subject to advertisement-related and other relevant laws and regulations in the PRC. We cannot assure you that all the content provided through our corporate and digital marketing services, especially the medical content in relation to our wellness content services provided to Internet platforms, our precision content services provided mainly to pharmaceutical companies as well as our digital marketing services provided to advertisers, is true and accurate as required by advertisement-related and other relevant laws and regulations in the PRC. Our business, financial condition and results of operations may suffer if we are subject to liabilities arising from our corporate and digital marketing services.

Additionally, the content provided through our content services, including our wellness content services provided to Internet platforms and our precision content services provided mainly to pharmaceutical companies, may be subject to third-party plagiarism claims. This risk could arise if our content inadvertently resembles or reproduces proprietary material from other sources. Such claims could lead to legal disputes and damage our reputation, further impacting our business.

In addition, claims may be brought against us for defamation, libel, negligence, copyright, patent or trademark infringement, tort (including personal injury), other unlawful activity or other theories and claims based on the nature and content of information posted on our mobile portals, including news feeds, product reviews and message boards, by customers and suppliers, among others. Regardless of the outcome of such a dispute or lawsuit, we may suffer from negative publicity and reputational damage as a result, which may adversely affect our business.

Our substantial development in the current product and service offerings may expose us to more risks and we cannot guarantee that our new business initiatives will be successfully implemented or generate sustainable revenue or profit.

We continue to execute a number of new business initiatives, strategies and operating plans for the purpose of diversifying our business and unleashing the monetization potential of our leading position in China's digital health and wellness industry. For example, we started to offer RWS support services in 2022 to provide pharmaceutical companies with real-world clinical data. Such business initiatives are new and evolving, and may still be at the inception or trial stage and may prove unsuccessful. In addition, we may not have sufficient experience in executing these new business initiatives effectively. Our ability to predict our user and customer preferences and needs and to customize our services to users may be limited, which could impede our ability to deliver the expected user and customer experience at the early stage of these business initiatives. Furthermore, we may incur increasing research and development costs, selling expenses, staff costs and compliance costs as more efforts on product and service development, brand and service promotion, general administration and legal compliance are required. In addition, there is no guarantee

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of the effectiveness of our efforts devoted to businesses newly launched or to be launched. As a result, we cannot assure you that any of these business initiatives will gain market recognition, increase the penetration of our addressable market, generate revenue or become profitable. If our efforts fail to enhance our monetization abilities, we may not be able to maintain or increase our revenue or recover any associated costs, and our business and results of operations may be materially and adversely impacted.

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.

Our business has become increasingly complex in terms of both the type and scale of business we operate. Any expansion may increase the complexity of our operations and place a significant strain on our managerial, operational, financial, and human resources. Our current and planned personnel, systems, procedures, and controls may not be adequate to support our future operations. We cannot assure you that we will be able to manage our growth effectively or to implement all these systems, procedures, and control measures successfully. If we are not able to manage our growth effectively, our business and prospects may be materially and adversely affected.

We are also continually executing a number of growth initiatives, strategies and operating plans designed to enhance our business. For example, we aim to continuously grow and expand the breadth and depth of our services. Implementing these initiatives, strategies and plans requires a significant amount of financial resources and management attention, and there is no assurance that they could achieve the desired outcome. In the event that any of our growth initiatives, strategies and operating plans is proven unsuccessful, our business and prospects may be materially and adversely affected.

Our high customer concentration exposes us to risks and may subject us to significant fluctuations or declines in revenue.

Our customers primarily include pharmaceutical companies, insurance companies, advertising companies, and information technology companies. A limited number of customers have contributed to a significant portion of our revenue in the past. In 2021, 2022 and 2023 and for the six months ended June 30, 2024, revenue from our top five customers in each of those years and period accounted for 52.2%, 41.5%, 33.7% and 36.2% of our total revenue, respectively. Although we continually seek to diversify our customer base, we cannot assure you that the proportion of the revenue contribution from these customers to our total revenue will decrease in the near future.

There is no assurance that we would be able to maintain good business relationships with our major customers in the future. Our largest customers in each year during the Track Record Period are not obliged to continue their contracts with us at a level similar to those in the past or at all. If any of our major customers reduces or even ceases business collaborations with us in the future due to reasons such as loss of market share, reduced competitiveness, trade restrictions, changes in business strategies or production plans, deterioration in their business relationship with us, operational difficulties and deterioration in financial condition, or if we are unable to renew our contracts with our customers or identify new customers promptly or at all, our revenue may significantly

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decrease, which may materially and adversely affect our business, results of operations, financial condition and prospects.

We rely on our suppliers in providing information technology and software development services, and pharmaceutical and health products.

We source information technology and software development services, pharmaceutical products, and health products from our suppliers, primarily information technology and software development companies, pharmaceutical and health products companies or their sales agents. Our business, results of operations, financial condition and prospects could be materially and adversely impacted if (i) we are unable to continue sourcing sufficient volumes of information technology and software development services, quality pharmaceutical products, and/or health products from our current suppliers, or (ii) our suppliers fail to supply sufficient quantities of information technology and software development services, pharmaceutical products, and/or health products on time or supply products that do not meet the relevant quality standards. In 2021, 2022 and 2023 and for the six months ended June 30, 2024, our top five suppliers in each of those years and period accounted for 21.9%, 36.7%, 42.3% and 39.6% of our total purchases, respectively. Purchases from our largest supplier in 2021, 2022 and 2023 and for the six months ended June 30, 2024, respectively, accounted for 9.9%, 19.2%, 18.2% and 11.5% of our total purchases during each of these years and period. There can be no assurance that any of these suppliers will continue to work with us on acceptable terms or at all, or that the costs associated with attracting alternative suppliers will be reasonable. Any failure by our suppliers to perform their obligations under the relevant agreements and to comply with the applicable laws and regulations, may have an adverse and material impact on our business, financial condition and results of operations. If we are unable to identify alternative suppliers and secure approval for their use in a timely manner, our business could be harmed.

Additionally, our suppliers are primarily Independent Third Parties that are subject to their own operational and financial risks that are outside our control. If the supply of information technology and software development services, and pharmaceutical and health products is interrupted for whatever reason, including but not limited to supply shortages, supplier quality issues, supplier production disruption, or closing or bankruptcies of our suppliers, our business, financial condition, results of operations and prospects may be materially and adversely affected. Changes in business conditions, force majeure, regulatory changes and other factors beyond our control or that we do not presently anticipate could also affect our suppliers' ability to deliver information technology and software development services, and pharmaceutical and health products to us on a timely basis. Any of the foregoing could materially and adversely affect our business, results of operations, financial condition and prospects.

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Failure to attract more registered physicians to provide adequate and proper medical services on our platform may have a material and adverse effect on our reputation, business and results of operations.

Physicians registered on our platform may provide sub-standard services, mishandle sensitive information, engage in other misconduct or commit medical malpractice, which could subject us to medical liability claims. Although we have obtained or caused relevant counterparties to obtain insurance, professional malpractice insurance coverage may not be adequate in the future, or at all. Our business, financial condition, results of operations and reputation may be materially and adversely affected if any such claims are made against us or registered physicians in connection with these actions that are not fully covered by the insurance. With respect to registered physicians who provide services remotely on our platform, we have limited control over them and the quality of their online consultation and diagnosis services. There can be no assurance that our risk management procedures will be sufficient to monitor their performance and control the quality of their work. In the event that our registered physicians fail to comply with the contractual obligations and applicable laws in relation to the provision of medical consultation services, our user experience could deteriorate, and we may suffer as a result of any actual or alleged misconduct by them, which could materially and adversely affect our business, financial condition, results of operations and reputation.

Any lack of requisite approvals, licenses or permits applicable to our business may have a material and adverse impact on our business, financial condition and results of operations.

The digital health and wellness industry in China is highly regulated, which requires multiple licenses, permits, filings and approvals to conduct and develop business. We historically settled transactions on certain WeChat public accounts of ours, by collecting payment from customers on behalf of third-party pharmacies without permits. During the Track Record Period, revenue generated from such payment settlement arrangement accounted for an insignificant portion of our total revenue. The incident was primarily due to our employees' limited comprehension of the relevant PRC laws and regulations. See "Business—Legal Proceedings and Regulatory Compliance—Historical Non-Compliance Incidents—Payment arrangements" for details.

In addition, during the Track Record Period, we provided Internet diagnosis and treatment service, Internet information service, Internet drug information service and insurance advertising service without permits, revenue from which accounted for an insignificant percentage of our total revenue. See "Business—Legal Proceedings and Regulatory Compliance—Historical Non-compliance Incidents—Compliance in Relation to Internet Diagnosis and Treatment License." We completed the rectification of the relevant non-compliance operations in February 2023. Although no administrative action or penalty had been imposed by the relevant regulatory authorities against us as of the Latest Practicable Date, there is no assurance that we will not be subject to administrative action or penalty in the future. For details of our latest legal status of compliance with the PRC laws and regulations in this regard, see "Business—Permits, Licenses and Approvals."

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We obtained the Practice License for Medical Institutions (醫療機構執業許可證) in 2020 for our medical consultation services, through the collaboration with a Class III Grade A hospital in Yinchuan. In return, we provide a range of technical supports to such hospital to enhance its operational efficiency. Although we currently have a friendly business relationship with such hospital, we cannot assure you that our business relationship with such hospital will continue to maintain or develop in our favor. In the event that our collaboration with such hospital deteriorates or even terminates, we may have to spend extra time and incur additional expenses to establish a new business relationship with another qualified hospital, so that we would be able to renew our Practice License for Medical Institutions and continue to operate medical consultation services.

If we fail to obtain and maintain approvals, licenses or permits or complete filings and registrations required for our business, or to comply with relevant laws and regulations, we could be subject to liabilities, fines, penalties and operational disruptions. We may also be liable for fines or a penalty of confiscating illegal gains, which may materially and adversely affect our business, financial condition and results of operations.

Differences in actual benefits and claims from the assumptions used in the pricing of our subscription-based medical support services may materially and adversely affect our results of operations and financial condition.

Our medical support services offer health membership schemes to individual and corporate customers. Our financial results from these products depend, to a significant extent, on the level of consistency between actual benefits that the purchaser receives and the assumptions and estimates we adopt when setting the prices for these products.

Our pricing for the subscription plans is based on assumptions and estimates that we derive from, among other things, data collected from our partners and third-party data providers, industry data as well as historical and current market conditions. In addition, given that the digital health and wellness market is an emerging and rapidly evolving one, capabilities of market players like us to verify and analyze the data collected and accumulated during a relatively short operating period may be limited. Furthermore, if the actual circumstances are not consistent with the data we collect, based on which we formulate our service pricing, or if our actual performance is worse than the underlying assumptions, our profitability may be materially and adversely affected, which may, in turn, have a material adverse effect on our business, results of operations and financial condition.

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

We have incurred significant expenses on a variety of different marketing and brand promotion efforts designed to enhance our brand recognition and increase sales of our services. However, our brand promotion and marketing activities may not be well received by users and may not result in the sales level we anticipate. Meanwhile, marketing approaches and tools in China's digital health and wellness market are evolving, which may further require us to enhance our marketing approaches and experiment with new marketing methods to keep pace with industry developments and user preferences. Failure to refine our existing marketing approaches or introduce new marketing

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approaches in a cost-effective manner could reduce our market share and materially and adversely affect our financial condition, results of operations and profitability.

We are also subject to certain limitations required by the PRC law in promoting services. In China, advertisements published to the general public must comply with various advertising-related laws and regulations, which prohibit, among other things, false or misleading statements that may deceive customers. Although we have implemented internal procedures to examine the content of advertisements we publish via online or offline channels, we cannot assure you that our advertising campaign meets the requirements under the PRC advertising-related laws and regulations at all times. Despite our enhanced measures to monitor our information dissemination process and publication, there can be no assurance that our measures would always be effective in ensuring compliance with the PRC advertising-related laws and regulations. Any violation of the advertisement-related laws and regulations may subject us to fine, suspension of our business or even revocation of our business license. Should there be any changes in the relevant laws and regulations, or change of interpretation thereof, we may be found in violation, and may be subject to regulatory penalties or disciplinary actions.

Our business may be materially and adversely affected by adverse news, scandals or other incidents associated with China's health and wellness industry.

Incidents that reflect doubt as to the quality or safety of pharmaceutical and healthcare products manufactured, distributed or sold by other market players in China's health and wellness industry, particularly the digital health and wellness industry, including our competitors, have been and may continue to be, subject to widespread media attention. Such incidents may damage the reputation of not only the parties involved, but also the digital health and wellness industry in general, even if such parties or incidents have no relation to us, our management, our employees, or our suppliers. Such negative publicity may indirectly and adversely affect our reputation and business operations. In addition, incidents not related to product quality or safety, or other negative publicity or scandals implicating our employees or us, regardless of merit, may also have an adverse impact on us and our reputation and corporate image.

Failure to deal effectively with any fictitious transactions or other fraudulent conduct would materially and adversely affect our business, financial condition and results of operations.

We may be confronted with risks that are caused by fraudulent activities on our platform. For example, our individual users may provide false information to physicians on our platform in order to obtain prescriptions that they are not supposed to get. Although we have implemented various measures to detect and reduce the occurrence of fraudulent activities on our platform, there can be no assurance that such measures will be effective in combating fraudulent transactions or improving overall satisfaction among our users. Such fictitious transactions and fraudulent conduct may subject us to lawsuits, regulatory investigations, fines and penalties against us.

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Moreover, illegal, fraudulent or collusive activities by our employees, such as fraud, bribery or corruption, could also subject us to liability or negative publicity or cause losses. Negative publicity and user sentiment generated as a result of actual or alleged fraudulent or deceptive conduct on our platform or by our employees would severely diminish our users' confidence in us, reduce our ability to attract new or retain current users, damage our reputation and diminish the value of our brand names, and materially and adversely affect our business, financial condition and results of operations.

Our self-developed technologies are complex and may contain undetected errors or may not operate properly, which could adversely affect our business, financial condition and results of operations.

Our self-developed technologies are essential to our business operations. The development of self-developed technologies is time-consuming, expensive, and complex, and may involve unforeseen difficulties. Any system interruptions caused by telecommunications failures, unavailability or slowdown of our platform, or reduced order fulfillment performance due to attempts to harm our systems such as computer viruses and hacking could impact the function of our services. Our servers may also be vulnerable to computer viruses, physical or electronic break-ins and similar disruptions, which could lead to system outages, website slowdown or unavailability, delays or errors in transaction processing, loss of data or the inability to accept and fulfill user orders.

Moreover, software and technology development services that we provide to hospitals may develop or contain undetected defects or errors. Material performance problems, defects or errors in our existing or new software, applications and services may arise in the future and result from interface issues between our systems and data that we did not develop and the function of which is beyond our control or undetected in our testing. These defects and errors, and any failure by us to identify and address them, could result in loss of revenue or market share, diversion of development resources, harm our reputation and increased service and maintenance costs. Defects or errors may discourage existing or potential users from utilizing our solutions. Correction of defects or errors could prove to be impossible or impracticable. The costs incurred in correcting any defects or errors may be substantial and could have a material adverse effect on our business, financial condition and results of operations.

If we fail to upgrade our technology infrastructure, adopt new technologies or adapt our platform to changing user requirements or emerging industry standards, or if our efforts to invest in such development are unsuccessful or ineffective, our business may be materially and adversely affected.

The digital health and wellness industry is characterized by rapid technological change, evolving industry standards and regulatory requirements, introductions of new services as well as changing user demands. We are also affected by other changes and developments in the digital health, Internet, healthcare and other industries in which we operate. These changes and developments may require us to continuously innovate, and failure to do so would have a material adverse effect on our business, financial condition and results of operations.

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We may need to constantly upgrade our technology infrastructure to provide increased scale, improved performance and additional built-in functionality of our platform and to keep pace with our business development, which may require significant investments in time and resources, including adding new hardware, updating software and recruiting and training new engineering personnel. Failure to improve our technology infrastructure accordingly may materially affect our ability to adopt new services, and could result in unanticipated system disruptions, slow response times and impaired quality of our users' and other stakeholders' experiences, which may, in turn, materially and adversely affect our business, financial condition, results of operation, prospects and reputation.

Furthermore, we invested during the Track Record Period, and expect to continuously invest, significant amounts in upgrading our technology infrastructure and developing our technologies. We are likely to recognize costs associated with these investments earlier than some of the anticipated benefits. The return on these investments may be lower or develop more slowly than expected. We may not be able to recover our capital expenditures or investments, in part or in full, or the recovery of these capital expenditures or investments may take longer than expected. As a result, the carrying value of the related assets may be subject to an impairment charge, which may materially and adversely affect our financial condition and results of operations.

Our business generates and processes a large amount of data, and is subject to comprehensive and evolving regulations and oversight related to data security.

Our platform generates and processes a large amount of personal, transaction, demographic and behavioral data. Sensitive user information in our business operations is stored in the data center established and owned by us. Such information includes, but is not limited to, personal information (such as username, cell phone number, delivery address, age and gender), consultation record, order record and activity log. We are confronted with the risks inherent in handling large volumes of data and securing and protecting such data, in particular, the risks of protecting the data in and hosted on our system, including against attacks by external parties or improper behavior by our employees; addressing concerns related to privacy and sharing, safety, security and other factors; and complying with applicable laws, rules and regulations relating to the collection, use, disclosure or security of personal information, including any requests from regulatory and government authorities relating to such data. Any systems failure, security breach or lapse that results in the unauthorized release of our user data could harm our reputation and brand and, consequently, our business, in addition to exposing us to potential legal liability.

In the PRC, the rules governing the collection, use, disclosure or security of personal information are separately stipulated in various laws, regulations and rules. On November 7, 2016, the Cyber Security Law (《網絡安全法》) was promulgated by the Standing Committee of the National People's Congress, as the PRC's first basic law comprehensively regulating cyberspace security management. Regulatory requirements regarding the protection of such data are evolving and may be further subject to changes, making it difficult for us to assess the extent to which our business operations may be affected by the compliance responsibility in that regard. See "Regulatory Overview—Regulations relating to Cyber Security, Information Security, Privacy and Data Protection."

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On June 10, 2021, the SCNPC issued the Data Security Law (《數據安全法》) to regulate data processing activities and security supervision in the PRC, which took effect on September 1, 2021. The Data Security Law provides a national data security review system, under which data processing activities that affect or may affect national security shall be reviewed. Any organizational or individual data processing activities that violate the Data Security Law shall bear the corresponding civil, administrative or criminal liabilities depending on specific circumstances. Furthermore, along with the promulgation of the Opinions of the General Office of the CPC Central Committee and the General Office of the State Council on Strictly Cracking Down On Illegal Securities Activities in accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》) (the “**July 6 Opinion**”), overseas-listed companies with a principal place of business in China are experiencing heightened scrutiny over their compliance with laws and regulations regarding data security, cross-border data flow and management of confidential information from the PRC regulatory authorities. Such laws and regulations are expected to undergo further development, which may require increased information security responsibilities and stronger cross-border information management mechanism and process. On July 10, 2021, the Cyberspace Administration of China (the “**CAC**”) published the Measures for Cybersecurity Review (Revised Draft for Comments) (《網絡安全審查辦法(修訂草案徵求意見)》) (the “**Revised Draft**”), which stipulates that data processors which possess personal information of over one million users and intend for a “foreign” listing must apply for a cybersecurity review. On December 28, 2021, the CAC promulgated the Measures for Cyber Security Review (《網絡安全審查辦法》) (the “**Cyber Security Review**”), which came into effect on February 15, 2022. The Cyber Security Review stipulates that if an operator possesses personal information of over one million users and intends for “foreign” listing (國外上市), it must be subject to the cybersecurity review. However, the Cyber Security Review provides no further explanation or interpretation for “foreign” listing (國外上市).

On November 14, 2021, the CAC published the Administration Regulations on Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the “**Cyber Data Security Draft**”), which covers a wide range of cyber data security issues and applies to the use of networks to carry out data processing activities, as well as the supervision and management of data security in the PRC. The Cyber Data Security Draft also reiterates the circumstances under which data processors shall apply for cybersecurity review, including, among others, (i) the data processors who process personal information of at least one million users apply for “foreign” listing (國外上市); and (ii) the data processors’ listing in Hong Kong affects or may possibly affect national security. However, it provides no further explanation or interpretation as to how to determine what constitutes “affecting national security”, making it difficult to assess whether we would be subject to the cybersecurity review in relation to the Global Offering, pursuant to such Cybersecurity Review Measures. In addition, the operative provisions may be subject to further changes and development.

Besides cybersecurity review, the Cyber Data Security Draft sets out general guidelines, protection of personal information, security of important data, security management of cross-border data transfer, obligations of network platform operators, supervision and management, and legal liabilities. It is difficult to assess whether the proposed measures will be applicable to our business, the Global Offering, or whether the future regulatory changes would impact us.

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Any failure, or perceived failure, by us to comply with our privacy policies or any applicable regulatory requirements or privacy protection-related laws, rules and regulations could result in proceedings or actions against us by governmental entities or others. These proceedings or actions may subject us to significant penalties and negative publicity, require us to change our business model or practices, increase our costs and severely disrupt our business. For example, we were ordered by relevant competent authorities to rectify certain non-compliance incidents in relation to network security vulnerabilities and user information protection during the Track Record Period. See “Business—Data Privacy and Protection” for details.

Our use of open source technology could impose limitations on our ability to our services.

Our provision of services incorporates open source software components that are licensed to us under various public domain licenses. Some open source software licenses require users who distribute open source software as part of their software to publicly disclose all or part of the source code to such software or make available any derivative works of the open source code on unfavorable terms or at no cost. There is little or no legal precedent governing the interpretation of many of these licenses and therefore the potential impact of such licenses on our business is not fully known or predictable. There is a risk that such licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to market our services.

While we monitor our use of open source software and try to ensure that none is used in a manner that would require us to disclose our source code or that would otherwise breach the terms of an open source license, such use could inadvertently occur and we may be required to release our proprietary source code, pay damages for breach of contract, re-code or engineer one or more of our offerings, discontinue provisions of one or more of our services in the event re-engineering cannot be accomplished on a timely basis or take other remedial action that may divert resources away from our development efforts, any of which could cause us to breach obligations to our users, harm our reputation, result in user losses or claims, increase our costs or otherwise adversely affect our business and results of operations.

We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position.

We regard our trademarks, copyrights, patents, domain names, know-how, proprietary technologies, and similar intellectual property as critical to our success, and we rely on a combination of intellectual property laws and contractual arrangements, including confidentiality agreements with our employees and third parties, to protect our proprietary rights. Third parties, including our competitors, could infringe, misappropriate or otherwise violate our intellectual property rights. Monitoring unauthorized use of intellectual property is difficult and costly. Despite our efforts to protect our intellectual properties against potential infringement, misappropriation or violation of our intellectual property, the steps we take may not be always adequate. In addition, we may not be able to detect unauthorized use of our intellectual properties and take appropriate steps to enforce our such rights. Any inability to effectively enforce our

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intellectual property rights could harm our ability to compete and reduce demand for our services. From time to time, we may have to resort to litigation to enforce our intellectual property rights, which could result in substantial costs and diversion of our resources.

We may be subject to intellectual property infringement claims, which may be expensive to defend and may disrupt our business and operations.

We cannot be certain that our operations or any aspects of our business do not or would not infringe upon or otherwise violate patents, copyrights or other intellectual property rights held by third parties. From time to time, we may be subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, there may be other third-party intellectual property that is infringed by our services or solutions. There could also be existing patents of which we are unaware that our services may inadvertently infringe. There can be no assurance that holders of patents purportedly relating to some aspect of our platform or business, if any such holders exist, would not seek to enforce such patents against us in the PRC or any other jurisdictions as applicable.

We could be found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or be prohibited from using such intellectual property. We may incur licensing fees or be forced to develop alternatives of our own. We could also incur significant expenses, and may be forced to divert management's time and other resources from our business and operations to defend against these third-party infringement claims, regardless of their merits. Successful infringement or licensing claims made against us may result in significant monetary liabilities and may materially disrupt our business and operations by restricting or prohibiting our use of the intellectual property in question, which may materially and adversely affect our business, financial condition and results of operations.

Our performance depends on key management as well as experienced and capable personnel generally.

Our future success is significantly dependent upon the continued service of our management and key personnel. If we lose the services of any member of management or key personnel, we may not be able to locate suitable or qualified replacements, and may incur additional expenses to recruit and train new staff, which could severely disrupt our business and growth, therefore materially and adversely affecting our business, financial condition, results of operations and prospects.

Meanwhile, the size and scope of our Company may require us to hire and retain a wide range of experienced personnel who can adapt to a dynamic, competitive and challenging business environment. We will need to continue to attract and retain experienced and capable personnel at all levels as we expand our business and operations. Competition for talent in China's digital health and wellness market is intense, and the availability of suitable and qualified candidates is limited. Competition for these individuals could cause us to offer higher compensation and other benefits to attract and retain them. In addition, even if we were to offer higher compensation and other benefits, there can be no assurance that these individuals would choose to join or continue working for us.

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Our key employees are subject to confidentiality terms that prohibit them from disclosing confidential and proprietary information, and they are also subject to non-competition arrangements. However, we cannot assure you that such arrangements can be fully and legally enforced. If any of our senior management or other key personnel joins or establishes a competing business, we may lose some of our customers, which may have a material adverse effect on our business.

If we are unable to recruit, train and retain qualified personnel or fail to do so in a cost efficient manner, our business may be materially and adversely affected.

We intend to hire additional qualified employees to support our business operations and planned expansion. Our future success depends, to a significant extent, on our ability to recruit, train and retain qualified personnel, particularly healthcare, technical, fulfillment, marketing and other operational personnel with experience in the health and medical industry.

Since our industry is characterized by high demand and intense competition for talent and labor, we may provide no assurance that we will be able to attract or retain qualified staff or other highly skilled employees that we will need to achieve our strategic objectives. We have observed an overall tightening of the labor market and an emerging trend of shortage of labor supply. Failure to obtain stable and dedicated personnel may lead to underperformance of our operation. Labor costs in China have increased with China's economic development, particularly in the large cities where we operate our business. Therefore, to maintain and enhance our competitiveness, we may from time to time need to adjust certain elements of our operations in response to evolving economic conditions and business needs. Any failure to address these risks and uncertainties could materially and adversely affect our financial performance and prospects of achieving profitability, which could have a material adverse impact on our business development, financial conditions and results of operations. In addition, our ability to train and integrate new employees into our operations may also be limited and may not meet the demand for our business growth in a timely fashion, or at all, and rapid expansion may impair our ability to maintain our corporate culture.

We, our Directors or senior management may become party to litigation, other legal or administrative disputes and proceedings.

Our business operations entail substantial litigation and regulatory risks, including the risk of lawsuits and other legal actions relating to medical disputes, fraud and misconduct, consumer protection, sales and user services and control procedures deficiencies, as well as the protection of personal and confidential information of our users and business partners, among others. We may be subject to claims and lawsuits in the ordinary course of our business. We may also be subject to inquiries, inspections, investigations and proceedings by relevant regulatory and other governmental agencies. Actions brought against us may result in settlements, injunctions, fines, penalties or other results adverse to us that could harm our business, financial condition, results of operations and reputation. Even if we are successful in defending ourselves against these actions, the costs of such defense may be significant to us. A significant judgment or regulatory action against us or a material

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disruption in our business arising from adverse adjudications in proceedings against our directors, officers or employees would have a material adverse effect on our liquidity, business, financial condition, results of operations, reputation and prospects. In addition, events or activities attributed to our Directors or senior management, and related publicity, whether or not justified, may affect their ability or willingness to continue to serve or dedicate their efforts to our company and negatively affect our brand and reputation, resulting in an adverse effect on our business, operating results and financial condition.

Failure to renew our current leases or locate desirable alternatives for our facilities could materially and adversely affect our business.

We lease properties for our offices and other corporate facilities. We may not be able to successfully extend or renew such leases upon expiration of the current term on commercially reasonable terms or at all, and may therefore be forced to relocate our affected operations. This could disrupt our operations and result in significant relocation expenses, which could materially and adversely affect our business, financial condition and results of operations. In addition, we compete with other businesses for premises at certain locations or of desirable sizes. As a result, even though we could extend or renew our leases, rental payments may significantly increase as a result of the high demand for the leased properties. In addition, we may not be able to locate desirable alternative sites for our facilities as our business continues to grow and failure in relocating our affected operations could materially and adversely affect our business and operations.

We may need additional capital but may not be able to obtain such on favorable terms or at all.

We may require additional cash resources when we incur operating losses or for future growth and development of our business, including any investments or acquisitions we may decide to pursue. If our cash resources are insufficient to satisfy our cash requirements, we may seek to issue additional equity or debt securities or obtain new or expanded credit facilities. Our ability to obtain external financing in the future is subject to a variety of uncertainties, including our future financial condition, results of operations, cash flows, share price performance, liquidity of international capital and lending markets and governmental regulations over foreign investment and the industries in which we operate. In addition, incurring indebtedness would subject us to increased debt service obligations and could result in operating and financing covenants that would restrict our operations. There can be no assurance that financing would be available in a timely manner or in amounts or on terms favorable to us, or at all. Any failure to raise needed funds on terms favorable to us, or at all, could severely restrict our liquidity as well as have a material adverse effect on our business, financial condition and results of operations. Moreover, any issuance of equity or equity-linked securities could result in significant dilution to our existing shareholders.

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Our insurance coverage may not be adequate, which could expose us to significant costs and business disruptions.

We have obtained or caused relevant counterparties to obtain insurance to cover certain potential risks, liabilities and medical liability claims, such as professional liability insurance for physicians who issue prescriptions to patients on our platform. However, we may not be able to acquire any insurance for certain types of risks such as business liability or service disruption insurance for all of our operations, and our coverage may not be adequate to compensate for all losses that may occur, particularly with respect to loss of business or operations. For example, we do not maintain business interruption insurance, nor do we maintain key-man life insurance. Any business disruption, litigation, regulatory action, outbreak of epidemic disease or natural disaster could also expose us to substantial costs and diversion of resources. There can be no assurance that our insurance coverage is sufficient to prevent us from any loss or that we will be able to successfully claim our losses under our current insurance policies on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

User growth and activity on mobile devices depend upon effective use of mobile operating systems, networks and standards that we do not control.

Individual users can access our platform to seek healthcare services through mobile devices. To optimize the mobile experience, we are, to some extent, dependent on our users downloading the specific mobile applications for their particular devices. As new mobile devices and operating platforms are being developed and introduced, it is difficult to predict the problems we may encounter in developing applications for these alternative devices and operating platforms, and we may need to devote significant resources to developing, supporting and maintaining such applications. In addition, our future growth and results of operations could suffer if we experience difficulties in integrating our mobile applications into mobile devices or if problems arise with our relationships with providers of mobile operating systems or mobile app stores, or if our applications receive unfavorable treatment compared to competing applications at app stores, or if we are confronted with increased costs to promote our mobile applications to more users.

In the event that it becomes more difficult for our users to access and use our platform on their mobile devices, or if our users choose not to access or use our platform on their mobile devices or to use operating systems that are not accessible to our platform, our user growth could be harmed and our business, financial condition and results of operations may be adversely affected.

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Our technology infrastructure depend on the performance of the Internet infrastructure and fixed telecommunications networks in China.

Our online technology infrastructure processes and stores a large amount of data such as account information, consultation records and transaction data essential to our business operations. In China, almost all access to mobile and Internet is maintained through telecommunication operators under the regulatory supervision of the Ministry of Industry and Information Technology (“MIIT”). Therefore, we could only rely on a limited number of telecommunication service providers to provide us with data communications capacity through local telecommunications lines and Internet data centers, so that we can host our servers and enable our customers and the relevant stakeholders to engage onto our platform. In addition, the occurrence of natural disasters, such as earthquake, flood, fire or tsunami, or other unanticipated incidents, could result in power outages, telecommunications delays or failures, and system malfunction, which may further affect the normal operations of our technology infrastructure. Despite the contingency plans we have, there is no assurance that our precautions would be sufficient in the event of any disruption to public communication infrastructure, as we may not be able to locate alternative adequate networks or Internet services and we do not maintain business interruption insurance. Any incident or undesirable event that affect the public communication infrastructure could disrupt our system and platform, harm our reputation, and subject us to liability and claims.

We may also need to upgrade our technology infrastructure to keep up with the increasing traffic on our platform, as our business continues to expand. We cannot assure you that the public communications infrastructure will always be able to support the demands associated with the continued traffic growth. If we cannot increase our capacity to deliver our online services, we may not be able to accommodate the increases in traffic we anticipate from our expanding user base, which could have material adverse impact on our business growth and profitability. Furthermore, we have no control over the costs of the services provided by public communications service providers. If the prices we pay for their services rise significantly, our financial performance may be adversely affected. Furthermore, if Internet access fees or other charges to mobile users increase, our user traffic may decline and our business growth may be harmed.

We may be confronted with risks relating to natural disasters, epidemics and other public health crises, which could significantly disrupt our operations.

Our business could be adversely affected by the effects of epidemics. In recent years, there have been breakouts of epidemics globally, such as COVID-19. Since its initial outbreak, from time to time, COVID-19 and its various subvariants have resulted in temporary closure of corporate offices, manufacturing facilities and factories across China, which impacted the operations of our suppliers and other business partners. As a result, our operational efficiency has, to a certain extent, been impacted by delays in business activities and commercial transactions.

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We are also vulnerable to natural disasters and other calamities. Part of our servers and back-end system are hosted and maintained at cloud servers that we do not operate. We cannot assure you that our cloud service providers will have adequate measures to protect themselves from the effects of fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, war, riots, terrorist attacks or similar events. Any of the foregoing events may give rise to server interruptions, breakdowns, system failures, platform failures or Internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to provide services on our platform.

Our strategic alliances, investments or acquisitions may have a material adverse effect on our business, reputation, financial condition and results of operations.

We may evaluate and consider strategic investments and acquisitions or enter into strategic alliances to develop new services or solutions and enhance our competitive position. Investments or acquisitions involve numerous risks, including (i) the potential failure to achieve the expected benefits of the combination or acquisition; (ii) difficulties in, and the cost of, integrating operations, technologies, services and personnel; (iii) potential write-offs of acquired assets or investments; and (iv) downward effect on our operating results. These transactions may also divert the management's time and resources from our normal operations, and we may have to incur unexpected liabilities or expenses. In particular, change in business prospects of acquisitions may result in goodwill impairment, which could negatively affect our results of operations. The carrying amount of our goodwill increased from RMB2.9 million as of December 31, 2021 to RMB8.6 million as of December 31, 2022, and remained stable at RMB8.6 million as of December 31, 2023 and June 30, 2024. While we did not recognize impairment loss for goodwill during the Track Record Period, we cannot assure you that there will be no such charges in the future. Our impairment assessment of goodwill is based on a number of assumptions made by our management. If any of these assumptions does not materialize, or if the performance of our business is not consistent with such assumptions, we may be required to make an additional provision for our goodwill and record impairment losses, which could in turn adversely affect our results of operations. Any significant impairment of goodwill could have a material adverse effect on our business, financial condition and results of operations.

In addition, we may also, in the future, enter into strategic alliances with third parties. Strategic alliances with third parties could subject us to a number of risks, including risks associated with potential leakage of proprietary information, non-performance by the counterparty and an increase in expenses incurred in establishing new strategic alliances, any of which may materially and adversely affect our business.

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We may be unable to identify appropriate acquisition or strategic investment targets when it is necessary or desirable to make such acquisition or investment to remain competitive or to expand our business.

We plan to invest in, or acquire the equity interest of companies that can generate synergies with our existing services, expand our customer base, and/or enhance our technological capabilities. However, we cannot assure you that we will be able to identify appropriate opportunities in a timely manner. Even if we do, we may not be able to negotiate the terms of the acquisition or investment successfully, finance the proposed transaction or integrate the relevant businesses into our existing business and operations. Furthermore, we may lose the acquisition opportunities to our competitors as many of them are concurrently looking for similar targets to improve their competitiveness.

RISKS RELATING TO THIRD PARTIES

We may be the subject of anti-competitive, harassing, or other detrimental conduct by third parties including complaints to regulatory agencies, negative blog postings, and the public dissemination of malicious assessments of our business.

We may be the target of anti-competitive, harassing, or other detrimental conduct by third parties. Such conduct includes complaints, anonymous or otherwise, to regulatory agencies. Our brand name and business may be harmed by our competitors' aggressive marketing and communications strategies. The PRC laws and regulations also prohibit agreements and activities which amount to unfair business competition and an abuse of a dominant market position. We cannot assure you that we will not, in the future, be subject to such unfair business competition or dominant market position abuse imposed by third parties. We may be subject to government or regulatory investigation as a result of such third-party conduct and may be required to expend significant time and incur substantial costs to address such third-party conduct, and there is no assurance that we will be able to conclusively refute each of the allegations within a reasonable period of time, or at all. Additionally, allegations, directly or indirectly against us, may be posted in Internet chat-rooms or on blogs or websites by anyone, whether or not related to us, on an anonymous basis. Consumers value readily available information concerning retailers, manufacturers, and their goods and services and often act on such information without further investigation, authentication or with regard to its accuracy. The availability of information on social media platforms and devices is virtually immediate, as is its impact. Social media platforms and devices immediately publish the content their subscribers and participants post, often without filters or checks on the accuracy of the content posted. Information posted may be inaccurate and adverse to us, and it may harm our financial performance, prospects or business. The harm may be immediate without affording us an opportunity for redressing or correction. Our reputation may be negatively affected as a result of the public dissemination of anonymous allegations or malicious statements about our business, which in turn may cause us to lose market share, users and revenue and adversely affect the price of our Shares.

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We partner with third-party couriers to deliver orders, and our third-party merchants also use third-party couriers to deliver a significant number of orders.

We partner with third-party couriers to deliver our products. Interruptions to or failures in these delivery services could prevent the timely or proper delivery of the products to users. These interruptions may be due to events that are beyond our control or the control of these delivery companies, such as inclement weather, natural disasters, virus outbreaks, transportation disruptions or labor unrest. In addition, we have also reached contractual agreements with certain third-party couriers, who will help collect payments for our health products upon delivery. If the couriers we collaborate with fail to comply with applicable rules and regulations in China, their services may be materially and adversely affected, which in turn will materially and adversely affect our business. We may not be able to find alternative adequate delivery companies to provide delivery services in a timely and reliable manner, or at all. Delivery of our products could also be affected or interrupted by the merger, acquisition, insolvency or shut-down of the delivery companies that we or third-party merchants engage with to make deliveries, especially those local companies with relatively small business scales. If our products are not delivered in proper condition or on a timely basis, our business and reputation may be materially and adversely affected.

RISKS RELATING TO THE REGULATORY REQUIREMENTS

We may be subject to penalties or disputes against us for failure to manage physicians registered on our platform.

The practice of physicians is strictly regulated under the PRC laws, rules and regulations. Physicians who practice at medical institutions must hold practicing licenses and may only practice within the scope of their licenses. Under applicable PRC regulations, a physician shall register the medical institutions where the physician practices on their licenses with the relevant authorities in the PRC (the “**Medical Institution Registration**”). In addition, a physician is allowed to practice in multiple institutions if the physician has filed with the competent health administration authorities or conducted other filing procedures as required by applicable laws and regulations (the “**Multi-site Practice Filing**”). If a medical institution allows a physician to issue prescription when such medical institution is not registered or filed as required by applicable laws and regulations, such medical institution would be subject to regulatory penalties, including a fine of up to RMB5,000 and, in the worst case scenario, revocation of the medical institution’s Medical Institution Practicing License (《醫療機構執業許可證》).

Failure to properly manage the registration of physicians practicing on our platform may subject us to administrative penalties against our medical institutions, including fines, or, in the worst case scenario, revocation of our Medical Institution Practicing License, any of which could materially and adversely affect our business. Meanwhile, if physicians practicing on our platform are found to have deficient registration or found to be practicing beyond the scope permitted by relevant authorities, they may be disciplined and lose their practicing licenses. As a result, we may no longer be able to offer certain digital medical services, which could materially and adversely affect our business. In addition, there can be

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no assurance that we could find qualified replacements in a timely manner on commercially reasonable terms, or at all.

Failure to pay the social insurance and housing provident funds on behalf of our employees may subject us to penalties.

Companies operating in China are required to pay for their employees' social insurance (in most cases including pension insurance, unemployment insurance, medical insurance, work-related injury insurance and maternity insurance) and housing provident funds in amounts equal to a certain percentage of salaries, including bonuses and allowances, of their employees up to a maximum amount specified by the local government at locations where they operate their business.

We might be subject to late fees and fines for our social insurance and housing fund non-compliance during the Track Record Period under PRC laws and regulations. In particular, (i) 15 of our PRC subsidiaries did not make full contributions to the social insurance plan or housing provident fund based on the actual salary level of employees as prescribed by relevant laws and regulations. We estimate that the total outstanding amount of social insurance and housing provident fund contributions during the Track Record Period that may be required by the relevant authorities to repay would be approximately RMB7.1 million, for which we have made full provision; (ii) three of our PRC subsidiaries did not complete the registration of social insurance or housing provident fund within a prescribed period during the Track Record Period; and (iii) four of our PRC subsidiaries engaged third-party human resources agencies to pay social insurance premium and housing provident funds for 20 of our employees as of June 30, 2024, primarily because those employees were based in cities where we did not maintain operating entities, and the others were based in areas where we were temporarily unable to establish our own accounts to pay social insurance premium and housing provident funds for them due to requirements of local authorities or where we have not timely established accounts. As of the Latest Practicable Date, we had not received any notice from the local authorities that impose upon us administrative penalties for delay in account opening and insufficient contributions, or any claim or request from the relevant employees that requires us to make payments. See “Business—Legal Proceedings and Regulatory Compliance—Historical Non-Compliance Incidents—Social Insurance and Housing Provident Fund Contributions” for more information. As advised by our PRC Legal Advisor, pursuant to relevant PRC laws and regulations, where the PRC subsidiaries fail to register with social insurance agencies and housing provident fund management centers and open accounts, such PRC subsidiaries may be imposed a fine of no less than one time, but no more than three times, the amount of social insurance premiums payable for failing to open a social insurance account within prescribed time, and may be imposed a fine of no less than RMB10,000, but no more than RMB50,000, for failing to open a housing provident fund account within prescribed time, respectively. Pursuant to relevant PRC laws and regulations, we may be ordered by the relevant PRC authorities to pay the outstanding social insurance contributions within a prescribed time limit, and the under contribution of social insurance within a prescribed period may subject us to a daily overdue charge of 0.05% of the delayed payment amount, and if we fail to comply when ordered, the relevant authorities may impose a maximum fine or penalty equivalent to three times the

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outstanding amounts. With respect to housing provident funds, the relevant authorities may order us to pay the outstanding amounts within the prescribed time period, and they may apply to a competent court for enforcement of the outstanding amounts if we fail to do so.

We are subject to various risks relating to third-party payments.

During the Track Record Period, certain customers settled their payments with us through third-party payors (the “**Third-party Payment Arrangement(s)**”) to facilitate the transaction process. The third-party payors primarily consist of external promotion personnel, who help us with customer acquisition and management, in order to enlarge our customer base. The aggregate third-party payments were RMB0.8 million in 2021 and maintained nil in 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively, accounting for an insignificant percentage of the total revenue. See “**Business—Legal Proceedings and Regulatory Compliance—Historical Non-Compliance Incidents—Payment arrangements**” for details.

We are subject to various risks relating to such Third-party Payment Arrangements during the Track Record Period, including possible claims from third-party payors for return of funds as they were not contractually indebted to us and possible claims from liquidators of third-party payors. In the event of any claims from third-party payors or their liquidators, or legal proceedings (whether civil or criminal) instituted or brought against us in respect of third-party payments, we will have to use additional financial and managerial resources to defend against such claims and legal proceedings, and our financial condition and results of operations may as a result be adversely affected.

The wide variety of payment channels that we accept subjects us to third-party payment processing related risks.

We accept payments via a variety of channels, which includes online payments through various third-party online payment platforms such as Alipay and WeChat Pay. We may be charged interchange and other fees for certain payment methods, which may increase over time and raise our operating costs and lower our gross profit margins. We may also be subject to fraud and other illegal activities in connection with the various payment methods we offer, including online payment and cash on delivery options.

We are also subject to various rules, regulations and requirements managing electronic funds transfers in China. Any further updates of these rules, regulations and requirements could make it difficult or even impossible for us to comply with. For example, in November 2017, the PBOC published a notice (the “**PBOC Notice**”), on the investigation and administration of illegal offering of settlement services by financial institutions and third-party payment service providers to unlicensed entities. The PBOC Notice intended to prevent unlicensed entities from using licensed payment service providers as a conduit for conducting unlicensed payment and settlement services, so as to safeguard the security of fund and information. As the laws and regulations in this area are still evolving, we cannot assure you that the PBOC or other governmental authorities will not scrutinize our cooperation with third-party online payment service providers. If we fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and lose our ability to accept credit and debit card payments from our users, process electronic funds

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transfers or facilitate other types of online payments, and our business, financial condition and results of operations could be materially and adversely affected.

Certain lease agreements of our leased properties have not been registered with the relevant PRC government authorities as required by the PRC laws.

Pursuant to the applicable PRC laws and regulations, property lease agreements must be registered with the local branch of the Ministry of Housing and Urban-Rural Development of the PRC. As of the Latest Practicable Date, we had not completed the relevant property leasing registrations for 16 of our leased properties in China. As advised by our PRC Legal Advisor, the failure to complete the registration process does not affect the validity of the property lease agreements, but a maximum penalty of RMB10,000 may be imposed on us for the non-registration of each lease. We cannot assure we will not be subject to any penalties arising from the non-registration of lease agreements in the future. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors. See “Business—Properties.”

Failure to comply with anti-corruption laws and regulations, or effectively manage our employees, affiliates and business partners, such as suppliers and merchants, could severely damage our reputation, and materially and adversely affect our business, financial condition, results of operations and prospects.

We are subject to risks in relation to actions taken by us, our employees, affiliates, suppliers, or third-party merchants that constitute violations of the anti-corruption laws and regulations. There have been several instances of corrupt practices in the healthcare industry in recent years, including receipt of kickbacks, bribes or other illegal gains or benefits by physicians and hospitals from pharmaceutical companies and distributors. There have also been several anti-corruption campaigns launched by the PRC Government in the healthcare industry in recent years, including the one launched in mid-2023, which targets the overall healthcare sector in China. While we adopt strict internal procedures and work closely with relevant government agencies to ensure compliance of our business operations with relevant laws and regulations, our efforts may not be sufficient to ensure that we comply with relevant laws and regulations at all times.

If we, our employees, affiliates, suppliers, third-party merchants or other business partners violate these laws, rules or regulations, we could be subject to fines and/or other penalties. Actions by the PRC regulatory authorities to adopt additional anti-bribery or anti-corruption related regulations could also require us to make changes to our operations. Our reputation, corporate image, and business operations may be materially and adversely affected if we fail to timely comply with these measures or become the target of any negative publicity as a result of actions taken by us, our employees, affiliates, suppliers or marketplace merchants, which may in turn have a material adverse effect on our business, financial condition, results of operations and prospects.

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Any failure or perceived failure by us to comply with the anti-monopoly laws and regulations may result in governmental investigations or enforcement actions, litigation or claims against us and could have an adverse effect on our business, financial condition and results of operations.

The PRC anti-monopoly enforcement agencies have, in recent years, strengthened enforcement of the PRC Anti-monopoly Law. In March 2018, the SAMR was formed as a new governmental agency to take over, among other things, the anti-monopoly enforcement functions from the relevant departments under the Ministry of Commerce of the PRC (the “MOFCOM”), the National Development and Reform Commission of the PRC (the “NDRC”) and the SAIC, respectively. Since its inception, the SAMR has strengthened anti-monopoly enforcement. On December 28, 2018, the SAMR issued the Notice on Anti-monopoly Enforcement Authorization, which grants authorities to its provincial branches to conduct anti-monopoly enforcement within their respective jurisdictions. On September 11, 2020, the Anti-monopoly Commission of the State Council issued Anti-monopoly Compliance Guideline for Operators, which was amended on April 25, 2024 and requires, under the PRC Antimonopoly Law, operators to establish anti-monopoly compliance management systems to prevent anti-monopoly compliance risks. On February 7, 2021, the Anti-monopoly Commission of the State Council issued the Anti-monopoly Guide of the Anti-monopoly Commission of the State Council for the Platform Economy Sector (the “**Anti-monopoly Guide**”), which regulates the abuse of a dominant position and other anti-competitive practices of online platforms.

The PRC regulation of loans to and direct investments in the PRC entities by offshore holding companies may delay or restrict us from using the proceeds of the Global Offering to make loans or additional capital contributions to our PRC subsidiaries.

Any funds we transfer to our PRC subsidiaries, either as a shareholder loan or as an increase in registered capital, are subject to approval by or registration with relevant governmental authorities in China. Any foreign loan procured by our PRC subsidiaries or operating entities is required to be registered with the State Administration of Foreign Exchange of the PRC (the “SAFE”) or its local branches, and our PRC subsidiaries may not procure loans exceeding the statutory limits that are required to be registered with the SAFE or its local branches or file with the SAFE through its online service platform. Furthermore, any capital contributions we make to our PRC subsidiaries shall be registered with the SAMR or its local affiliates, and filed with the Ministry of Commerce or its local affiliates. In addition, (i) any foreign loan procured by our PRC subsidiaries is required to be registered with SAFE, or its local branches, and (ii) each of our PRC subsidiaries may not procure loans which exceed the difference between its registered capital and its total investment amount. Any medium or long term loan to be provided by us to our Consolidated Affiliated Entities must be approved and/or registered by the NDRC and the SAFE or its local branches. We may not be able to obtain such approval or complete such registrations on a timely basis, if at all, with respect to future capital contributions or foreign loans by us directly to our PRC subsidiaries. If we fail to obtain such approval or complete such registration, our ability to use the proceeds of this offering and to capitalize our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

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On March 30, 2015, the SAFE promulgated the Circular on Reforming the Management Approach Regarding the Foreign Exchange Capital Settlement of Foreign-Invested Enterprises (關於改革外商投資企業外匯資本金結匯管理方式的通知), or SAFE Circular 19. SAFE Circular 19 took effect as of June 1, 2015. The SAFE promulgated the Circular on Reforming and Standardizing the Administrative Provisions on Capital Account Foreign Exchange (關於改革和規範資本項目結匯管理政策的通知), or SAFE Circular 16, on June 9, 2016, and amended SAFE Circular 16 in December 2023. SAFE Circular 19 and SAFE Circular 16 prohibit foreign-invested enterprises from, among other things, using Renminbi capital converted from foreign exchange capital for expenditure beyond its business scope, investment in securities or investments other than banks' principal-secured products, providing loans to non-affiliated enterprises or constructing or purchasing real estate not for self-use except for real estate enterprises. On October 23, 2019, SAFE promulgated the Circular of the State Administration of Foreign Exchange on Further Promoting the Facilitation of Cross-Border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), or SAFE Circular 28, according to which non-investment foreign-invested enterprises are permitted to make domestic equity investments with their capital funds provided that certain conditions are met and the target investment projects are genuine and in compliance with laws.

We cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, and conversion of future loans or capital contributions, including the net proceeds from the Global Offering, into Renminbi. If we fail to comply with the applicable foreign exchange circulars and rules, our ability to capitalize or otherwise fund our PRC operations may be negatively affected, which could have an adverse impact on our ability to fund and expand our business.

RISKS RELATING TO OUR FINANCIAL POSITION

We have historically incurred net losses and may not be able to achieve or maintain profitability in the future.

During the Track Record Period, we incurred net losses of RMB155.3 million, RMB255.6 million, RMB313.9 million, RMB105.3 million and RMB57.3 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively, primarily as a result of changes in carrying amount of the redemption liabilities. Losses arising from changes in carrying amount of the redemption liabilities were RMB84.4 million, RMB267.8 million, RMB324.8 million, RMB127.1 million and RMB63.0 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively. Our adjusted net profit (non-IFRS measure), defined as loss for the year/period, adding back equity-settled share-based payment expenses, changes in carrying amount of the redemption liabilities, and listing expenses, was a profit of RMB0.5 million, RMB23.9 million, RMB39.4 million, RMB30.4 million and RMB14.8 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively.

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Changes in carrying amount of the redemption liabilities were a non-cash item. As of December 31, 2021, 2022 and 2023 and June 30, 2023 and 2024, the carrying amounts of redemption liabilities were RMB1.1 billion, RMB1.4 billion, RMB1.7 billion, RMB1.5 billion and RMB1.8 billion, respectively. We expect that our redemption liabilities will be reclassified from liabilities to equity, because all preferential rights of the convertible redeemable preferred shares will terminate upon Listing and the relevant redemption liabilities will be re-classified to equity.

Our overall profitability fluctuated during the Track Record Period. Although our adjusted net profit (non-IFRS measures) increased steadily from RMB0.5 million in 2021 to RMB23.9 million in 2022 and further to RMB39.4 million in 2023, it decreased by 51.3% from RMB30.4 million for the six months ended June 30, 2023 to RMB14.8 million for the six months ended June 30, 2024. We cannot assure that we will achieve or maintain profitability after the Global Offering. Our cost of sales or operating expenses may increase in the future as we intend to expand our business operations. Besides, subsequent to the Global Offering, we may incur additional compliance, accounting, and other expenses that we do not necessarily need to incur as a private company. If our revenue does not grow at a greater rate than our cost or expenses, we may not be able to achieve and maintain profitability. In addition, we may incur considerable losses in the future for various reasons, many of which may be beyond our control. If we fail to achieve, sustain or increase profitability, our business and results of operations could be adversely affected. See “Financial Information—Discussion of Selected Consolidated Statements of Financial Position Items—Working Capital Sufficiency.”

We had net current liabilities and net liabilities during the Track Record Period.

Our net current liabilities and net liabilities throughout the Track Record Period predominantly reflected the accounting effects of the convertible redeemable preferred shares on our consolidated statements of financial position. As of December 31, 2021, 2022 and 2023 and June 30, 2024, our net current liabilities were approximately RMB1.2 billion, RMB1.5 billion, RMB1.7 billion and RMB1.8 billion, and our net liabilities were approximately RMB1.2 billion, RMB1.4 billion, RMB1.7 billion and RMB1.7 billion, respectively. As of December 31, 2021, 2022 and 2023 and June 30, 2024, the carrying amounts of redemption liabilities arising from the convertible redeemable preferred shares were RMB1.1 billion, RMB1.4 billion, RMB1.7 billion and RMB1.8 billion, respectively. Aside from redemption liabilities, our net current liabilities position during the Track Record Period was also primarily the result of (i) outstanding balance of trade and other payables, (ii) our unfulfilled obligations to provide individual customers with health and medical services during the subscription period, in relation to our health membership schemes and healthcare service packages, which were recognized as contract liabilities, and (iii) our outstanding loans and borrowings. See “Business—Our Services—Health and Medical Services—Breakage,” “Financial Information—Discussion of Selected Consolidated Statements of Financial Position Items—Trade and Other Payables”, “Financial Information—Discussion of Selected Consolidated Statements of Financial Position Items—Contract Liabilities” and “Financial Information—Indebtedness—Loans and Borrowings.”

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The preferential rights of convertible redeemable preferred shares will terminate upon Listing and the relevant redemption liabilities will be re-classified to equity. Therefore, we do not expect to recognize any further changes in carrying amount of the redemption liabilities, subsequent to the Listing. However, there can be no assurance that we will not have liquidity problems in the future. A net current liabilities position or net liabilities positions can expose us to the risk of shortfalls in liquidity. This in turn would require us to seek additional financings from external sources such as equity financing, which could result in dilution of your equity interests, or debt financing, which may not be available on terms favorable or commercially reasonable to us, or at all. Any difficulty or failure to meet our liquidity needs as and when needed may have a material adverse effect on our business, financial condition, results of operations and prospects.

We may not be able to fulfill our obligations in respect of contract liabilities, which may have an adverse impact on our business, reputation, cash and liquidity position.

Our contract liabilities represent our contracted obligations to provide services to customers. We had contract liabilities of RMB84.5 million, RMB90.3 million, RMB57.3 million and RMB50.4 million as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively. We had cash and cash equivalents of RMB44.0 million, RMB69.7 million, RMB168.7 million and RMB149.7 million, as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively. See “Financial Information—Discussion of Selected Consolidated Statements of Financial Position Items—Current Assets and Liabilities—Working Capital Sufficiency.” If we have any obstacles in providing the contracted services to our customers, we may not be able to honor our obligations in respect of our contract liabilities, which may have an adverse impact on our business, reputation, and prospect.

We are subject to credit risk with respect to trade and other receivables and contract assets.

We generally allow a credit period up to one month to our customers. Our trade and other receivables increased from RMB47.7 million as of December 31, 2021 to RMB55.6 million as of December 31, 2022, and further increased to RMB132.6 million as of December 31, 2023. Our trade and other receivables decreased from RMB132.6 million as of December 31, 2023 to RMB111.3 million as of June 30, 2024. Our contract assets decreased from RMB2.5 million as of December 31, 2021 to RMB0.1 million as of December 31, 2022, and then increased to RMB0.3 million as of December 31, 2023. Our contract assets remained stable at RMB0.3 million as of December 31, 2023 and June 30, 2024. As of December 31, 2021, 2022 and 2023 and June 30, 2024, our trade and other receivables turnover days were 23.8 days, 24.1 days, 21.8 days and 29.3 days, respectively. We constantly assess the risk exposures of trade and other receivables and contract assets, and manage different level of credit risks under the expected credit loss (the “ECL”) model accordingly. If our customers’ creditworthiness deteriorates, we may incur impairment losses. If our customers fail to settle significant amounts due to us on time, we may incur substantial impairment losses, which would adversely affect our performance, liquidity and profitability. The bankruptcy or deterioration of the credit condition of any of these customers could also materially and adversely affect our business, results of operations and financial condition.

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Recognition of our breakage revenue is subject to changes in customers' utilization behavior.

During the Track Record Period, we recognized breakage amount as revenue mainly from (i) unexercised contractual rights of health membership schemes, and (ii) the remaining balance of inactive *HealthyWay* mobile application accounts, upon expiry date. In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, our breakage revenue was RMB47.7 million, RMB121.9 million, RMB154.1 million, RMB84.7 million and RMB54.5 million, accounting for 11.1%, 21.4%, 12.4%, 15.9% and 8.9% of our total revenue, respectively. The recognition of breakage revenue contributes to our gross profit margin significantly.

However, there is no assurance that customers' utilization behaviors related to the health membership schemes and the remaining balance of inactive *HealthyWay* mobile application will not develop or change over time. If, in the future, our customers utilize the services provided by our health membership schemes more frequently, or make more use of their remaining balance of inactive *HealthyWay* mobile application, we may not be able to recognize as much breakage revenue as we did during the Track Record Period, or at all. Any changes in customers' utilization behaviors could affect the amount of breakage revenue that we can recognize, which could further affect our business, results of operations, finance conditions and prospect.

Net gain on disposal of subsidiaries and associates are non-recurring in nature.

In 2021 and 2022, we had net gain on disposal of subsidiaries and associates of RMB1.1 million and RMB10.2 million, respectively, representing the settlement sum paid for acquisition of certain of our subsidiaries and associates. We had nil on disposal of subsidiaries and associates in 2023 and for the six months ended June 30, 2023 and 2024, respectively. See "Financial Information—Consolidated Statements of Profit or Loss—Other Net Income" and Note 5 to the Accountants' Report in Appendix I to this prospectus. Net gain on disposal of subsidiaries and associates are non-recurring in nature. We cannot assure you that we would be able to secure net gain on future disposal of subsidiaries and associates.

Equity-settled share-based payment expenses may potentially cause shareholding dilution to our existing Shareholders and have an adverse effect on our financial performance.

We adopted share incentive plans for the benefit of our employees, directors and consultants, as remuneration for their services as well as incentives for eligible persons who contribute to our success. We incurred equity-settled share-based payment expenses of RMB65.5 million in 2021, and incurred nil in equity-settled share-based payment expenses in 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively. To further incentivize our employees to contribute to us, we may grant additional equity-settled share-based payment expenses in the future. Issuance of additional Shares with respect to such share-based payment may dilute the shareholding percentage of our existing Shareholders. Expenses incurred with respect to such equity-settled share-based payment may also increase staff costs and therefore have a material and adverse effect on our results of operations and financial conditions.

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RISKS RELATING TO OUR CORPORATE STRUCTURE AND CONTRACTUAL ARRANGEMENTS

If the agreements that establish the structure for operating our businesses in China do not comply with applicable PRC laws and regulations in the future, or if these regulations or their interpretations change in the future, we could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of our interest in our Consolidated Affiliated Entities.

Current PRC laws and regulations impose certain restrictions on foreign ownership of companies that engage in the Internet, medical and other related businesses, such as operating online medical institutions and provision of value-added telecommunications services.

We are a company incorporated under the laws of the Cayman Islands and our PRC subsidiaries are considered foreign-invested enterprises. To comply with the PRC laws and regulations, we conduct a substantial portion of business in the PRC through our Consolidated Affiliated Entities based on the Contractual Arrangements. Such Contractual Arrangements enable us to:

- (i) be the exclusive provider of business support, technical and consulting services in exchange for a fee;
- (ii) receive a portion of the economic benefits and bears the relevant risks in relation to the business operation of the Consolidated Affiliated Entities;
- (iii) have an irrevocable and exclusive right to purchase, or to designate one or more persons to purchase, from the Registered Shareholders/Mr. Zhang all or any part of their/his equity interests in the Consolidated Affiliated Entities at any time and from time to time in our absolute discretion to the extent permitted by the PRC laws;
- (iv) have an irrevocable and exclusive right to purchase, or to designate one or more persons to purchase from the Consolidated Affiliated Entities all or any part of its assets at any time and from time to time in our absolute discretion to the extent permitted by the PRC laws;
- (v) appoint us, any directors authorized by us (except the Registered Shareholders/Mr. Zhang) or his/her successors, or a liquidator replacing the director as our exclusive agent and attorney to act on our behalf on all matters concerning the Consolidated Affiliated Entities and to exercise all of the rights as a registered shareholder of the Consolidated Affiliated Entities in accordance with the PRC laws and the articles of the Consolidated Affiliated Entities; and

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- (vi) pledge as first charge a portion of the equity interests in the Consolidated Affiliated Entity(ies) to us as collateral security for any and all of the guaranteed debt under the Contractual Arrangements and to secure performance of the obligations under the Contractual Arrangements. The Contractual Arrangements allow the results of operations and assets and liabilities of the Consolidated Affiliated Entities to be consolidated into our consolidated financial statements under IFRSs as if they were wholly-owned subsidiaries of our Group (except certain minority interest therein).

See “Contractual Arrangements—Accounting Aspects of the Contractual Arrangements—Consolidation of Financial Results of our Consolidated Affiliated Entities.”

Our PRC Legal Advisor is of the opinion that (i) based on the consultations conducted with the MIIT, the Communications Administration of Fujian Province and the Health Commission of Yinchuan, the Contractual Arrangements do not need to be approved by the above-mentioned regulatory authorities, and will not to be terminated by such authorities, and (ii) each agreement of the Contractual Arrangements, are valid, legally binding and enforceable against each party of such agreements in accordance with their terms, except for certain clauses regarding the remedies that may be awarded by the arbitration tribunal and the power of courts in Hong Kong and the Cayman Islands to grant interim remedies in support of the arbitration and liquidation arrangement of the Consolidated Affiliated Entities. See “—We conduct our business operations in the PRC through the Consolidated Affiliated Entities and their subsidiaries by way of the Contractual Arrangements, but certain of the terms of the Contractual Arrangements may not be enforceable under the PRC laws” in this section. Considering the PRC laws and regulations are still evolving, there is also the possibility that the PRC government authorities may adopt new laws and regulations in the future which may invalidate the Contractual Arrangements. If we have been found in violation of the PRC laws or regulations or lack the necessary permits or licenses to operate our business, the relevant PRC regulatory authorities may take regulatory actions to deal with such violations or failures, including, but not limited to:

- revoking our business and operating licenses;
- discontinuing or restricting our operations;
- imposing fines or confiscating any of our income that they deem to have been obtained through illegal operations;
- imposing conditions or requirements with which we or the Consolidated Affiliated Entities may not be able to comply;
- requiring us or the Consolidated Affiliated Entities to restructure the relevant ownership structure or operations; or
- restricting or prohibiting our use of the proceeds from the initial public offering or our financing activities to finance the business and operations of our Consolidated Affiliated Entities and their respective subsidiaries.

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Any of these regulatory actions could cause significant disruption to our business operations, and may materially and adversely affect our business, financial condition and results of operations. In addition, if we are found in violation of the PRC laws, rules and regulations in the future, it is unclear as to the impact of the PRC regulatory actions on us or on our ability to consolidate the financial results of the Consolidated Affiliated Entities in our consolidated financial statements. If any of these penalties results in our inability to direct the activities of the Consolidated Affiliated Entities that most significantly impact their economic performance and/or our failure to receive the economic benefits from the Consolidated Affiliated Entities, we may not be able to consolidate the Consolidated Affiliated Entities into our consolidated financial statements in accordance with IFRSs.

On February 17, 2023, 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 “**Overseas Listing Trial Measures**”) and five supporting guidelines, which came into effect on March 31, 2023. At the press conference held for the Overseas Listing Trial Measures on the same day, officials from the CSRC clarified that, as for companies seeking listing with contractual arrangements, the CSRC will solicit opinions from relevant regulatory authorities and complete the filing of the listing of such companies if they duly meet the compliance requirements, and support the development and growth of these companies by enabling them to utilize two markets and two kinds of resources. If we fail to complete the filing with the CSRC in a timely manner or at all, for any future offering or any other capital raising activities, which are subject to the filings under the Overseas Listing Trial Measures, due to our Contractual Arrangements, our ability to raise or utilize funds could be materially and adversely affected, and we may even need to unwind our Contractual Arrangements or restructure our business operations to rectify the failure to complete the filings. However, given that the Overseas Listing Trial Measures were promulgated in early 2023 and may continue to evolve, there is no assurance as to whether or when we will complete the filing with the CSRC, and how or the extent to which our business operations and future financing will be affected.

Our Contractual Arrangements may not be as effective in providing operational control as direct ownership, and the Consolidated Affiliated Entities or their respective registered shareholders may fail to perform their obligations under our Contractual Arrangements.

We rely on a series of contractual arrangements with the Consolidated Affiliated Entities and/or their respective registered shareholders to control and operate their business. These contractual arrangements are intended to provide us with effective control over our Consolidated Affiliated Entities and allow us to obtain economic benefits from them. See “Contractual Arrangements.”

These Contractual Arrangements may not be as effective in providing control over the Consolidated Affiliated Entities as direct ownership. If the Consolidated Affiliated Entities, or their respective shareholders, fail to perform their respective obligations under the Contractual Arrangements, we may incur substantial costs and expend substantial resources to enforce our rights. All Contractual Arrangements are governed by and interpreted in accordance with the PRC laws, and disputes arising from the Contractual Arrangements will be resolved through arbitration or litigation in the PRC. There are very

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few precedents and little official guidance as to how contractual arrangements in the context of a variable interest entity should be interpreted or enforced under the PRC laws. Therefore, it may be difficult to assess the ultimate outcome of such arbitration or litigation should we get involved. Such unpredictability could limit our ability to enforce these contractual arrangements. In the event we are unable to enforce the Contractual Arrangements or we experience significant delays or other obstacles in the process of enforcing the Contractual Arrangements, we may not be able to exert effective control over the Consolidated Affiliated Entities and may lose control over the assets owned by the Consolidated Affiliated Entities. As a result, we may be unable to consolidate the Consolidated Affiliated Entities in our consolidated financial statements, and our ability to conduct our business may be adversely affected.

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

If our Consolidated Affiliated Entities or their respective shareholders fail to perform their respective obligations under the Contractual Arrangements, we may have to incur substantial costs and expend additional resources to enforce such arrangements. We may also have to rely on legal remedies under the PRC laws, including seeking specific performance or injunctive relief, and claiming damages. For example, if the shareholders of our Consolidated Affiliated Entities were to refuse to transfer their equity interest in the Consolidated Affiliated Entities to us or our designee when we exercise the purchase option pursuant to these Contractual Arrangements, or if they were otherwise to act in bad faith toward us, we may have to take legal actions to compel them to perform their contractual obligations.

All the agreements under our Contractual Arrangements are governed by the PRC laws, and provide for the resolution of disputes through arbitration in the PRC. Under the PRC laws, rulings by arbitrators are final, parties cannot appeal the arbitration results in courts, and if the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in the PRC courts through arbitration award recognition proceedings, which would require additional expenses and delay.

Our Consolidated Affiliated Entities hold certain important licenses and permits, including but not limited to the Medical Institution Practicing License and the ICP License, to operate our business. In the event we are unable to enforce our Contractual Arrangements, we may not be able to exert effective control over our Consolidated Affiliated Entities, and our ability to conduct these businesses may be negatively affected, which may have a material and adverse effect on our financial condition and results of operations.

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We may lose the ability to use and enjoy assets held by the Consolidated Affiliated Entities that are material to our business operations if the Consolidated Affiliated Entities declares bankruptcy or becomes subject to a dissolution or liquidation proceeding.

We do not have priority pledges and liens against the assets of our Consolidated Affiliated Entities. If the Consolidated Affiliated Entities undergo an involuntary liquidation proceeding, third-party creditors may claim rights to some or all of its assets and we may not have priority against such third-party creditors on the assets of our Consolidated Affiliated Entities.

Under the Contractual Arrangements, the shareholders of the Consolidated Affiliated Entity(ies) covenanted that they shall not sell, transfer, pledge or dispose of in any other manner any assets or the legal or beneficial interest in the Consolidated Affiliated Entity(ies) (as the case may be), or allow the encumbrance thereon of any security interest, except for the Equity Pledge Agreements, without the prior written consent of Health Road HealthTech. In addition, the shareholders of the Consolidated Affiliated Entity(ies) covenanted that they shall not request the Consolidated Affiliated Entity(ies) (as the case may be) to distribute dividends or profits in any form, propose resolutions in relation to this at a general meeting, or vote to pass such resolutions without the prior written consent of Health Road HealthTech. In the event that the shareholders of the Consolidated Affiliated Entity(ies) breach the relevant covenants, we may need to resort to legal proceedings to enforce the terms of the contractual arrangements. Any such legal proceeding may be costly and may divert our management's time and attention away from the operation of our business, and the outcome of such legal proceeding is unpredictable.

The equity holders, directors, and executive officers of the Consolidated Affiliated Entities may have potential conflicts of interest with us.

The PRC laws provide that a director and an executive officer owes a fiduciary duty to the company he or she directs or manages. The directors and executive officers of our Consolidated Affiliated Entities must act in good faith and in the best interests of our Consolidated Affiliated Entities and must not use their respective positions for personal gain. We control our Consolidated Affiliated Entities through contractual arrangements, and the business and operations of our Consolidated Affiliated Entities are closely integrated with the business and operations of our subsidiaries. Nonetheless, conflicts of interests for these persons may arise due to dual roles both as directors and executive officers of our Consolidated Affiliated Entities and as directors or employees of us, and may also arise due to dual roles both as equity holders of our Consolidated Affiliated Entities and as directors or employees of us.

The shareholders of our Consolidated Affiliated Entities may have actual or potential conflicts of interest with us. These shareholders may breach, or cause our Consolidated Affiliated Entities to breach, or refuse to renew, the contractual arrangements we have with them and our Consolidated Affiliated Entities, which would have a material and adverse effect on our ability to effectively control our Consolidated Affiliated Entities and receive economic benefits from them. For example, the shareholders may be able to cause our agreements with our Consolidated Affiliated Entities to be performed in a manner adverse

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to us by, among other things, failing to remit payments due under the contractual arrangements to us on a timely basis. We cannot assure you that when conflicts of interest arise any or all of these shareholders will act in the best interests of our company or such conflicts will be resolved in our favor.

We may invoke the right under the equity pledge agreements with the shareholders of the Consolidated Affiliated Entities to enforce the equity pledge in the case of any shareholder's breach of the contractual arrangements. For Mr. Zhang, who is also our Director, we rely on him to abide by the laws of the Cayman Islands, which provide that directors owe a fiduciary duty to the company that requires them to act in good faith and in what they believe to be the best interests of the Company and not to use their position for personal gains. The shareholders of our Consolidated Affiliated Entities have executed Voting Proxy Agreements to appoint Health Road HealthTech or a person designated by Health Road HealthTech to vote on their behalf and exercise voting rights as shareholder(s) of our Consolidated Affiliated Entities. If we cannot resolve any conflict of interest or dispute between us and the shareholders of our Consolidated Affiliated Entities with these contractual arrangements, we would have to rely on legal proceedings, which could result in disruption of part of our business and subject us to substantial unpredictability as to the outcome of any such legal proceedings.

We conduct our business operations in the PRC through the Consolidated Affiliated Entities and their subsidiaries by way of the Contractual Arrangements, but certain of the terms of the Contractual Arrangements may not be enforceable under the PRC laws.

All the agreements which constitute the Contractual Arrangements are governed by the PRC laws, and provide for the resolution of disputes through arbitration in the PRC. In the event that we are unable to enforce the Contractual Arrangements, or if we suffer significant time delays or other obstacles in the process of enforcing them, it would be very difficult to exert effective control over the Consolidated Affiliated Entities, and our ability to conduct our business, financial condition and results of operations may be materially and adversely affected.

The Contractual Arrangements contain provisions to the effect that the arbitral body may award remedies over the equity interests, assets or properties of the Consolidated Affiliated Entities, compulsory relief (e.g., for the conduct of business or to compel the transfer of assets) or order the winding up of the Consolidated Affiliated Entities. These agreements also contain provisions to the effect that courts of competent jurisdictions are empowered to grant interim relief to a party when requested for the purpose of preserving the assets and properties or enforcement measures, subject to the requirements under the PRC laws. However, under the PRC laws, these terms may not be enforceable. Under the PRC laws, an arbitral body does not have the power to grant injunctive relief or to issue a provisional or final liquidation order for the purpose of protecting assets of or equity interests in the Consolidated Affiliated Entities in case of disputes. In addition, interim remedies or enforcement orders granted by overseas courts, such as Hong Kong and the Cayman Islands, may not be recognizable or enforceable in the PRC if they are not in compliance with the requirements of PRC Civil Procedures Law and other applicable laws and regulations. Furthermore, the provision provides that in the event of a mandatory

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liquidation required by the PRC laws, the Consolidated Affiliated Entities shall sell all the assets to the Health Road HealthTech or its designated party at the nominal value or the lowest price to the extent allowed by the PRC laws. Therefore, in the event of breach of any agreements constituting the Contractual Arrangements by the Consolidated Affiliated Entities and/or their respective shareholders, and if we are unable to enforce the Contractual Arrangements, we may not be able to exert effective control over the Consolidated Affiliated Entities, which could materially and adversely affect our ability to conduct our business.

We principally rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have. Any limitation on the ability of our PRC subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business or financial condition.

We are a holding company, and we principally rely on dividends and other distributions on equity that may be paid by our PRC subsidiaries and remittances from our Consolidated Affiliated Entities, for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to the holders of our ordinary shares and service any debt we may incur. If our PRC subsidiaries or our Consolidated Affiliated Entities incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to us.

Under the PRC laws and regulations, the PRC enterprises may pay dividends only out of their retained earnings as determined in accordance with the PRC accounting standards and regulations. In addition, a PRC enterprise is required to set aside at least 10% of its after-tax profits each year, after making up previous years' accumulated losses, if any, to fund certain statutory reserve funds, until the aggregate amount of such a fund reaches 50% of its registered capital. In addition, a PRC enterprise may allocate a portion of its after-tax profits based on the PRC accounting standards to a discretionary surplus fund at its discretion. The statutory reserve funds and the discretionary funds are not distributable as cash dividends. Any limitation on the ability of our Consolidated Affiliated Entities to make remittances to our wholly-owned PRC subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities, and a finding that we owe additional taxes could substantially reduce our consolidated net income and the value of your investment.

Under the PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. We could face material and adverse tax consequences if the PRC tax authorities determine that the contractual arrangements among our PRC subsidiaries and our Consolidated Affiliated Entities do not represent an arms-length price and adjust our Consolidated Affiliated Entities' income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction, for tax purposes in the PRC, of expense

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deductions recorded by our Consolidated Affiliated Entities, which could in turn increase their tax liabilities. In addition, the PRC tax authorities may impose late payment fees and other penalties on our Consolidated Affiliated Entities for under-paid taxes. Our results of operations may be materially and adversely affected if our tax liabilities increase or if we are found to be subject to late payment fees or other penalties.

If we exercise the option to acquire equity ownership and assets of our Consolidated Affiliated Entities, the ownership or asset transfer may subject us to certain limitations and substantial costs.

Pursuant to the Contractual Arrangements, Health Road HealthTech or its designated person(s) has the irrevocable, unconditional and exclusive right to purchase all or any part of the equity interests in the Consolidated Affiliated Entity(ies) from the shareholders of the Consolidated Affiliated Entity(ies) (as the case may be) in Health Road HealthTech's absolute discretion to the extent permitted by the PRC laws. The consideration shall be the nominal value or the lowest price permitted under the PRC laws returnable to Health Road HealthTech or its designated person(s) as permitted under the PRC laws and regulations. The equity transfer may be subject to the approvals from, or filings with, the MOFCOM, the MIIT, SAMR and/or their local competent branches. In addition, the equity transfer price may be subject to review and tax adjustment by the relevant tax authorities.

Our current corporate structure and business operations may be affected by the Foreign Investment Law.

On March 15, 2019, the NPC promulgated the Foreign Investment Law or the FIL, which became effective on January 1, 2020 and replaced the outgoing laws regulating foreign investment in China, namely, the PRC Equity Joint Venture Law, the PRC Cooperative Joint Venture Law and the Wholly Foreign-owned Enterprise Law, as well their implementation rules and ancillary regulations, or the Outgoing FIE Laws. See "Regulatory Overview."

Meanwhile, the Implementation Rules to the PRC Foreign Investment Law came into effect as of January 1, 2020, which clarified and elaborated the relevant provisions of the Foreign Investment Law. While FIL does not define contractual arrangements as a form of foreign investment explicitly, it has a catch-all provision under the definition of "foreign investment" that includes investments made by foreign investors in the PRC through other means as provided by laws, administrative regulations or the State Council, we cannot assure you that future laws and regulations will not stipulate contractual arrangements as a form of foreign investment. Therefore, there can be no assurance that our control over our Consolidated Affiliated Entities through Contractual Arrangements will not be deemed as foreign investment in the future. In the event that any possible implementing regulations of the FIL, any other future laws, administrative regulations or provisions deem contractual arrangements as a way of foreign investment, our Contractual Arrangements may be deemed as invalid and illegal, and we may be required to unwind the Contractual Arrangements and/or dispose of any affected business. Also, if future laws, administrative regulations or provisions mandate further actions to be taken with respect to existing Contractual Arrangements, there is no assurance as to whether we can complete such

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actions in a timely manner, or at all. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure, corporate governance, financial condition and business operations.

RISKS RELATING TO DOING BUSINESS IN CHINA

Changes in the PRC economic, regulatory and social conditions could have a significant impact on our business, financial condition, results of operations and prospects.

Substantially all of our operations are located in the PRC, and all our revenue are derived from customers in the PRC. The PRC Government manages the macro-economy through fiscal and monetary policies, and supervises industries by imposing industrial policies. Any changes in economic policies or the PRC laws and regulations could affect the economic, regulatory and social conditions in China, which may, to a significant degree, affect our business, financial condition, results of operations, and prospects.

We are subject to the PRC tax laws and regulations.

We are subject to periodic examinations on fulfillment of our tax obligation under the PRC tax laws and regulations by the PRC tax authorities. Although we believe that we were in compliance with the relevant PRC tax laws and regulations in the past, in all material aspects, we cannot assure you that future examinations by the PRC tax authorities would not result in fines, other penalties or actions that could adversely affect our business, financial condition and results of operations, as well as our reputation. In addition, the PRC tax laws and regulations may be adjusted or amended in the future. Such adjustments or amendments could have an adverse effect on our business, financial condition and results of operations.

The evolving PRC legal system could subject us to additional legal requirements or obligations.

Our PRC subsidiaries and Consolidated Affiliated Entities are subject to various PRC laws and regulations that are generally applicable to companies in the PRC. Over the past four decades, the PRC legislation has provided greater protection to various forms of foreign or private-sector investment in the PRC. However, the PRC legal system continues to develop. Any changes in the enforcement of these laws, rules, and regulations could affect our business operations in China.

In particular, the PRC laws and regulations on the digital health and wellness industry are continuously developing. Although we have taken measures to comply with the laws and regulations that are applicable to our business operations and avoid conducting any non-compliance activities, the PRC Government may promulgate new laws and regulations regulating our industry in the future. We cannot assure you that our practice would not violate any new PRC laws or regulations on our industry. Moreover, developments in the digital health and wellness industry may lead to changes in the PRC laws, regulations and policies or in the interpretation and application of existing laws, regulations and policies,

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which could materially and adversely affect our business operations and financial condition.

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

We are an exempted company incorporated in the Cayman Islands and substantially all of our current operations are conducted in the PRC as well. A majority of our current Directors and officers are nationals and residents of the PRC. Courts judgments of another jurisdiction may be reciprocally recognized or enforced if the jurisdiction has a treaty on that with China. As a result, it may be difficult, cumbersome and time-consuming for you to effect service of process in any other jurisdictions which do not have treaties with China that provide for the reciprocal recognition and enforcement of judicial rulings and awards, upon us or our Directors and officers, or to bring an action in the abovementioned jurisdictions against us or against our Directors and officers, in the event that you believe that your rights have been infringed under the applicable securities laws or otherwise. In addition, it may be difficult for you to bring an original action against us or our PRC resident officers and directors in a PRC court based on the liability provisions of non-PRC securities laws. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of the PRC may render you unable to enforce a judgment against our assets or the assets of our Directors and officers.

We are subject to consumer protection laws that could require us to modify our current business practices and incur increased costs.

We are subject to numerous PRC laws and regulations that regulate service and product providers generally or govern online service and product providers specifically, such as the Consumer Protection Law. If these regulations were to change or if we, suppliers or third-party merchants on our marketplace were to violate them, the costs of certain products or services could increase, or we could be subject to fines or penalties or suffer reputational harm, which could reduce demand for the products or services offered on our platform and hurt our business and results of operations. For example, the amended Consumer Protection Law, which became effective in March 2014, along with the associated implementation regulations that were enforced starting July 1, 2024, further strengthens the protection of consumers and imposes more stringent requirements and obligations on business operators, especially on businesses that operate on the Internet. Pursuant to the Consumer Protection Law, except for certain types of products (such as drugs), consumers are generally entitled to return goods purchased within seven days upon receipt without giving any reasons if they purchased the goods over the Internet. Consumers whose interests have been damaged due to their purchase of goods or acceptance of services on online marketplace platforms may claim damages from merchants or service providers. Where the operators of an online marketplace platform are unable to provide the real names, addresses and valid contact details of the merchants or service providers, the consumers may also claim damages from the operators of the online marketplace platforms. Operators of online marketplace platforms that know or should have known that merchants or service providers use their platforms to infringe upon the legitimate rights and interests of consumers but fail to take necessary measures must bear joint and several liabilities with the merchants or service providers. Moreover, if business operators deceive consumers or knowingly sell

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substandard or defective products, they should not only compensate consumers for their losses, but also pay additional damages equal to three times the price of the goods or services. As the relevant laws, rules and regulations continue to develop, we are unable to predict the ultimate cost of compliance with these requirements or their effect on our operations. We may be required to make significant expenditures or modify our business practices to comply with existing or future laws and regulations, which may increase our costs and materially limit our ability to operate our business.

We may be required to register our operating offices outside of our residence addresses as branch offices under the PRC laws.

Under the PRC laws, a company setting up premises for business operations outside its residence address must register them as branch offices with the relevant local market regulation bureau at the place where the premises are located and obtain business licenses for them as branch offices. We may not be able to register branch offices in a timely manner due to procedural requirements and relocation of branch offices from time to time. As of the Latest Practicable Date, we were able to register branch offices in all of the locations where we had an actual business presence. If the PRC regulatory authorities determine that we are in violation of the relevant laws and regulations, we may be subject to penalties, including fines, confiscation of income and suspension of operation. If we become subject to these penalties, our business, results of operations, financial condition and prospects could be materially and adversely affected.

The complex procedures of cross-border merger and acquisition make it more difficult for us to pursue growth through acquisitions.

The PRC regulations and rules concerning mergers and acquisitions including the Rules on Merger and Acquisition of Domestic Enterprises by Foreign Investors, or the M&A Rules, established certain procedures and requirements. For example, the M&A Rules require that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise, if (i) any important industry is concerned, (ii) such transaction involves factors that have or may have an impact on the national economic security, or (iii) such transaction will lead to a change in control of a domestic enterprise which holds famous trademarks or the PRC time-honored brands. In addition, any overseas investments or cross-border mergers and acquisitions concerning a PRC enterprise should complete the filing and registration procedures in relation to the overseas investment. Moreover, the cross-border mergers and acquisitions are subject to domestic and overseas anti-monopoly laws and national security laws, among others.

In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time-consuming. It is unclear whether our business would be deemed to be in an industry that raises “national defense and security” or “national security” concerns. However, the MOFCOM or other government agencies may publish new regulations in the future determining that our business is in an industry subject to the security review, in which case our future acquisitions in the PRC, including those by

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way of entering into contractual control arrangements with target entities, may be closely scrutinized or prohibited. Our ability to expand our business or maintain or expand our market share through future acquisitions would, as such, be materially and adversely affected.

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

The SAFE has promulgated several regulations that require the PRC residents and the PRC corporate entities to register with and obtain approval from local branches of the SAFE in connection with their direct or indirect offshore investment activities. The Circular on Issues Concerning Foreign Exchange Administration of the Overseas Investment and Financing and the Round-Tripping Investment Made by Domestic Residents through Special-Purpose Companies (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知), or SAFE Circular 37, was promulgated by the SAFE in July 2014 and the Circular on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (關於進一步簡化和改進直接投資外匯管理政策的通知), or SAFE Circular 13, issued on February 13, 2015, that require the PRC residents or entities to register with the local banks in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. These regulations apply to our shareholders who are PRC residents and may apply to any offshore acquisitions that we make in the future.

If our shareholders who are PRC residents or entities do not complete their registration with the local SAFE affiliates or local banks, our PRC subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to us, and we may be restricted in our ability to contribute additional capital to our PRC subsidiaries. Moreover, failure to comply with the SAFE registration described above could result in liability under PRC laws for evasion of applicable foreign exchange regulation.

However, we may not at all times be fully aware or informed of the identities of all our shareholders or beneficial owners that are required to make such registrations, and we cannot compel our beneficial owners to comply with SAFE registration requirements in a timely manner. We cannot assure you that all of our shareholders or beneficial owners who are PRC residents have complied with, and will in the future make or obtain any applicable registrations or approvals required by, SAFE regulations.

Historically, certain shareholders who are known to us as the PRC residents did not complete their registration pursuant to SAFE Circular 37 in time. As advised by our PRC Legal Advisor, our shareholders Mr. Zhang, Mr. Chen Yong, the Star Flourish Ventures Shareholders, the Jyun Jing Shareholders, Mr. Zhang Wande, Ms. Chen Qin, Mr. Liang Jinhua, Ms. Zheng Shuxian and Mr. Hu Depan, who are known to us as PRC residents, had completed the registration pursuant to SAFE Circular 37, as of the Latest Practicable Date.

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Our business benefits from certain financial incentives and policies granted by local governments.

In the past, local governments in the PRC granted certain financial incentives from time to time to our PRC subsidiaries or Consolidated Affiliated Entities as part of their efforts to encourage the development of local businesses. The timing, amount and criteria of government financial incentives are determined by the government authorities, according to the relevant laws, regulations, and provisions. Therefore, it could be difficult for us to make any prediction of the financial incentives granted by the government authorities, before we actually receive. We do not have the ability to influence local governments in making these decisions. We cannot assure you of the continued availability of the government incentives currently enjoyed by our PRC subsidiaries or Consolidated Affiliated Entities. Any reduction or elimination of incentives would have an adverse effect on our results of operations.

If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders.

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with a “de facto management body” within the PRC is considered a resident enterprise and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term “de facto management body” as the body that exercises full and substantial control over and overall management of the business, productions, personnel, accounts and properties of an enterprise.

In April 2009, the State Administration of Taxation, or SAT, issued the Circular of the State Administration of Taxation on Issues Relating to Identification of PRC-Controlled Overseas Registered Enterprises as Resident Enterprises in Accordance With the De Facto Standards of Organizational Management (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》), or SAT Circular 82, which provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled enterprise that is incorporated offshore is located in the PRC. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those not controlled by PRC enterprises or PRC enterprise groups like us, the criteria set forth in the circular may reflect the SAT’s general position on how the “de facto management body” test should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its “de facto management body” in the PRC and will be subject to the PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise’s financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise’s primary assets, accounting books and records, company seals, and board and shareholder resolutions are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC. On July 27, 2011,

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SAT issued the Administrative Measures for Enterprise Income Tax of Chinese-Controlled Offshore Incorporated Resident Enterprises (Trial) (《境外註冊中資控股居民企業所得稅管理辦法(試行)》), or SAT Bulletin 45, which became effective on September 1, 2011 and revised on June 15, 2018, to provide more guidance on the implementation of SAT Circular 82. Bulletin 45 clarifies certain issues related to determining PRC resident enterprise status, including which competent tax authorities are responsible for determining offshore incorporated PRC resident enterprise status, as well as post-determination administration. Currently, most of the members of our management team are located in China. Circular 82 and Bulletin 45 only apply to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreign corporations like us. If the PRC tax authorities determine that our Company or any of our subsidiaries outside of the PRC is a PRC resident enterprise for the PRC enterprise income tax purposes, then our Company or such subsidiary could be subject to the PRC tax at a rate of 25% on global income, which could materially reduce our net profit.

Furthermore, if the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, dividends paid by us and gains realized on the sale or other disposition of our ordinary shares may be subject to the PRC tax, at a rate of 10% in the case of non-PRC enterprises or 20% in the case of non-PRC individuals (in each case, subject to the provisions of any applicable tax treaty), if such dividends or gains are deemed to come from the PRC sources. Any such tax on the dividends received by our shareholders from us may be withheld at source. It is unclear whether non-PRC shareholders of our company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in our Shares.

The heightened scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on our business operations, our potential acquisition or restructuring strategy or the value of your investment in us.

The SAT issued the Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (《國家稅務總局關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) (the “SAT Circular 7”) on February 3, 2015, which came into effect on the same day. The SAT Circular 7 covers not only indirect transfer but also transactions involving transfer of immovable property in China and assets held under the establishment and place, in China of a foreign company through the offshore transfer of a foreign intermediate holding company. The SAT Circular 7 also provides criteria on how to assess reasonable commercial purposes and introduces safe harbor scenarios applicable to internal group restructuring. Where a non-resident enterprise indirectly transfers equity interests or other assets of a PRC resident enterprise by implementing arrangements that are not for reasonable commercial purposes to avoid its obligation to pay enterprise income tax, such an indirect transfer shall, in accordance with the EIT Law, be recognized by the competent PRC tax authorities as a direct transfer of equity interests or other assets of the PRC resident enterprise.

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On October 17, 2017, the SAT promulgated the Announcement on Matters concerning Withholding and Payment of Income Tax of Non-resident Enterprises from Source (《國家稅務總局關於非居民企業所得稅源泉扣繳有關問題的公告》) (the “SAT Circular 37”), which came into force and replaced certain provisions in the SAT Circular 7 on December 1, 2017 and was partly amended on June 15, 2018. The SAT Circular 37, among other things, simplifies the procedures of withholding and payment of income tax levied on non-resident enterprises. Pursuant to the SAT Circular 37, where the party responsible for withholding such income tax fails to, or is unable to, withhold the taxes that should have been withheld to the relevant tax authority, the party may be subject to penalties. Where the non-resident enterprise receiving such income fails to declare and pay taxes that should have been withheld to the relevant tax authority, the party may be ordered to rectify within a specific time limit.

We are confronted with various factors about the reporting and consequences on future private equity financing transactions, share exchange or other transactions involving the transfer of shares in our Company by investors that are non-PRC resident enterprises, or sale or purchase of shares in other non-PRC resident companies or other taxable assets by us, and cannot predict the final results. Our Company and other non-resident enterprises of ours may be subject to filing obligations or being taxed if our Company and other non-resident enterprises of ours are transferors in such transactions, and may be subject to withholding obligations if our Company and other non-resident enterprises of ours are transferees in such transactions. For the transfer of shares in our Company by investors that are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in the filing under the rules and notices. As a result, we may be required to expend valuable resources to comply with these rules and notices or to request the relevant transferors from whom we purchase taxable assets to comply, or to establish that our Company and other non-resident enterprises of ours should not be taxed under these rules and notices. There is no assurance that the tax authorities will not apply the rules and notices to our offshore restructuring transactions where non-PRC residents were involved if any of such transactions were determined by the tax authorities to lack reasonable commercial purpose. As a result, we and our non-PRC resident investors may be at risk of being taxed under these rules and notices and may be required to comply with or to establish that we should not be taxed under such rules and notices.

Discontinuation of preferential tax treatments we currently enjoy or other unfavorable changes in tax law could result in additional compliance obligations and costs.

Operating in the high-technology industry, a number of our PRC subsidiaries and Consolidated Affiliated Entities enjoy various types of preferential tax treatment according to the prevailing PRC tax laws. Our PRC subsidiaries and Consolidated Affiliated Entities may, if they meet the relevant requirements, qualify for certain preferential tax treatment. For a qualified high and new technology enterprise, the applicable enterprise income tax rate is 15%. The high and new technology enterprise qualification is re-assessed by the relevant authorities every three years. See “Financial Information—Consolidated Statements of Profit or Loss—Income Tax.” If such PRC subsidiaries or Consolidated Affiliated Entities fail to maintain their respective qualification under the relevant PRC

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laws and regulations, their applicable enterprise income tax rates may increase to up to 25%, which could have a material adverse effect on our results of operations.

Regulations governing foreign currency conversion may affect our foreign exchange transactions, including dividend payments on our Shares.

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

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for the Shares and the liquidity and market price of our Shares may be volatile.

Prior to completion of the Global Offering, there has been no public market for our Shares. There can be no guarantee that an active trading market for our Shares will develop or be sustained after completion of the Global Offering. The Offer Price is the result of negotiations among our Company and the Overall Coordinators (on behalf of the Underwriters), which may not be indicative of the price at which our Shares will be traded following completion of the Global Offering. The market price of our Shares may drop below the Offer Price at any time after completion of the Global Offering.

The trading price of the Shares may be volatile which could result in substantial losses to you.

The trading price of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, the PRC, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in the PRC that have listed their securities in Hong Kong may affect the volatility in the price of and trading volumes for our Shares. A number of PRC-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies, at the time of or after their offerings, may affect the overall investor sentiment towards PRC-based companies listed in Hong Kong and consequently may impact the trading performance of our Shares. These

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broad market and industry factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance.

The actual or perceived sale or availability for sale of substantial amounts of our Shares, especially by our Directors, executive officers and Controlling Shareholders, could adversely affect the market price of our Shares.

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

The Shares held by our Controlling Shareholders are subject to certain lock-up periods beginning on the date on which trading in our Shares commences on the Hong Kong Stock Exchange. See “Underwriting—Underwriting Arrangements and Expenses—Undertakings Given to the Hong Kong Underwriters—By Our Controlling Shareholders” for more information. While we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future.

You will incur immediate and significant dilution and may experience further dilution if we issue additional Shares or other equity securities in the future.

As the Offer Price of our Shares is higher than the net tangible book value per Share of our Shares immediately prior to the Global Offering, purchasers of our Shares in the Global Offering will experience an immediate dilution. If we issue additional Shares in the future, purchasers of our Shares in the Global Offering may experience further dilution in their shareholding percentage.

We cannot assure you that we will declare and distribute any amount of dividends in the future and you may have to rely on price appreciation of our Shares for return on your investment.

We currently intend to retain most, if not all, of our available funds and any future earnings to fund the development and growth of our business. As a result, we have not yet adopted a dividend policy with respect to future dividends. Therefore, you should not rely on an investment in our Shares as a source for any future dividend income.

Our Board has discretion as to whether to distribute dividends, subject to certain restrictions under Cayman Islands law, namely that our Company may only pay dividends either out of profits or share premium account, and provided always 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. In addition, our shareholders may, by ordinary resolution, declare a dividend, but no dividend may exceed the amount recommended by our board of directors. Even if our Board decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiary, our financial condition, contractual restrictions and other factors deemed relevant by our

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Board. Accordingly, the return on your investment in our Shares will likely depend entirely upon any future price appreciation of our Shares. There is no guarantee that our Shares will appreciate in value or even maintain the price at which you purchased our Shares. You may not realize a return on your investment in our Shares and you may even lose your entire investment in our Shares.

We are a Cayman Islands exempted company and, because judicial precedent regarding the rights of shareholders is more limited under the laws of the Cayman Islands than in other jurisdictions, you may have difficulties in protecting your shareholder rights.

Our corporate affairs are governed by our Memorandum and Articles and by the Cayman Islands Companies Act and the common law of the Cayman Islands. The rights of Shareholders to take legal action against our Directors and us, actions by minority Shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are, to a large extent, governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedents in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those established under statutes and judicial precedents in existence in the jurisdictions where minority Shareholders may be located. See “Appendix III—Summary of the Constitution of the Company and Cayman Islands Company Law.” As a result of all of the above, minority Shareholders may enjoy different remedies when compared to the laws of the jurisdiction such shareholders are located in.

The prospectus includes certain information and other statistics derived from official government sources, which have not been independently verified by us.

This prospectus, particularly the section headed “Industry Overview” contains information and statistics relating to the digital health and wellness market. Such information and statistics have been derived from third-party reports, either commissioned by us or publicly accessible, and other publicly available sources. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. The information from official government sources has not been independently verified by us, the Sole Sponsor, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers, the Underwriters or any other party involved in the Global Offering, and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In any event, you should consider carefully the importance placed on such information or statistics.

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You should read the entire document carefully and should not rely on any information contained in press articles or other media regarding us and the Global Offering.

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the Global Offering. Prior to the publication of this prospectus, there has been press and media coverage regarding us and the Global Offering. Such press and media coverage may include references to certain information that does not appear in this prospectus, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this prospectus, we disclaim responsibility for it and you should not rely on such information.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the Global Offering, our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of the executive Directors must be ordinarily resident in Hong Kong. Our Group's principal business and operations are located, managed and conducted in the PRC through our PRC subsidiaries and Consolidated Affiliated Entities and none of our executive Directors is ordinarily based in Hong Kong and they will continue to be based in the PRC after the Listing. As a result, our Company does not, and will not, in the foreseeable future, have a sufficient management presence in Hong Kong as required under Rule 8.12 of the Listing Rules. Further, it would be impractical and commercially unnecessary for our Company to appoint additional executive Directors who are ordinarily resident in Hong Kong or to relocate its existing PRC-based executive Directors to Hong Kong.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules. In order to maintain regular and effective communication with the Stock Exchange, we have put in place the following measures:

- (i) our Company has appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange and ensure that our Company will comply with the Listing Rules at all times. The two authorized representatives are Mr. Zhang, the chairman of the Board, an executive Director and our chief executive officer, and Mr. Tam Chun Wai Edwin, a joint company secretary of our Company. Mr. Tam Chun Wai Edwin is ordinarily resident in Hong Kong. Each of the authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon request and will be readily contactable by the Stock Exchange by telephone, facsimile and/or email (if applicable) to deal promptly with any enquiries which may be made by the Stock Exchange;
- (ii) each of the authorized representatives has means to contact all Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters. To enhance communication between the Stock Exchange, the authorized representatives and our Directors, our Group will implement a policy that (i) each of our Directors will provide his/her mobile phone number, office phone number, facsimile number and email address (if applicable) to the authorized representatives and the Stock Exchange; and (ii) each of our Directors will provide his/her phone numbers or means of communication to the authorized representatives when he/she is traveling;
- (iii) each Director who is not being ordinarily resident in Hong Kong has confirmed that he/she possesses or can apply for valid travel documents to visit Hong Kong for business purpose and will be able to come to Hong Kong and meet with the relevant officers of the Stock Exchange within a reasonable period, when required;

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (iv) in compliance with Rule 3A.19 of the Listing Rules, our Company has appointed Giraffe Capital Limited to act as our compliance advisor who will act as an additional channel of communication between the Stock Exchange and our Company for the period commencing on the Listing Date and ending on the date that our Company publishes our financial results for the first full financial year after the Listing Date pursuant to Rule 13.46 of the Listing Rules. The contact person of the compliance advisor will be available to answer enquiries from the Stock Exchange;
- (v) in addition to the compliance advisor's role and responsibilities after the Listing to provide advice to our Company on the continuing requirements under the Listing Rules and applicable laws and regulations, our Company will consider to appoint other professional advisors (including its legal advisors in Hong Kong) after the Listing to assist our Company in addressing any enquiries which may be raised by the Stock Exchange and to ensure that there will be prompt and effective communication with the Stock Exchange;
- (vi) if the circumstances require, meetings of our Board could be arranged and held in such manner as permitted under the Articles of Association at short notice to discuss and address any issue with which the Stock Exchange is concerned in a timely manner; and
- (vii) meetings between the Stock Exchange and our Directors could be arranged through the authorized representatives or the compliance advisor, or directly with our Directors within a reasonable time frame.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary must be an individual who, by virtue of his/her academic or professional qualifications or relevant experiences, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (i) a member of The Hong Kong Chartered Governance Institute;
- (ii) a solicitor or barrister (as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of the Hong Kong)); and
- (iii) a certified public accountant (as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of the Hong Kong)).

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing “relevant experience”, the Stock Exchange will consider the individual’s:

- (i) length of employment with the issuer and other issuers and the roles they played;
- (ii) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, Companies Ordinances, Companies (WUMP) Ordinance and the Takeovers Code;
- (iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (iv) professional qualifications in other jurisdictions.

Pursuant to paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants, the Stock Exchange will consider a waiver application by an issuer in relation to Rules 3.28 and 8.17 of the Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Stock Exchange include:

- (a) whether the issuer has principal business activities primarily outside Hong Kong;
- (b) whether the issuer was able to demonstrate the need to appoint a person who does not have the Acceptable Qualification (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) nor Relevant Experience (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) as a company secretary; and
- (c) why the directors consider the individual to be suitable to act as the issuer’s company secretary.

Further, pursuant to paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants, such waiver, if granted, will be for a fixed period of time (the “**Waiver Period**”) and on the following conditions:

- (a) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and
- (b) the waiver will be revoked if there are material breaches of the Listing Rules by the issuer.

Our Company appointed Mr. Li Guomin and Mr. Tam Chun Wai Edwin of Noble Partners CPA Company as joint company secretaries in May 2023. See “Directors and Senior Management—Joint Company Secretaries” for their biographies.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Our Company's principal business activities are outside Hong Kong. Our Company believes that it would be in the best interests of our Company and the corporate governance of our Group to have Mr. Li Guomin, who is the chief financial officer of our Company and who has day-to-day knowledge of our Company's affairs, as its joint company secretary. Mr. Li Guomin has the necessary nexus to the Board and close working relationship with the management of our Company in order to perform the functions of a joint company secretary and to take the necessary actions in the most effective and efficient manner.

However, Mr. Li Guomin does not possess the specific qualifications strictly required by Rules 3.28 and 8.17 of the Listing Rules. Therefore, we have appointed Mr. Tam Chun Wai Edwin, a fellow member of The Hong Kong Chartered Governance Institute, who meets the requirements under Rules 3.28 and 8.17 of the Listing Rules, to act as the other joint company secretary and to provide assistance to Mr. Li Guomin for an initial period of three years from the Listing Date to enable Mr. Li Guomin to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

Given Mr. Tam Chun Wai Edwin's professional qualifications and experience, he will be able to explain to both Mr. Li Guomin and us the relevant requirements under the Listing Rules and other applicable Hong Kong laws and regulations. Mr. Tam Chun Wai Edwin will also assist Mr. Li Guomin in organizing Board meetings and Shareholders' meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Mr. Tam Chun Wai Edwin is expected to work closely with Mr. Li Guomin and will maintain regular contact with Mr. Li Guomin, our Directors and the senior management of our Company. In addition, Mr. Li Guomin will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules to enhance his knowledge of the Listing Rules during the three-year period from the Listing Date. He will also be assisted by our compliance advisor and our legal advisors as to the Hong Kong laws on matters in relation to our ongoing compliance with the Listing Rules and the applicable laws and regulations.

Since Mr. Li Guomin does not possess the qualifications required of a company secretary under Rules 3.28 and 8.17 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules for a three-year period from the Listing Date on the conditions that (i) Mr. Li Guomin must be assisted by Mr. Tam Chun Wai Edwin who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the three-year period, and (ii) the waiver will be revoked if there are material breaches of the Listing Rules by our Company.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Prior to the expiry of the initial three-year period, the qualifications of Mr. Li Guomin will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for on-going assistance of Mr. Tam Chun Wai Edwin will continue. Before the end of the three-year period, we will liaise with the Stock Exchange to enable it to assess whether Mr. Li Guomin, having benefited from the assistance of Mr. Tam Chun Wai Edwin for the preceding three years, will have acquired the skills necessary to carry out the duties of a company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

WAIVERS IN RESPECT OF CONTINUING CONNECTED TRANSACTIONS

We have entered into, and are expected to continue, certain transactions which will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules following the completion of the Global Offering. Accordingly, we have applied for, and the Stock Exchange has granted, waivers from strict compliance with the requirements under Chapter 14A of the Listing Rules in relation to certain continuing connected transactions between us and certain connected persons. See “Contractual Arrangements” and “Continuing Connected Transactions”.

CONSENT IN RELATION TO ALLOCATION OF OFFER SHARES TO CONNECTED CLIENT OF DISTRIBUTOR

Paragraph 5(1) of Appendix F1 to the Listing Rules provides that no allocations will be permitted to “connected clients” of the overall coordinator(s), any syndicate member(s) (other than the overall coordinator(s)) or any distributor(s) (other than syndicate member(s)) (collectively, the “**Distributors**”, and each a “**Distributor**”), without the prior written consent of the Stock Exchange.

Paragraph 13(7) of the Appendix F1 to the Listing Rules states that “connected client” in relation to an exchange participant means any client which is a member of the same group of companies as such exchange participant.

As further described in the section headed “Cornerstone Investor” in this prospectus, Hengqin Guangdong Macao Deep Cooperation Zone Industrial Investment Fund (Limited Partnership) (橫琴粵澳深度合作區產業投資基金(有限合夥)) (“**Hengqin Industrial Investment Fund**”) has entered into a cornerstone investment agreement with the Company and the Sole Sponsor to subscribe for the Offer Shares and will hold the Offer Shares on a discretionary basis for and on behalf of the Finance Bureau of Hengqin Guangdong Macao Deep Cooperation Zone (橫琴粵澳深度合作區財政局) (“**Hengqin Finance Bureau**”) under the International Offering.

Hengqin Industrial Investment Fund is managed by CICC Capital Management Co., Ltd. (中金資本運營有限公司) (“**CICC Capital**”) as its general partner. CICC Capital is a wholly-owned subsidiary of China International Capital Corporation Limited (“**CICC**”). China International Capital Corporation Hong Kong Securities Limited (“**CICC HK**”) will act as a non-syndicate distributor of the Global Offering. CICC HK is an indirect wholly-owned subsidiary of CICC.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Therefore, Hengqin Industrial Investment Fund and CICC HK are members of the same group of companies, and Hengqin Industrial Investment Fund is a connected client of CICC HK and the participation of Hengqin Industrial Investment Fund as a cornerstone investor in the Global Offering would constitute an allocation to a connected client of a distributor.

As of the Latest Practicable Date, Hengqin Industrial Investment Fund was held as to 99.9999% by Hengqin Finance Bureau as its sole limited partner. Based on the information provided by Hengqin Industrial Investment Fund, Hengqin Finance Bureau is independent from CICC HK. For further information about Hengqin Industrial Investment Fund, please refer to the section headed “Cornerstone Investor — The Cornerstone Investor — Hengqin Industrial Investment Fund” in this prospectus.

We have applied to the Stock Exchange for, and the Stock Exchange has granted, its consent pursuant to paragraph 5(1) of Appendix F1 to the Listing Rules for Hengqin Industrial Investment Fund to participate as a cornerstone investor in the Global Offering subject to the following conditions:

- (a) the Offer Shares to be allocated to Hengqin Industrial Investment Fund, to the best of the Overall Coordinators’ knowledge and belief, will be held on a discretionary basis on behalf of independent third parties;
- (b) no preferential treatment has been, nor will be, given to Hengqin Industrial Investment Fund by virtue of its relationship with CICC HK (other than the assured entitlement under a cornerstone investment agreement for Hengqin Industrial Investment Fund);
- (c) CICC HK has not participated in the decision-making process or relevant discussions as to the selection of Hengqin Industrial Investment Fund as a cornerstone investor and the allocation of securities to it;
- (d) each of our Company, the Overall Coordinators, CICC HK and Hengqin Industrial Investment Fund has provided the Stock Exchange a written confirmation in accordance with Chapter 4.15 of the Guide; and
- (e) details of the allocation have been disclosed in this prospectus and will be disclosed in the allotment results announcement of our Company.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors (including any proposed director who is named as such in this document) collectively and individually accept full responsibility, includes particulars given in compliance with the Companies Ordinance, Companies (WUMP) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to us. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and is neither misleading nor deceptive, and there are no other matters the omission of which would render any statement herein or this prospectus misleading.

INFORMATION ON THE GLOBAL OFFERING

The Offer Shares are offered solely on the basis of information contained and representations made in this prospectus, and on and subject to the terms and conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or make any representation not contained in this prospectus, and any information or representation not contained herein and therein must not be relied upon as having been authorized by the Company, the Sole Sponsor, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers, the Underwriters, any of their respective directors, members of senior management, authorized representatives, agents, employees or advisors or any other party involved in the Global Offering. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Offer Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

Details of the structure of the Global Offering, including its conditions, are set out in “Structure of the Global Offering”.

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, the application procedure for Hong Kong Offer Shares is set out in “How to Apply for Hong Kong Offer Shares” of this prospectus.

The Listing is sponsored by the Sole Sponsor. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price between the Company and the Overall Coordinators (on behalf of the Underwriters) on the Price Determination Date. The International Offering is expected to be fully underwritten by the

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

International Underwriters subject to the terms and conditions of the International Underwriting Agreement, which is expected to be entered into on or around the Price Determination Date.

For further information about the Underwriters and the underwriting arrangements, see “Underwriting”.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

Each person acquiring the Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her acquisition of the Hong Kong Offer Shares to, confirm that he/she is aware of the restrictions on offer and sale of the Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than in Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offer and sale of the Offer Shares in jurisdictions other than in Hong Kong are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been publicly offered or sold, directly or indirectly, in the PRC.

APPLICATION FOR LISTING ON THE HONG KONG STOCK EXCHANGE

We have applied to the Listing Committee for the Listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering. No part of the Share or loan capital of the Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

OFFER SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the Listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and the HKSCC Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangements as such arrangements may affect their rights and interests.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

HONG KONG REGISTER OF MEMBERS AND STAMP DUTY

All Shares to be issued pursuant to the Global Offering will be registered on the Company's Hong Kong register of members to be maintained by the Company's Hong Kong Share Registrar in Hong Kong. The Company's principal register of members will be maintained in the Cayman Islands by the Principal Share Registrar. Dealings in Shares of the Company registered on the Hong Kong register of members will be subject to Hong Kong stamp duty.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposal of, dealing in or exercising any rights attached to the Shares. None of the Company, the Sole Sponsor, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers, the Underwriters, any of their respective directors or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchase, holding or disposal of, dealing in or exercising any rights attached to the Shares.

APPLICATION PROCEDURE FOR THE HONG KONG OFFER SHARES

The application procedure for Hong Kong Offer Shares is set out in "How to Apply for Hong Kong Offer Shares".

CURRENCY TRANSLATIONS

Solely for your convenience, this prospectus contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars. Unless otherwise specified, amounts denominated in Hong Kong dollars and Renminbi have been translated, for the purpose of illustration only, into U.S. dollars in this prospectus at the following exchange rates:

HK\$1.00: RMB0.92320

US\$1.00: RMB7.1848

The above exchange rates were quoted by the PBOC for foreign exchange transactions on December 6, 2024. No representation is made that any amounts in Renminbi, Hong Kong dollars or U.S. dollars can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

LANGUAGE

If there is any inconsistency between the English version of this prospectus and its Chinese translation, the English version of this prospectus shall prevail. If there is any inconsistency between the Chinese names of PRC nationals, entities, departments, facilities, certificates, titles, laws, regulations and the like mentioned in this prospectus and their English translations, the Chinese names shall prevail.

ROUNDING

In this prospectus, where information is presented in hundreds, thousands, ten thousands, millions, hundred millions or billions, certain amounts of less than one hundred, one thousand, ten thousand, one million, a hundred million or a billion, as the case may be, have been rounded to the nearest hundred, thousand, ten thousand, million, hundred million or billion, respectively. Unless otherwise stated, all the numerical figures are rounded to one decimal place. Any discrepancies in any table or chart between totals and sums of amounts listed therein are due to rounding.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Address	Nationality
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Executive Directors

Mr. Zhang Wanneng (張萬能)	Room 2-504, Shida Apartment Hongshan Town Gulou District Fuzhou, Fujian PRC	Chinese
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Mr. Chen Jing (陳晶)	Unit 502, Floor 1, Building 16, Mingjuyuan No. 69 Yuanyang Road Jin'an District Fuzhou, Fujian PRC	Chinese
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Non-executive Directors

Mr. Chen Yong (陳勇)	Room 1210, Building 3, Fudeyuyuan No. 53 Qunzhong Road Taijiang District Fuzhou, Fujian PRC	Chinese
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Mr. Zhang Xiangming (章向明)	Room 301, Building 4 418 Lane Mudan Road Pudong District Shanghai PRC	Chinese
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DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Name	Address	Nationality
Independent Non-executive Directors		
Mr. Xu Jing (徐景)	Unit C, Floor 39, Tower 5A 28 Sham Mong Road Hong Kong	Chinese
Dr. Lu Tao	Western District 1-3-1103 University Town Community Liangxiang Yanbao Fangshan District Beijing PRC	American
Ms. Deng Xiaolan (鄧曉嵐)	13G, Building B Huakaifugui No. 8 Dongda Road Fuzhou, Fujian PRC	Chinese

For further information regarding our Directors, see “Directors and Senior Management”.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED**Sole Sponsor**

CCB International Capital Limited
12th Floor, CCB Tower
3 Connaught Road Central
Central
Hong Kong

Financial Advisor^(Note)

Bristol Capital Limited
Unit 13, 43th Floor,
AIA Tower, 183 Electric Road,
North Point
Hong Kong

**Overall Coordinators,
Joint Global Coordinators,
Joint Bookrunners,
Joint Lead Managers and
Capital Market Intermediaries**

CCB International Capital Limited
12th Floor, CCB Tower
3 Connaught Road Central
Central
Hong Kong

Shenwan Hongyuan Securities (H.K.) Limited
Level 6, Three Pacific Place
1 Queen's Road East
Hong Kong

**Joint Bookrunners, Joint Lead
Managers and Capital Market
Intermediaries**
(In no particular order)

BOCI Asia Limited
26/F, Bank of China Tower
1 Garden Road
Central
Hong Kong

Livermore Holdings Limited
Unit 1214A, 12/F, Tower II Cheung Sha Wan Plaza
833 Cheung Sha Wan Road
Kowloon
Hong Kong

Fosun International Securities Limited
Suite 2101–2105, 21/F Champion Tower
3 Garden Road
Central
Hong Kong

Note: For further details of the Financial Advisor, see “Appendix IV—Statutory and General Information—D. Other Information—12. Financial Advisor” in this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Zhongtai International Securities Limited

19/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

China Everbright Securities (HK) Limited

33/F, Everbright Centre
108 Gloucester Road
Wan Chai
Hong Kong

Ruibang Securities Limited

9/F, Sang Woo Building
227–228 Gloucester Road
Wan Chai,
Hong Kong

Sinolink Securities (Hong Kong) Company Limited

Unit 3501–08, 35/F, Cosco Tower
183 Queen's Road Central
Sheung Wan
Hong Kong

Victory Securities Company Limited

11/F, Yardley Commercial Building
3 Connaught Road West
Sheung Wan
Hong Kong

Futu Securities International (Hong Kong) Limited

34/F, United Centre
No. 95 Queensway
Admiralty
Hong Kong

**Joint Lead Manager and Capital
Market Intermediary****Patrons Securities Limited**

Unit 3214, 32/F., Cosco Tower
183 Queen's Road Central
Sheung Wan
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Legal Advisors to our Company	<i>as to Hong Kong and the United States law:</i> Paul Hastings 22/F, Bank of China Tower 1 Garden Road Central Hong Kong
	<i>as to the PRC law (including PRC data privacy and protection matters):</i> Jingtian & Gongcheng 34th Floor, Tower 3, China Central Place 77 Jianguo Road Beijing PRC
	<i>as to Cayman Islands law:</i> Harney Westwood & Riegels 3501, The Center 99 Queen's Road Central Hong Kong
Legal Advisors to the Sole Sponsor and the Underwriters	<i>as to Hong Kong law:</i> Han Kun Law Offices LLP Rooms 4301-10 43/F, Gloucester Tower The Landmark 15 Queen's Road Central Hong Kong
	<i>as to the PRC law:</i> Commerce & Finance Law Offices 12-14th Floor, China World Office 2 No. 1 Jianguomenwai Avenue Beijing PRC
	KPMG 8th Floor Prince's Building 10 Chater Road Central Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Industry Consultant	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. 2504 Wheelock Square 1717 Nanjing West Road Shanghai PRC
Compliance Advisor	Giraffe Capital Limited 3rd Floor, 8 Wyndham Street Central Hong Kong
Receiving Bank	CMB Wing Lung Bank Limited 45 Des Voeux Road Central Hong Kong

CORPORATE INFORMATION

Registered Office	3rd Floor, Century Yard Cricket Square, P.O. Box 902 Grand Cayman, KY1-1103 Cayman Islands
Headquarters and Principal Place of Business in China	22nd Floor, No. 3 Building F Zone, Fuzhou Software Park 89 Software Avenue Gulou District Fuzhou, Fujian PRC
Principal Place of Business in Hong Kong	4th Floor, Wah Yuen Building 149 Queen's Road Central Central Hong Kong
Company's Website	www.jkzlkj.cn <i>(The information on the website does not form part of this prospectus)</i>
Joint Company Secretaries	Mr. Li Guomin Room 910, Building A1, Yijing Garden Gulou District Fuzhou, Fujian PRC Mr. Tam Chun Wai Edwin <i>(Certified Public Accountant)</i> 4th Floor, Wah Yuen Building 149 Queen's Road Central Central Hong Kong
Authorized Representatives	Mr. Zhang Room 2-504, Shida Apartment Hongshan Town Gulou District Fuzhou, Fujian PRC Mr. Tam Chun Wai Edwin 4th Floor, Wah Yuen Building 149 Queen's Road Central Central Hong Kong

CORPORATE INFORMATION

Audit Committee	Mr. Xu Jing (<i>Chairperson</i>) Mr. Zhang Xiangming Ms. Deng Xiaolan
Remuneration Committee	Dr. Lu Tao (<i>Chairperson</i>) Mr. Zhang Xiangming Ms. Deng Xiaolan
Nomination Committee	Dr. Lu Tao (<i>Chairperson</i>) Mr. Zhang Xiangming Ms. Deng Xiaolan
Principal Share Registrar	Tricor Services (Cayman Islands) Limited Second Floor, Century Yard Cricket Square P.O. Box 902 Grand Cayman KY1-1103 Cayman Islands
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17th Floor, Hopewell Centre 183 Queen’s Road East Wan Chai Hong Kong
Principal Banks	China Merchants Bank Co., Ltd. Fuzhou Branch 1st Floor, Zhaoyin Building No. 316 Jiangbinzhong Avenue Taijiang District Fuzhou, Fujian PRC
	Industrial Bank Co., Ltd. Fuzhou Global Branch 1st Floor, Global Plaza 158 Wusi Road Gulou District Fuzhou, Fujian PRC

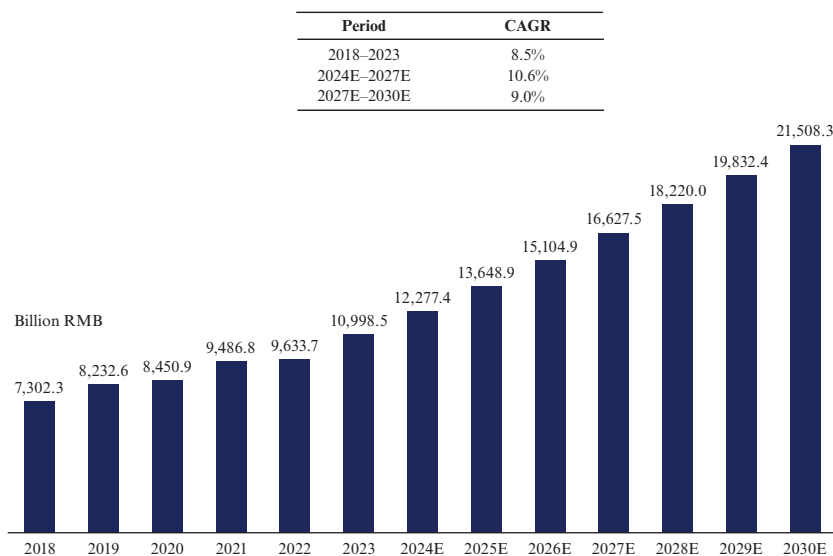
INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this prospectus were extracted from the report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the Global Offering. The information from official government sources has not been independently verified by us, the Sole Sponsor and the Joint Overall Coordinators, any of their respective directors and advisers, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy.

THE HEALTH AND WELLNESS MARKET IN CHINA

As an important part of China’s national economy, the health and wellness industry in China has been growing steadily in recent years. According to Frost & Sullivan, the market size of the health and wellness industry in China grew from RMB7.3 trillion in 2018 to RMB11.0 trillion in 2023, representing a CAGR of 8.5% from 2018 to 2023; and it is further expected to increase from RMB11.0 trillion in 2023 to RMB16.6 trillion in 2027, representing an estimated CAGR of 10.6% from 2024 to 2027. According to Frost & Sullivan, the market size of the health and wellness industry in China is expected to reach RMB21.5 trillion in 2030. The following diagram sets forth the size and growth rate of the health and wellness market in China from 2018 to 2030.

The Health and Wellness Market Size in China, 2018–2030E

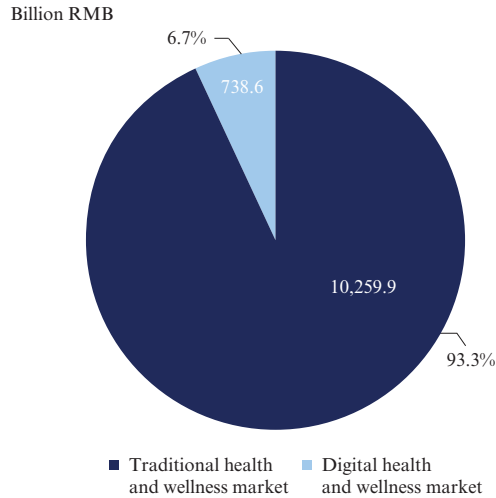


Source: MOFCOM, annual reports of relevant public companies, and Frost & Sullivan analysis

INDUSTRY OVERVIEW

The following chart sets forth the breakdown of the health and wellness market by segments in China in 2023.

Breakdown of the Health and Wellness Market in China by Segments, 2023



The health and wellness market in China mainly consists of (i) traditional health and wellness market, and (ii) digital health and wellness market. The market size of the health and wellness industry in China reached RMB11.0 trillion in 2023.

Along with the trend of China's health and wellness market, China's healthcare expenditure has also experienced steady growth in recent years. According to Frost & Sullivan, China's healthcare expenditure grew from RMB5.9 trillion in 2018 to RMB8.5 trillion in 2022, representing a CAGR of 7.6% from 2018 to 2022; and it is expected to reach RMB11.4 trillion in 2026, representing an estimated CAGR of 7.4% from 2022 to 2026. According to Frost & Sullivan, China's healthcare expenditure is expected to reach RMB14.5 trillion in 2030.

THE DIGITAL HEALTH AND WELLNESS MARKET IN CHINA

Overview

Digital health services refer to the use of digital technology tools to deliver services or products to address health needs. The digital health and wellness market has entered into an accelerated development stage since 2018, subsequent to the introduction of Measures for the Administration of Internet Diagnosis and Treatment (Trial) (《互聯網診療管理辦法(試行)》), Measures for the Administration of Internet Hospitals (Trial) (《互聯網醫院管理辦法(試行)》) and Specifications for the Administration of Remote Medical Services (Trial) (《遠程醫療服務管理規範(試行)》). The outbreak of COVID-19 nationwide since early 2020 has further boosted the digital health and wellness market in China, mainly because (i) more favorable policies to the industry have been introduced by the PRC Government; (ii) more medical resources have been allocated to online medical services; and (iii) the user habits have undergone a shift—more and more people seek online diagnosis and treatment when they need physicians' advice.

INDUSTRY OVERVIEW

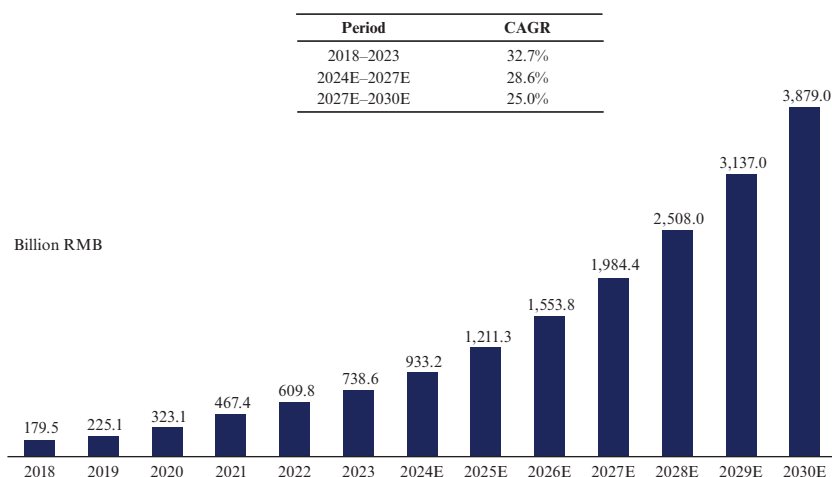
The digital health and wellness industry in China accounted for 6.7% of the overall health and wellness market in 2023 in terms of market size, compared to 2.5% in 2018 and an estimate of 11.9% in 2027. It is expected to further account for 18.0% of the overall health and wellness market in 2030, in terms of market size. According to Frost & Sullivan, the health and wellness market in China is undergoing a digital transformation, and the market share of the digital health and wellness market is expected to expand.

Market Size and Forecast of the Digital Health and Wellness Market in China

According to Frost & Sullivan, the market size of digital health and wellness in China increased from RMB179.5 billion in 2018 to RMB738.6 billion in 2023, representing a CAGR of 32.7% from 2018 to 2023; it is expected to reach RMB1,984.4 billion in 2027 from RMB738.6 billion in 2023, representing an estimated CAGR of 28.6% from 2024 to 2027. According to Frost & Sullivan, the market size is expected to further reach RMB3,879.0 billion in 2030.

The following diagram sets forth the size and growth rate of the digital health and wellness market in China from 2018 to 2030.

The Digital Health and Wellness Market Size in China, 2018–2030E



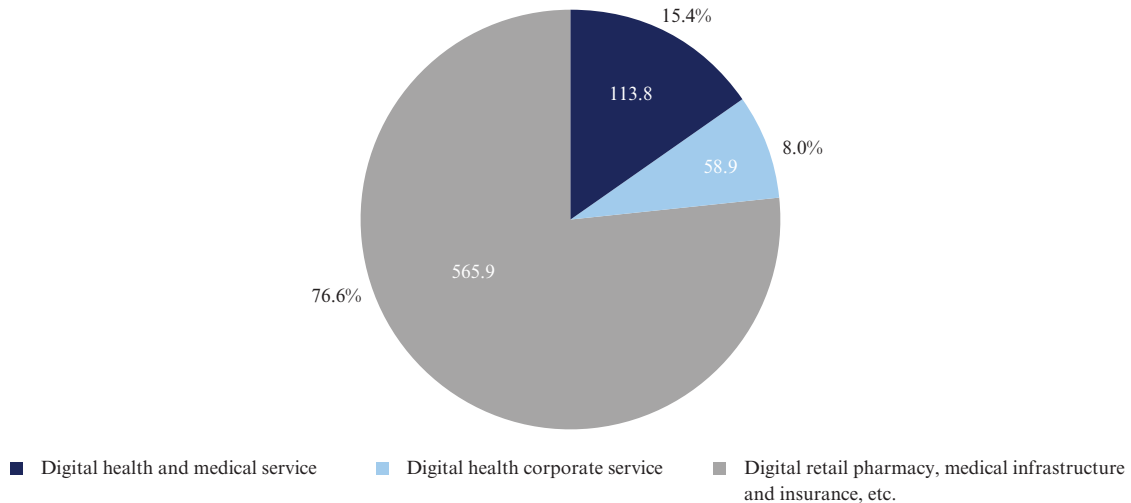
Source: MOFCOM, annual reports of relevant public companies, and Frost & Sullivan analysis

INDUSTRY OVERVIEW

The following diagram sets forth the breakdown of the digital health and wellness market in China by segments in 2023.

Breakdown of the Digital Health and Wellness Market in China by Segments, 2023

Billion RMB



Source: MOFCOM, Annual reports of relevant companies, Frost & Sullivan Analysis

The digital health and wellness market primarily consists of the digital health and medical service market, the digital health corporate service market, and the digital retail pharmacy market. The market size of the digital health and wellness market reached RMB738.6 billion in 2023.

Growth Drivers of the Digital Health and Wellness Market in China

The rapid growth of the digital health and wellness market in China is primarily driven by the following factors:

- *Increasing migration rate of digital health services.* The emerging digital health service is rather new in China. The migration rate of digital health services (defined as the market size of the digital health and wellness market divided by China's total healthcare expenditure) increased from 3.0% in 2018 to 8.1% in 2023. The relatively low migration rate of the digital health services indicates huge growth potential. The outbreak of COVID-19 nationwide since early 2020 accelerated the use of digital health services, and subsequently contributed to the growth of the digital health and wellness market in China.
- *Innovative technologies of digital health services.* Powered by innovative technologies, digital health services redefine the standard of health and medical practice by providing services in a more convenient and efficient manner. Innovative technologies enable more patients to have access to high-quality medical resources, and enable more hospitals and physicians to share information free and open.

- *Favorable policies.* Opinions on Promoting the Development of “Internet + Medical Health” (《關於促進“互聯網+醫療健康”發展的意見》) implemented by the PRC Government in 2018 aim to provide quality service to more population nationwide. A series of similar policies, such as Draft Measures for Management of Internet Medical Treatment (Draft for Comments) (《關於徵求互聯網診療管理辦法(試行)》(徵求意見稿)), Notice on In-depth Implementation of “Internet + Medical Health” Activities for the Benefit of the Public (《關於深入開展“互聯網+醫療健康”便民惠民活動的通知》) and Notice on Further Promotion of “Internet + Medical Health” “Five Ones” Service Activities (《關於深入推進“互聯網+醫療健康”“五個一”服務行動的通知》), also set out blueprints for the development of the digital health and wellness market and emphasize the importance of digital health solutions. By defining the standards for “Internet + Medical Health” services, these policies allow third-party companies such as our Company to collaborate with hospitals and healthcare institutions to set up online diagnostic and treatment platforms, which provide customers with online appointment services and medical consultation services, among others. In particular, Notice on In-depth Implementation of “Internet + Medical Health” Activities for the Benefit of the Public, (《關於深入開展“互聯網+醫療健康”便民惠民活動的通知》) also encourages the further development of health information services, the establishment of online platforms to spread scientific and technical knowledge and the development of online health education, and therefore drives the growth of content services.
- *Growing health awareness.* Health awareness has further grown in China in recent years, as reflected by the increased average healthcare expenditure. The increased health awareness has led to (i) the increased diagnosis and treatment rate of many diseases, in particular, chronic diseases; and (ii) the increased popularity of health maintenance services. These changes further drive the demand for drugs and other medical services.

Entry Barriers of the Digital Health and Wellness Market in China

According to Frost & Sullivan, the following are the major entry barriers for providers of digital health and wellness services:

- *Strong existing network of healthcare resources.* Established players are more likely to succeed because they have more resources available to build integrated platforms for hospitals, physicians and patients, in order to connect these key industry stakeholders. These established players not only provide basic healthcare services through primary healthcare institutions, but also provide high-quality medical services through physicians from higher-class hospitals.
- *Industry know-how and technical capabilities.* The digital health and wellness market is a relatively new segment in China’s health and wellness industry. Industry expertise and insight are required to build a viable business model and workflow, and to design products and services that suit the specific needs of healthcare users.

INDUSTRY OVERVIEW

- *High customer acquisition cost.* The user behavior and user habits of digital health platforms have been well trained through the existing large players in the digital health market. The existing large players have penetrated most users. Therefore, the emerging players may incur substantial cost to acquire new customers to accumulate a large amount of customer resources.

Opportunities of the Digital Health and Wellness Market in China

- *Integrated online-and-offline service capabilities.* Digital health and medical service platforms are essential, when it comes to addressing challenges arising from uneven distribution of medical resources in China. Companies with integrated online-and-offline medical service capabilities are in a better position to offer quality medical services to users and achieve greater operational efficiency. Such advantages enable these companies to effectively acquire users and generate growth.
- *Cooperation and innovation capabilities related to commercial health insurance products.* The availability of commercial health insurance is crucial to health management. Digital health and medical service providers can work with commercial health insurance providers to develop new insurance products that are tailored to the specific needs of individual users. By offering end-to-end services from sales to claim settlement, the overall efficiency of health management could be improved.

Future Trends of the Digital Health and Wellness Market in China

The digital health and wellness market in China is expected to have the following changes in the near future:

- *Attention towards digital strategy.* Pharmaceutical companies have shifted to digital strategy, in terms of capacity enhancement. There is a growing trend to carry out business initiatives via online channels, including branding and marketing, patient education, remote services, medical e-commerce, disease management and other fields.
- *Increasing physician participation.* More physicians are providing online diagnosis and treatment services through third-party platforms or Internet hospitals. The use of multiple platforms by physicians has become a trend. The active participation of more qualified physicians has motivated more patients to seek medical advice online.
- *Digitalization of consumer healthcare.* The rising demand for digital consumer healthcare services has contributed to the growth of the digital health and wellness industry in China. Digital consumer healthcare services provide a cost-effective option for patients to access quality medical services, and for digital healthcare platforms to increase patient retention.

INDUSTRY OVERVIEW

- *Development of online chronic disease management platforms.* Digital healthcare platforms partner with pharmaceutical companies and hospitals to facilitate long-term chronic disease management and post-operative care. Online disease management platforms can help physicians better manage patients, track patient information, and provide follow-up consultation.
- *Importance of digital health infrastructure service.* Hospitals are actively transforming towards a greater online presence, by building online hospitals and developing out-of-hospital service offerings. Such transformation increases the general public's demand for relevant digital health infrastructure services.

THE DIGITAL HEALTH AND MEDICAL SERVICE MARKET IN CHINA

Overview

The digital health and medical service market addresses patients' demand for health and medical services via technology platforms. Similar to traditional health and medical services, the digital health services nowadays cover periods before, during, and after diagnosis. Typical services include online appointment services, consultation services, health data tracking, and chronic diseases management and treatment.

Companies in the digital health and medical service market usually incur the following costs in addition to typical employee costs and administrative expenses:

- *Medical support services:*
 - o For health membership schemes, the major costs primarily include the procurement cost of medical services provided by third-party providers, primarily because a large portion of medical services included in health membership schemes are typically provided by third-party service providers. These services typically include both (i) online services such as medical consultation services and (ii) offline services such as physical examination.
 - o For other medical support services such as medical consultation services, the major costs primarily include the labor cost of physicians given that such services are provided by physicians who collaborate with relevant companies. In addition, for supporting services to hospitals, the major costs primarily include the procurement cost of on-site health assistant, primarily because such services are typically performed by on-site health assistant employed by relevant companies.
- *Value-base medical services:*
 - o For healthcare service packages which include multiple health products, the major costs primarily include the procurement cost of the health products included in the healthcare service packages.

INDUSTRY OVERVIEW

- o For pharmaceutical sales business, the major costs primarily include the procurement cost of medicines and medical devices procured and sold by relevant companies.

Market Size and Forecast of the Digital Health and Medical Service Market in China

According to Frost & Sullivan, the market size of the digital health and medical service market in China increased from RMB16.0 billion in 2018 to RMB113.8 billion in 2023, representing a CAGR of 48.0% from 2018 to 2023; it is expected to grow to RMB432.0 billion in 2027 from RMB113.8 billion in 2023, representing an estimated CAGR of 39.1% from 2024 to 2027. According to Frost & Sullivan, such market size is expected to further reach RMB1.0 trillion in 2030, on the following bases:

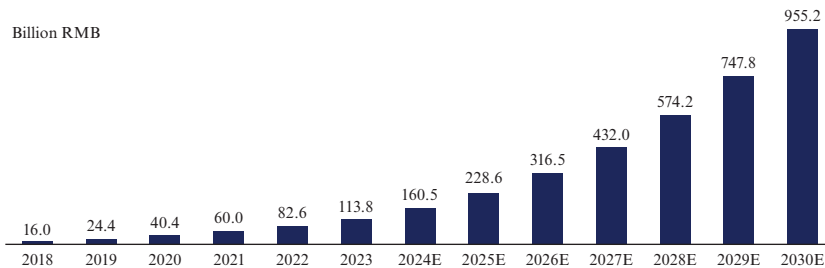
- China has entered an aging society. The population aged 65 and above increased rapidly in China at a CAGR of 5.4% from 2018 to 2023. According to the National Bureau of Statistics of China, individuals aged 65 or above is estimated to reach approximately 278.7 million by 2030, from approximately 216.8 million in 2023. The increase in the aging population in China will create increasing demand for healthcare and health management services. Furthermore, the aging population is increasingly engaging in online medical treatments and medicine purchases, a trend which is accelerated by the COVID-19 pandemic, according to Frost & Sullivan. According to China Internet Network Information Center, the proportion of Internet users aged 60 and above increased from 6.6% in 2018 to 15.6% in 2023, and is expected to further grow in the next few years. Besides, the Chinese government has introduced policies, such as the Smart Healthy Elderly Care Industry Development Action Plan (2021–2025) (《智慧健康養老產業發展行動計劃(2021–2025年)》) in 2021, aiming to build a comprehensive smart elderly care system using online platforms and mobile applications and helping promote digital health access for the elderly. According to Frost and Sullivan, the digitization of these services is likely to be an inevitable trend, leading to rapid market expansion; and
- The incidence rates of many diseases in China have increased over the past few decades, mainly because people get physical examinations more often, driven by the increasing health awareness and technological advances. For example, the number of diabetic patients in China increased from 125.7 million in 2018 to 143.4 million in 2023, and is expected to reach 157.6 million in 2030. The higher incidence rate of diseases will also drive the demand for disease prevention services and health management services, leading to rapid market expansion.

INDUSTRY OVERVIEW

The following diagram sets forth the size and growth rate of the digital health and medical service market in China from 2018 to 2030.

The Digital Health and Medical Service Market Size in China, 2018–2030E

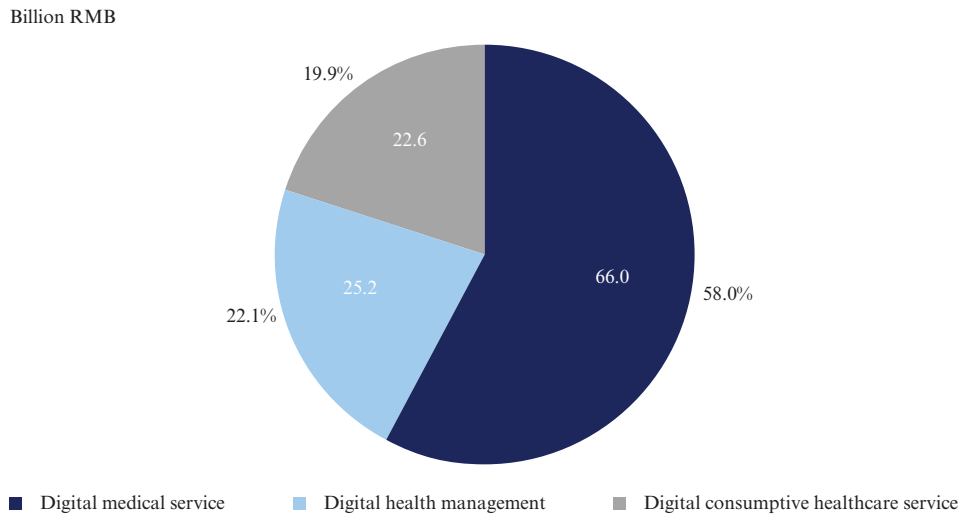
Period	CAGR
2018-2023	48.5%
2024E-2027E	39.1%
2027E-2030E	30.3%



Source: MOFCOM, annual reports of relevant public companies, Frost & Sullivan analysis

The following chart sets forth the breakdown of the digital health corporate service market in China by segments in 2023.

Breakdown of the Digital Health and Medical Service Market Size in China by Segments, 2023



Source: Annual Reports, Public Information, Frost & Sullivan Analysis

INDUSTRY OVERVIEW

The digital health and medical service market primarily consists of the digital medical service market, digital health management market and digital consumptive healthcare service market. The market size of the digital health and medical service market reached RMB113.8 billion in 2023.

Growth Drivers of the Digital Health and Medical Service Market in China

The rapid growth of the digital health and medical service market in China is primarily driven by the following factors:

- *Increasing aging population and chronic disease.* A higher prevalence of chronic diseases will result from China's aging population in the near future, underscoring the significance of chronic disease management. Two of the most common challenges in chronic disease management are patient compliance and profile management. Digital technology makes it easier for physicians to keep track of patient information in electronic forms, facilitating patient management.
- *Uneven distribution of offline medical resources.* Class III hospitals, while making up less than 10% of the total number of hospitals in China, provide services to more than half of total number of outpatients. In China, Class III hospitals are mainly located in more developed cities. Online consultations give patients access to high-quality medical resources regardless of location. In addition, online consultations play an essential role in building a hierarchical diagnosis and treatment system in China, by effectively diverting the traffic of patients online or offline.
- *Ever increasing online consultation capabilities.* Online consultations are expanding service offerings and improving service capability in terms of disease diagnosis and treatment, driving more patients to seek medical advice through online channels.

Entry Barriers of the Digital Health and Medical Service Market in China

According to Frost & Sullivan, the following are entry barriers for providers into the digital health and medical service market in China:

- *Patient privacy.* Online medical service providers are required to keep patients' information safe and private. Concerns about patient privacy could hurt patient acquisition.
- *Diagnosis and treatment quality.* It is less convenient for patients to describe their symptoms online, while it is also more challenging for physicians to diagnose and treat. Such deficiency may compromise diagnosis quality and lead to misdiagnosis and ineffective treatment, affecting the overall quality of online medical service. Therefore, the availability of experienced and skilled physicians is indispensable for new players planning to provide online diagnosis and treatment services.

INDUSTRY OVERVIEW

- *Technological restriction.* It is critical to offer an organized user experience to attract and retain individual users. Strong technological capabilities are required to establish and provide quality online diagnosis and treatment services.

Opportunities and Challenges of the Digital Health and Medical Service Market in China

- *Online business has become a key driver.* Online business has now become the most prominent feature of the consumer market. The Internet-based new economy drives the development of online medical check-ups and online consultation and diagnosis. Meanwhile, the adoption of cutting-edge information technology and favorable national policies will further encourage new businesses and new models in the digital health industry.
- *Online re-visits and medication purchases.* Prescriptions for chronic disease medicines are generally valid for six months. Internet hospitals can provide online prescription renewal services to patients with pre-diagnosed diseases, especially chronic diseases, cost-effectively. The introduction of online prescription renewal and the repeat order for drugs continue to generate huge business opportunities.

There are also challenges confronting the digital health and medical service market. The availability of experienced physicians may not grow in line with the increasing medical demand. Insufficient offline medicine delivery capacity may also hinder the expansion of online medical services. Small brands may not be able to compete effectively with well-established platforms with larger user traffic.

Competitive Landscape of the Digital Health and Medical Service Market in China

The digital health and medical service market in China is intensely competitive. The following tables illustrate the competitive landscape of the digital health and medical service market in China, as measured by the number of platform registered physicians, the number of platform connected Class I/II/III hospitals, and the number of registered individual users as of December 31, 2023 and the market share in terms of revenue in 2023, respectively.

<u>Ranking</u>	<u>Company</u>	<u>Listing Status</u>	<u>Number of Registered Physicians on platform</u> <i>(in thousands)</i>	<u>Ranking</u>	<u>Company</u>	<u>Listing Status</u>	<u>Number of Class I/II/III Hospitals Connected to platform</u>
1	Our Company	Unlisted	854	1	Company A ⁽¹⁾	Unlisted	14,258
2	Company A ⁽¹⁾	Unlisted	560	2	Company E ⁽⁵⁾	Unlisted	8,000+
3	Company B ⁽²⁾	Unlisted	422	3	Our Company	Unlisted	7,365
4	Company C ⁽³⁾	Unlisted	400	4	Company F ⁽⁶⁾	Unlisted	~5,000
5	Company D ⁽⁴⁾	Unlisted	360	5	Company G ⁽⁷⁾	Unlisted	~4,700

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Ranking	Company	Listing Status	Number of Registered Individual Users <i>(in million)</i>	Ranking	Company	Listing Status	Market Share in Terms of Revenue <i>(in million)</i>
1	Company H ⁽⁸⁾	Listed	~ 440	1	Company E ⁽⁵⁾	Unlisted	~ 1,500
2	Company E ⁽⁵⁾	Unlisted	~ 300	2	Company H ⁽⁸⁾	Listed	~ 1,200
3	Company I ⁽⁹⁾	Unlisted	~ 210	3	Company J ⁽¹⁰⁾	Listed	860.3
4	Our Company	Unlisted	186	4	Company K ⁽¹¹⁾	Unlisted	403.5
5	Company B ⁽²⁾	Unlisted	~ 160	5	Our Company	Unlisted	297.5

Notes:

- (1) Company A is a Shenzhen-based company founded in 2005, mainly focusing on appointment and registration, and health consultation services.
- (2) Company B is a Beijing-based company founded in 2011, mainly focusing on online medical and health consultation services.
- (3) Company C is a Guangzhou-based company founded in 2015, mainly focusing on appointment and registration, and health management services.
- (4) Company D is a Guangzhou-based company founded in 2015, mainly focusing on patient management, online consultation, and prescription recommendation for patients with chronic diseases.
- (5) Company E is a Hangzhou-based company founded in 2010, mainly focusing on membership-based health management services, and digital chronic disease management.
- (6) Company F is a Shenzhen-based company founded in 2004, mainly focusing on family health services.
- (7) Company G is a Guangzhou-based company founded in 2018, mainly focusing on online medical content services, and patient recruitment solutions for clinical studies.
- (8) Company H is a Shanghai-based company founded in 2014, mainly focusing on the operation of Internet healthcare platform.
- (9) Company I is a Beijing-based company founded in 2006, mainly focusing on online diagnosis and treatment services, and online appointment scheduling service.
- (10) Company J is a Beijing-based company mainly focusing on the pharmaceutical direct sales business, the pharmaceutical e-commerce platform business, and the healthcare and digital services business.
- (11) Company K is a Shanghai-based company founded in 2011, mainly focusing on cloud hospital platform services, Internet medical services, and health management services.

THE DIGITAL HEALTH CORPORATE SERVICE MARKET IN CHINA

Overview

The digital health corporate services comprise three main categories: (i) digital marketing services for pharmaceutical companies; (ii) software and system development services for medical institutions and pharmaceutical companies; and (iii) RWS support services for pharmaceutical companies.

Companies in the digital health corporate service market usually incur the following costs in addition to typical employee costs and administrative expenses:

- ***Corporate services:***
 - o For content services, the major costs primarily include the labor cost associated with the engagement of third-party content providers, primarily because companies typically collaborate with external medical experts or physicians in producing such content.
 - o For information technology services, the major costs primarily include the labor cost associated with the engagement of technology specialists for software development.
- ***Digital marketing services:***
 - o The major costs of digital marketing services primarily include (i) the labor cost associated with the engagement of third-party content providers; and (ii) the cost associated with the media channels for advertisements, such as the engagement with third-party advertising service providers for using their channels.

Market Size and Forecast of the Digital Health Corporate Service Market in China

According to Frost & Sullivan, the market size of the digital health corporate service market in China increased from RMB6.7 billion in 2018 to RMB58.9 billion in 2023, representing a CAGR of 54.4% from 2018 to 2023; it is expected to grow to RMB178.4 billion in 2027 from RMB58.9 billion in 2023, representing an estimated CAGR of 33.0% from 2024 to 2027. According to Frost & Sullivan, such market size is expected to further reach RMB352.2 million in 2030, on the following bases:

- As of December 31, 2023, over 60% of physicians with associate chief physicians or higher titles, and 413.9 million users in China had connected to digital health and medical service platforms. According to the Frost & Sullivan, it is expected that a growing number of healthcare professionals and patients will connect to digital health and medical service platforms in the future. As a result, digital health and medical service platforms are becoming increasingly appealing to companies in

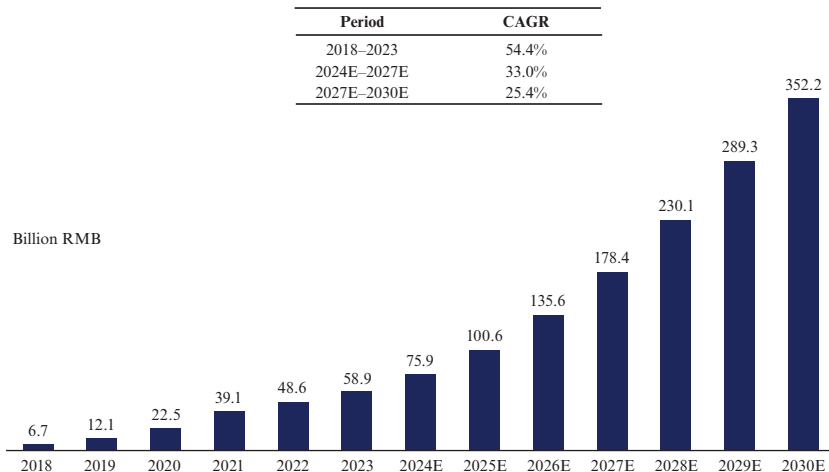
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the pharmaceutical industry, in order to reach potential customers efficiently. The market size of digital health corporate service market is expected to continue to grow; and

- The demand for post-market research on real-world data in China has increased rapidly in recent year, mainly driven by the commercialization of an increasing number of new drugs into the pharmaceutical market. Since 2019, the CDE and the NMPA have promulgated various guidelines on the utilization of real-world data, in relation to the research and development of drug and medical devices, including “Basic Considerations for Real-World Evidence to Support Drug Development (Draft for Comments)” (《真實世界證據支持藥物研發的基本考慮(徵求意見稿)》) and the “RWE Guidelines” (《RWE指導原則》). Such favorable policies are expected to further drive the market expansion.

The following diagram sets forth the size and growth rate of the digital health corporate service market in China from 2018 to 2030.

The Digital Health Corporate Service Market Size in China, 2018–2030E

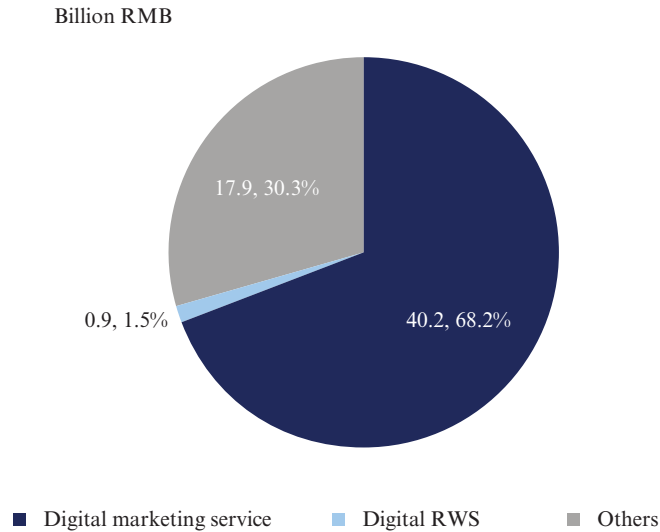


Source: Annual reports of relevant public companies and Frost & Sullivan analysis

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The following chart sets forth the breakdown of the digital health corporate service market in China by segments in 2023.

Breakdown of the Digital Health Corporate Service Market in China by Segments, 2023



The digital health corporate service market primarily consists of digital health marketing service market, digital RWS market and others. The market size of the digital health corporate service market in China reached RMB58.9 billion in 2023.

Growth Drivers of the Digital Health Corporate Service Market in China

The rapid growth of the digital health corporate service market in China is primarily driven by the following factors:

- *Improved efficiency.* Digital health corporate services offer a less time-consuming, more affordable alternative to traditional marketing. Digital health corporate service providers can leverage their networks to help pharmaceutical companies with digital marketing initiatives. Pharmaceutical companies could promote their products more efficiently by leveraging data and resources available to the digital health corporate service providers. Specifically, marketing campaigns can be performed more efficiently than traditional ones, which require face-to-face interactions. In addition, feedbacks on marketing campaign can be received and analyzed promptly.
- *Superior marketing analytics and insights.* Digital health corporate services can boost the efficacy of marketing activities for pharmaceutical and medical companies. Supported by big data analytics tool, pharmaceutical and medical companies are enabled to specifically target patients with particular demographics, interests, and behaviors. Additionally, data gathered from digital marketing contributes to the analysis of customers' behavior, age, preferences, spending habits and other attributes. This, in turn, enables pharmaceutical and medical companies to refine their marketing strategies and enhance their overall marketing effectiveness.

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- *Growing patients' needs for innovative therapies.* Increasing medical challenges are driving patients to seek better treatment. As patients are continuously exposed to a large number of advertisements about the latest medical development these days, the increasing demand from patients for innovative therapies will continue to drive this market to grow.

Entry Barriers of the Digital Health Corporate Service Market in China

According to Frost & Sullivan, the following are the entry barriers for providers in the digital health corporate service market in China:

- *Capabilities to serve multiple stakeholders.* The digital health corporate service market involves various stakeholders such as hospitals, pharmaceutical companies and local health authorities. Emerging players in this market are confronted with challenges due to weak brand awareness and fierce market competition. These new players often have limited resources to develop multiple services for various stakeholders simultaneously. As a result, they may lack the capabilities to provide services to all key stakeholders in the digital health corporate service market.
- *High technological barriers.* Advanced technologies such as big data analytics have contributed to the digital transformation of this market. By incorporation of modern digital tools and medical expertise, digital health corporate service providers have expanded the application of digital corporate services in more scenarios. The use of digital corporate services, such as digital marketing services, requires continuous upgrade in terms of hardware and software, creating entry barriers for new players.

Opportunities and Challenges of the Digital Health Corporate Service Market in China

- *Centralized procurement requires efficient marketing models.* With the implementation of centralized procurement nationwide and the “two-invoice” system, average drug prices are on a downward trend. Pharmaceutical companies have an urging demand for controlling marketing expense, so that desirable profitability can be maintained.
- *Innovative drugs and medical devices drive the overall marketing demand.* In China, an increasing number of domestically developed innovative drugs and medical devices have commercialized, driven by a series of reforms by the PRC Government. Multi-national and domestic pharmaceutical companies are increasingly in need of cost-effective digital marketing services to promote innovative drugs and medical devices. Compared to traditional healthcare marketing channels, which usually rely on medical representatives to promote products to medical institutions and pharmacies, digital marketing services can reduce the marketing costs effectively. Digital marketing services help pharmaceutical companies reach a wider range of audience through the Internet. For example, patients in rural areas, who are hardly involved by the traditional marketing channels, are enabled to engage with pharmaceutical

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companies through digital marketing, in the same way as for those living in cities. Therefore, pharmaceutical companies could have more opportunities to introduce their drugs and medical devices to more potential customers in need, efficiently and effectively.

- *Increasing reliance on digital technologies.* The application of digital marketing services has gradually replaced the traditional offline marketing model. Digital marketing helps pharmaceutical companies reach target customers more precisely and accurately, by utilization of big data analytics and other digital technologies.

Competitive Landscape of the Digital Health Corporate Service Market in China

The digital health corporate service market in China is at its early stage of development, and market players in the industry are still evolving and optimizing their business models. Market players offer diverse services, often different from each other, to address the diverse needs of pharmaceutical companies, medical institutions, and other corporations. It is estimated that there were over 100 digital health corporate service providers in China as of December 31, 2023. These service providers focus on different fields of this market with various business models, which may include the combination of different corporate services, such as digital marketing services, software and system development services, and RWS support services. The different combinations of services provided by market players have led to a fragmented digital health corporate service market in China. According to Frost & Sullivan, the market share of each market player, including us, was less than 2% of the digital health corporate service market in China, in terms of revenue in 2023. As of the Latest Practicable Date, there was insufficient publicly available information that could be used to evaluate the complete competitive landscape of the digital health corporate service market in China. The following table illustrates examples of large digital health corporate service providers in China in terms of revenue of digital health corporate services in 2023:

<u>Company</u>	<u>Listing Status</u>	<u>Revenue of Digital Health Corporate Services</u> <i>(in million)</i>	<u>Market Share in Terms of Revenue of Digital Health Corporate Services</u> <i>(%)</i>
Company L ⁽¹⁾	Listed	~ 1,150	2.0
Company M ⁽²⁾	Listed	659	1.1
Company J ⁽³⁾	Listed	~ 500	0.8
Company N ⁽⁴⁾	Unlisted	415	0.7
Company O ⁽⁵⁾	Listed	373	0.6

Notes:

- (1) Company L is a Beijing-based company founded in 2019, mainly focusing on health management platform business and digital-driven medical services.

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- (2) Company M is a Hangzhou-based company founded in 2014, mainly focusing on in-hospital solution, pharmacy solution and individual chronic condition management solution.
- (3) Company J is a Beijing-based company mainly focusing on the pharmaceutical direct sales business, the pharmaceutical e-commerce platform business, and the healthcare and digital services business.
- (4) Company N is a Beijing-based company founded in 2015, mainly focusing on out-of-hospital comprehensive patient services, provider-enabling services and healthcare value chain enabling services.
- (5) Company O is a Shanghai-based company founded in 2012, mainly focusing on online physician platform business and the development of biopharmaceutical.

COMPETITIVENESS OF OUR COMPANY

While our Company are confronting intense competition in each of the business segments we operate, we believe that we possess a strong competitive edge each business line we operate. A number of factors may contribute to our competitiveness. These factors include our years of industry experience in health and wellness market, informed understanding of the healthcare demands and industry pain points, synergies created by our business segments, customer service culture, robust technological capabilities, awareness and recognition of our brand.

In particular, compared to our industry peers, we have established a more comprehensive database of individual users. Our access to such comprehensive data enables us to provide tailored solutions to more customers in our corporate services. Specifically, our competitiveness against our industry peers in each of our business lines are as follows:

- **Health and medical services.**
 - o *Medical support services.* The competitive advantages of our medical support services primarily stem from our nationwide service network which satisfies the differentiated needs for locations of our individual users. Furthermore, we provide one-stop health management services to customers through our health membership schemes, which cover the full cycle of health and medical services, from services before diagnosis, such as appointment scheduling and expert appointment scheduling, to services during diagnosis, such as medical escorting, and services after diagnosis, such as second opinion and door-to-door medical services. In addition, we provide customized service portfolios to our customers based on their various demands. Such customization provides more tailored health management services.

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- o *Value-based medical services.* For our pharmaceutical sales business, our competitive advantage in the market stems from our capacity to integrate connections with both upstream medical suppliers and downstream end consumers. Through our corporate and digital marketing services, we have established robust connections with pharmaceutical companies. These connections enable us to maintain strong collaborations with a wide range of upstream medical suppliers and help us obtain a stable and reliable supply of high-quality pharmaceutical products. Moreover, we have also forged enduring connections with physicians and patients through our multi-dimensional services such as medical support services. By combining upstream collaborations and downstream engagement, we have accumulated valuable resources to further penetrate into the pharmaceutical sales market in China.
- **Corporate and digital marketing services.**
 - o *Corporate services.* Our competitiveness in corporate services primarily derive from the synergies created by our business segments. Our corporate services, especially content services, can benefit from our nationwide physician network as we can develop corporate services that cover a wider range of medical specialties. As we deepen our connection with more physicians in our health and medical services, that broadens our access to a more extensive range of real-world clinical data covering more diseases and medical conditions. This enables us to enlarge the scope and enhance the quality of our content services. In addition, compared to our industry peers, our information technology services leverage our expanding database of healthcare industry we accumulated and capitalize on our data processing and analytics capabilities. Such database enables us to gain a better understanding of the technical pain points and marketing demands of our customers.
 - o *Digital marketing services.* Our competitiveness in digital marketing services primarily derive from our vertical expertise to bring data-driven network effects. Our vertical expertise in the health and medical industry provides with a competitive advantage in terms of data accumulation, marketing performance optimization and operational efficiency. Furthermore, we possess robust algorithms and big data analytic capabilities to support precise marketing for advertisers. We apply algorithms, data analytic technologies and search engine optimization strategies to effectively understand customer behavior and transaction data. In addition, we leverage high-quality media channels to attract and engage customers. We adopt a multi-channel strategy and provide advertisers with marketing and promotion services on both our own platform and third-party platforms.

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SOURCES OF INDUSTRY INFORMATION

We commissioned Frost & Sullivan, an independent market research consulting firm which is principally engaged in the provision of market research consultancy services, to conduct a detailed analysis of the health and wellness market in China. During the preparation of the Frost & Sullivan Report, Frost & Sullivan performed both primary and secondary research, and obtained knowledge, statistics, information and industry insights on the trends of the health and wellness market in China. Primary research involved discussing the status of the industry with leading industry participants and experts. Secondary research involved reviewing annual reports of companies, independent research reports and Frost & Sullivan's proprietary database. The Frost & Sullivan Report was compiled based on the following assumptions: (i) China's social, economic and political environment is likely to remain stable in the forecast period; and (ii) the related industry key drivers are likely to drive the market in the forecast period.

Frost & Sullivan is an independent global consulting firm, which was founded in New York in 1961. It offers industry research and market strategies, and provides growth consulting and corporate training. We have been contracted to pay a fee of RMB0.8 million to Frost & Sullivan in connection with the preparation of the Frost & Sullivan Report. We have extracted certain information from the Frost & Sullivan Report in this section, as well as in the sections headed "Summary," "Risk Factors," "Business," "Financial Information" and elsewhere in this prospectus to provide our potential investors with a more comprehensive presentation of the industry in which we operate.

Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report. We confirm that after taking reasonable care, there has been no adverse change in the market information since the date of the report prepared by Frost & Sullivan which may qualify, contradict or have an impact on the information set forth in this section in any material respect.

REGULATIONS RELATING TO HEALTHCARE SERVICES

General Policies

According to the Guiding Opinions on Vigorously Advancing the “Internet Plus” Action《國務院關於積極推進「互聯網+」行動的指導意見》(the “**Opinions**”) issued by the State Council on July 1, 2015, Internet enterprises are encouraged to cooperate with medical institutions in establishing online medical information platforms, strengthen the integration of regional health care service resources, and make full use of the Internet, Big Data and other means to improve the capability to prevent and control major diseases and unexpected public health incidents.

Pursuant to the Opinions on Promoting the Development of “Internet Plus Health Care” 《國務院辦公廳關於促進「互聯網+醫療健康」發展的意見》 issued by the General Office of the State Council on April 25, 2018, which encouraged medical institutions to apply the Internet and other information technologies to expand the space and content of medical services, and develop an online-offline integrated medical service model covering stages before, during and after diagnosis. The development of Internet hospitals depending on medical institutions shall be permitted. Medical institutions may use an Internet hospital as the second name and, based on physical hospitals, use Internet technology to provide safe and appropriate medical services, allowing online subsequent visits for some common diseases and chronic diseases. After reviewing documents of the medical records and profiles of patients, physicians shall be allowed to prescribe online for some common diseases and chronic diseases. The Opinions on Promoting the Development of “Internet Plus Health Care” further states that Internet medical and healthcare service platforms should ensure the qualifications of the personnel providing the services meet the requirements of the relevant regulations, and assume responsibility for the services provided. The data generated by “Internet Plus Healthcare” services should be traceable and searchable throughout the entire process to meet the regulatory needs of the industry.

On July 17, 2018, the National Health Commission (the“**NHC**”) and the National Administration of Traditional Chinese Medicine jointly promulgated three documents, including the Measures for the Administration of Internet Diagnosis and Treatment (Trial) 《互聯網診療管理辦法(試行)》, the Measures for the Administration of Internet Hospitals (Trial) 《互聯網醫院管理辦法(試行)》 and the Specifications for the Administration of Remote Medical Services (Trial) 《遠程醫療服務管理規範(試行)》. Pursuant to the Measures for the Administration of Internet Hospitals (Trial), “Internet hospitals” include: (a) Internet hospitals as the second name of physical medical institutions, and (b) Internet hospitals that are independently established on the support of physical medical institutions.

On February 8, 2022, the National Health Commission and the State Administration of Traditional Chinese Medicine issued the Detailed Rules for the Supervision of Internet Diagnosis and Treatment (Trial) 《互聯網診療監管細則(試行)》, which applies to regulating the Internet diagnosis and treatment activities carried out by medical institutions in accordance with the Measures for the Administration of Internet Diagnosis and Treatment (Trial) 《互聯網診療管理辦法(試行)》 and the Measures for the

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Administration of Internet Hospitals (Trial) (《互聯網醫院管理辦法(試行)》), hereinafter, the Supervision Rules. According to the Supervision Rules, physicians who practice at Internet hospitals other than their main institutions of practice shall file multi-site practice registration/filing. A medical institution shall conduct electronic real-name verification for the medical staff members carrying out Internet diagnosis and treatment activities. The Supervision Rules also states that for the Internet hospitals that are affiliated to physical institutions, their electronic medical records should be integrated. Moreover, the physician should collect the patient’s medical diagnosis records before starting follow-up consultations. To fulfill the requirements, hospitals need to operate an effective hospital information management system, these would require system upgrading and platform rebuild.

The NHC, the National Administration of Traditional Chinese Medicine and the National Bureau of Disease Control and Prevention have jointly issued a Notice on Issuing the National Health Informatisation Plan during the 14th Five-Year Plan Period (《關於印發「十四五」全民健康信息化規劃的通知》) (the “**Notice**”) on November 7, 2022. The Notice has emphasised the idea of further implementing the Opinions of the General Office of the State Council on Promoting the development of “Internet Plus Healthcare” (國務院辦公廳《關於促進「互聯網+醫療健康」發展的意見》) to expand the scope of “Internet Plus Healthcare” services and refine the system for “Internet Plus Healthcare” services. The plan has mentioned multiple measures, including continuously carrying out the “Internet Plus Healthcare” and the “Five Ones” service initiatives and promoting the implementation of 10 services and 30 measures to establish a comprehensive healthcare services model with deep integration of both online services and in-person services that would cover the entire lifecycle of individuals. The plan has expressed its objective of enhancing the equality and accessibility of healthcare services by vigorously promoting remote healthcare services and expanding, decentralizing, and evenly distributing high-quality medical resources.

According to Opinions of the General Office of the CPC Central Committee and the General Office of the State Council on Further Improving the Healthcare Service System (《中共中央辦公廳、國務院辦公廳關於進一步完善醫療衛生服務體系的意見》) issued on March 23, 2023, the application of Internet and artificial intelligence technologies are encouraged for continuously improving the process of providing healthcare services. Moreover, the document has also expressed the idea of perfecting the “Internet Plus” healthcare services and the development of “Internet Plus Healthcare” services by constructing an industrial online platform for the healthcare sector. It has also advocated for the application of the Internet, blockchain, the Internet of Things, artificial intelligence, cloud computing, big data, and other technologies in the healthcare field, and the importance of strengthening the construction of a system for sharing, exchanging, and safeguarding health and medical big data.

Internet Hospital

According to the Measures for the Administration of Internet Hospitals (Trial) (《互聯網醫院管理辦法(試行)》), the state implements access management for Internet hospitals pursuant to the Administrative Regulations on Medical Institutions (《醫療機構管理條例》) and the Implementation Measures of the Administrative Regulations on Medical Institutions (《醫療機構管理條例實施細則》). Before implementing access for Internet hospitals, provincial health administrative departments shall establish provincial Internet medical service supervision platforms to connect with information platforms of Internet hospitals to achieve real-time supervision. Establishing an Internet hospital is governed by the administrative approval process as stipulated in the Measures for the Administration of Internet Hospitals (Trial). According to the Measures for the Administration of Internet Hospitals (Trial), applying for establishing an Internet hospital is required to submit an application to the practice registration platform and the Internet hospitals should connect with such information platform to achieve real-time supervision. Where an Internet hospital is established on the support of its physical medical institution, it shall submit an application for practice registration to the license issuing authority of the physical medical institution, and submit a relevant cooperation agreement and materials about the connections with the Internet medical service supervision platform of the autonomous region.

The Health Commission of Ningxia Autonomous Region issued the Implementation Measures for the Administration of Internet Hospitals in Ningxia Hui Autonomous Region (Trial) (《寧夏回族自治區互聯網醫院管理實施辦法(試行)》) (“**Measures for Internet Hospitals in Ningxia**”) on January 7, 2019, which was further amended on October 2021 and was valid until October 31, 2023, in terms of access of Internet hospitals, on the basis of the Measures for the Administration of Internet Hospitals (Trial), the Measures for Internet Hospitals in Ningxia clearly stipulates that the autonomous region should establish a provincial Internet medical service supervision platform and its Internet hospitals should connect with relevant information platform to achieve real-time supervision. Where an Internet hospital is established under the support of a physical medical institution, it shall submit an application for practice registration to the license issuing authority of that physical medical institution, together with a relevant cooperation agreement and materials about the connections between the physical medical institution and the Internet medical service supervision platform of the autonomous region.

On August 19, 2020, the Health Commission of Yinchuan issued the Specification for the Internet Diagnosis and Treatment Service (Trial) (《銀川市互聯網診療服務規範(試行)》) which had been implemented on September 1, 2020, to further set forth requirements for the conduct of Internet hospital and physicians, and to provide guidelines for Internet diagnosis medical records, rational drug use, medical quality supervision and data security.

Medical Institutions

According to the Administrative Regulations on Medical Institutions (《醫療機構管理條例》), promulgated by the State Council, effective on September 1, 1994, and latest amended on March 29, 2022, hospitals, health centers, sanatoriums, out-patient departments, clinics, health clinics, health posts (rooms) and first aid stations are medical institutions. The health administrative departments of the local people's governments at or above the county level shall be responsible for the supervision and administration of the medical institutions within their respective administrative regions. The establishment of medical institutions by entities or individuals shall be subject to the examination and approval of the health administrative department of the local people's governments at or above the county level and obtain the written approval for the establishment of medical institutions. Furthermore, according to the Regulations, the practice of medical institutions shall complete the registration and obtain Medical Institution Practicing License (《醫療機構執業許可證》). Where the practicing is without authorization or obtaining the Medical Institution Practicing License, the health administrative department of the people's government at or above the county level must cease its practicing activities and confiscate the illegal incomes, medicines and medical devices in accordance with the law, and it can impose fines less than RMB30,000 in light of the circumstances. Medical institutions must conduct medical diagnosis and treatment activities in accordance with registered and approved subjects and shall not employ non-medical technical personnel in medical and health technical work.

Patient Diagnosis Service

According to the Measures for the Administration of the Internet Diagnosis and Treatment (Trial) (《互聯網診療管理辦法(試行)》), Internet diagnosis and treatment activities shall be provided by the medical institutions that have obtained a "Medical Institution Practicing License", and the Internet-based diagnosis services provided by a medical institution shall be consistent with its diagnosis subjects. Physicians and nurses carrying out Internet diagnosis and treatment activities shall be able to be found in the national electronic registration system of physicians and nurses. A medical institution shall conduct electronic real-name verification for the medical staff members carrying out Internet diagnosis and treatment activities.

According to the Measures for the Administration of Internet Hospitals (Trial) (《互聯網醫院管理辦法(試行)》), Internet hospitals must inform the patients of the risks and obtain their consents. When a patient receives medical treatment in a physical medical institution and the physician receiving such patient invites other physicians to hold group consultation of physicians through the Internet hospital, the physicians attending the group consultation may issue diagnosis opinions and a prescription; and when a patient does not receive medical treatment in a physical medical institution, a physician may only provide subsequent visits for a patient of some common diseases and chronic diseases through the Internet hospital. Internet hospitals may provide a contract signing service for family physicians. When a patient's condition changes or there are other circumstances under which online diagnosis and treatment services are inappropriate, the physician shall direct

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the patient to receive medical treatment in a physical medical institution. Internet diagnosis and treatment activities shall not be carried out for any patient receiving an initial diagnosis.

Medical Practitioners

On August 20, 2021, the Standing Committee of the National People's Congress (the "SCNPC") promulgated the Physicians Law of the People's Republic of China (the "Physicians Law") (《中華人民共和國醫師法》), effective on March 1, 2022. According to the Physicians Law, when taking medical, preventive or healthcare measures and when signing relevant medical certificate, the physicians shall conduct the diagnosis and investigation personally and fill out the medical files without delay as required. No physicians may conceal, forge or destroy any medical files or any relevant data.

On November 5, 2014, the National Health and Family Planning Commission of the PRC (the "NHFPC", currently known as the National Health Commission of the PRC), the NDRC, the Ministry of Human Resources and Social Security, the State Administration of Traditional Chinese Medicine, and the China Insurance Regulatory Commission (currently known as the China Banking and Insurance Regulatory Commission) jointly issued Several Opinions on Promoting and Standardizing Multi-Place Practice of Physicians (《推進和規範醫師多點執業的若干意見》), which puts forward a way to simplify the registration procedure of multiple place practice and proposes the feasibility of exploring the "record management". According to Administrative Measures for the Registration of Medical Practitioners (《醫師執業註冊管理辦法》), promulgated by the NHFPC on February 28, 2017, effective on April 1, 2017, medical practitioners shall obtain the Practice Certificate for Medical Practitioners to practice upon registration. Any person who fails to obtain the Practice Certificate for Medical Practitioners shall not engage in medical treatment, prevention and healthcare activities. A medical practitioner who practices for multiple institutions at the same place of practice shall determine one institution as the main practicing institution where he or she practices, and apply for registration to the administrative department of health and family planning approving the practice of such institution; and, for other institutions where the medical practitioner is to practice, respectively apply for recordation to the administrative health and family planning authority approving the practice of such institution, and indicate the names of the institutions where he or she is to practice. If a medical practitioner practices in an additional institution not at the registered place of practice, he or she shall apply for registering such addition to the administrative health and family planning authority approving the practice of such institution. According to the Implementing Plan for the Filing of Internet Medical Practitioners (《互聯網醫師執業「電子證」備案實施方案》), promulgated by Yinchuan Administrative Approval Service Bureau on February 11, 2018, so as to promote administration efficiency, the medical practitioners employed by the Internet hospital registered in Yinchuan, shall be able to practice and obtain the corresponding prescription right in the Internet hospital after filing with the Yinchuan Internet Hospital Medical Practitioners Service Platform.

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Prescription Management

For the purpose of regulating the administration of prescriptions, the Measures for the Administration of Prescriptions (《處方管理辦法》) (the “**Measures**”) was released by the NHFPC on February 14, 2007 and became effective on May 1, 2007. Under the Measures, a certified medical practitioner shall obtain the corresponding prescription right at the registered practice place and the certified medical practitioner shall issue prescriptions according to the requirements of medical treatment, disease prevention, healthcare, and subject to the treatment standards and drug instructions. Under any of the following circumstances, the health administrative department at or above the county level shall request the medical institutions to make corrections within a grace period, and may impose the fine of no more than RMB5,000; and under serious circumstances, Medical Institution Practicing License shall be revoked: (i) prescribing by a pharmacist who has not obtained the right to prescribe or whose prescription right has been canceled; (ii) prescribing narcotic drugs and category I psychotropic drugs by pharmacists who have not obtained the prescription right for such narcotic drugs and psychotropic drugs; (iii) employing persons who have not obtained the qualifications for the professional and technical positions of pharmaceutical science to conduct the prescription adjustment. If the medical practitioners issue prescriptions without obtaining prescription rights at a medical institution not registered in their licenses, during their practicing activities, they will be given a warning or be ordered to suspend their practicing activities for a period of no less than six months, but no more than one year, and under the serious circumstances, their Practice Certificates for Medical Practitioners will be revoked.

REGULATIONS RELATING TO FOREIGN INVESTMENT

Investment activities in the PRC by foreign investors are principally governed by the Catalogue of Encouraged Industries for Foreign Investment (《鼓勵外商投資產業目錄》) (the “**Encouraged Catalogue**”), and the Special Administrative Measures for Entrance of Foreign Investment (Negative List) (《外商投資准入特別管理措施(負面清單)》) (the “**Negative List**”), which are promulgated and amended by the MOFCOM and the NDRC, and together with the Foreign Investment Law and its respective implementation of rules and ancillary regulations. The Encouraged Catalogue and the Negative List lay out the basic framework for foreign investments in China, classifying businesses into three categories regarding foreign investments: “encouraged,” “restricted” and “prohibited.” Industries not listed in the Encouraged Catalogue or the Negative List are generally deemed as falling into a fourth category, “permitted” unless specifically restricted by other PRC laws.

On October 26, 2022, the MOFCOM and the NDRC released the latest Encouraged Catalogue, which took effect on January 1, 2023. On April 8, 2024, the MOFCOM and the NDRC promulgated the Negative List (the “**2024 Negative List**”), which became effective on November 1, 2024.

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On March 15, 2019, the National People's Congress (the "NPC"), approved the PRC Foreign Investment Law (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**"), which took effect on January 1, 2020 and replaced three existing laws on foreign investments in China, namely, the PRC Sino-Foreign Equity Joint Venture Law (《中華人民共和國中外合資經營企業法》), the PRC Sino-Foreign Cooperative Joint Venture Law (《中華人民共和國中外合作經營企業法》) and the PRC Wholly Foreign-owned Enterprise Law (《中華人民共和國外資企業法》), together with their respective implementing rules. The Foreign Investment Law embodies an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic invested enterprises in China. The Foreign Investment Law establishes the basic framework for foreign investments in view of fair competition and investment protection.

Pursuant to the Foreign Investment Law, "foreign investments" refer to investments by foreign investors (including foreign natural persons, foreign enterprises or other foreign organizations) directly or indirectly in the PRC, which include any of the following circumstances: (i) foreign investors setting up foreign-invested enterprises in the PRC solely or jointly with other investors, (ii) foreign investors obtaining shares, equity interests, property portions or other similar rights and interests of enterprises within the PRC, (iii) foreign investors investing in new projects in the PRC solely or jointly with other investors, and (iv) investment in other methods as specified by laws, administrative regulations, or as stipulated by the State Council. Foreign investors and their investments are entitled to pre-entry national treatment, except for those industries deemed to be either "restricted" or "prohibited" in the Negative List. While foreign investors shall refrain from investing in any of the foreign "prohibited" industries, foreign investors may invest in "restricted" industries if they meet stipulated requirements on the shareholding, senior management personnel, etc. The Foreign Investment Law does not mention relevant concept and regulatory regime of VIE structures. Such concept and regulatory regime may be subject to further interpretation and implementation.

On December 26, 2019, the State Council promulgated the Implementation Rules for the PRC Foreign Investment Law (《中華人民共和國外商投資法實施條例》), which took effect on January 1, 2020. It further clarifies that the State encourages foreign investments, protects the lawful rights and interests of foreign investors, regulates foreign investment administration, optimizes foreign investment environment, and advances a higher-level opening.

REGULATIONS RELATING TO VALUE-ADDED TELECOMMUNICATION SERVICES

The PRC Telecommunications Regulations (《中華人民共和國電信條例》) (the "**Telecommunications Regulations**"), promulgated by the State Council on September 25, 2000 and last amended with immediate effect on February 6, 2016, provides the regulatory framework for telecommunications services in the PRC. The Telecommunications Regulations classifies telecommunications services into basic telecommunications services and value-added telecommunications services. Providers of telecommunications services are required to procure licenses prior to commencing operations. According to the Catalogue of

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Telecommunications Services (《電信業務分類目錄》) attached to the Telecommunications Regulations and last amended by the MIIT on June 6, 2019, information services provided via public communication network or the Internet are value-added telecommunications services.

As a subcategory of the value-added telecommunications services, Internet information services are regulated by the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》) (the “**Internet Measures**”), which was promulgated by the State Council on September 25, 2000 and last amended with immediate effect on January 8, 2011. Internet information services are defined as services that provide information to online users through the Internet. The Internet Measures classifies Internet information services into non-commercial Internet information services and commercial Internet information services. Commercial Internet information service providers shall obtain a license for value-added telecommunications services with the specification of Internet information service (the “**ICP License**”) from appropriate telecommunications authorities, while non-commercial ones shall file with such authorities.

The Administrative Measures for Telecommunications Businesses Operating Licensing (《電信業務經營許可管理辦法》), promulgated by the MIIT on March 1, 2009, amended on July 3, 2017 and came into effect on September 1, 2017, set forth more specific provisions regarding the types of licenses required to operate value-added telecommunications services, the qualifications and procedures for obtaining such licenses and the administration and supervision of such licenses. Under these measures, a commercial operator of value-added telecommunications services must first obtain a license from the MIIT or its provincial affiliates, otherwise such operator may be subject to penalties including corrective orders, warnings, fines and confiscation of illegal gains. In case of serious violations, the operator’s websites may be ordered to be shutdown.

Foreign Investment in Value-added Telecommunications Business

Pursuant to the Negative List and the Administrative Regulations on Foreign-Invested Telecommunications Enterprises (《外商投資電信企業管理規定》), which were issued by the State Council on December 11, 2001 and latest amended on March 29, 2022, the ultimate capital contribution percentage by foreign investor(s) in a foreign-invested value-added telecommunications services (except for e-commerce, domestic multi-party communications, storage-forwarding and call centers) is up to 50% and the primary foreign investor should be equipped with a good track record and operational experience in the industry. Pursuant to the Decision of the State Council on Revising and Repealing Some Administrative Regulations (《國務院關於修改和廢止部分行政法規的決定》), which was issued by the State Council on March 29, 2022 and came into effect on May 1, 2022, the criterion of “having good track record and operational experience in value-added telecommunications businesses” has been removed. According to the MIIT Circular on Removing Foreign Equity Ratio Restrictions on Online Data and Transaction Processing (Commercial E-Commerce) Business (《工業和信息化部關於放開在線數據處理與交易處理業務(經營類電子商務)外資股比限制的通告》), promulgated by the MIIT on June 19, 2015, as well as the 2024 Negative List, foreign investors are allowed to hold up to 100% of all equity interest in an online data and transaction processing business (commercial

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e-commerce) in China. An e-commerce operator shall obtain a license for value-added telecommunications services with the specification of online data processing and transaction processing business (the “**EDI License**”) from appropriate telecommunications authorities, pursuant to the Telecommunications Regulations and the Catalog of Telecommunications Services.

Pursuant to the MII Circular on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Services (《信息產業部關於加強外商投資經營增值電信業務管理的通知》), issued by the Ministry of Information Industry (the “**MI**”, which is the predecessor of the MIIT) on July 13, 2006, domestic enterprises are prohibited to rent, transfer or sell licenses for value-added telecommunications services to foreign investors in any form, or provide any resources, premises, facilities or other assistance in any form to foreign investors for their illegal operation of any value-added telecommunications business in China.

REGULATIONS RELATING TO INTERNET ADVERTISING

The SCNPC released the Advertising Law of the People’s Republic of China (《中華人民共和國廣告法》) on October 27, 1994 and latest amended on April 29, 2021, which provides that the Internet information service providers shall not publish medical, drugs, medical machinery or health food advertisements in disguised form of introduction of healthcare and wellness knowledge.

The Administrative Measures for Online Advertising (《互聯網廣告管理辦法》) (the “**Internet Advertising Measures**”) regulating Internet-based advertising activities were promulgated by SAIC on February 25, 2023 and became effective on May 1, 2023. According to the Internet Advertising Measures, Internet advertisers shall ensure the authenticity of their advertisements and shall not publish or circulate advertisements that interfere with the normal use of the Internet by users. In addition, the Internet Advertising Measures prohibit the use of fraudulent means that induces users to click on advertisements and the attachment of advertisements or advertising links in emails without permission.

Pursuant to the Interim Administrative Measures for Censorship of Advertisements for Drugs, Medical Devices, Dietary Supplements and Foods for Special Medical Purpose (《藥品、醫療器械、保健食品、特殊醫學用途配方食品廣告審查管理暫行辦法》), which were promulgated by the SAMR on December 24, 2019, effective on March 1, 2020, an enterprise seeking to advertise its drugs, medical devices, dietary supplement or food for special medical purpose must apply for an advertisement approval number. The validity period of the advertisement approval number concerning a drug, medical device, dietary supplement or food for special medical purpose shall be consistent with that of the registration certificate, record-filing certificate or the production license of the product, whichever is the shortest. Where no validity period is set forth in the registration certificate, record-filing certificate or the production license of the product, the advertisement approval number shall be valid for two years. The content of an approved advertisement may not be altered without prior approval. Where any alteration to the advertisement is needed, a new advertisement approval shall be obtained.

REGULATIONS RELATING TO ONLINE TRADING

On January 26, 2014, the State Administration for Industry & Commerce (the “SAIC”, which has now been merged into the SAMR) promulgated the Administrative Measures for Online Trading (《網絡交易管理辦法》) (the “Online Trading Measures”), which came into effect on March 15, 2014 and repealed by Measures for the Supervision and Administration of Online Transactions (《網絡交易監督管理辦法》) (the “Online Transaction Measures”) on May 1, 2021, to regulate all operating activities of commodities trading and relevant service provision via the Internet (including mobile Internet). The Online Trading Measures stipulated the obligations of online commodity dealers and relevant service providers and certain special requirements applicable to third-party platform operators. Online business operators and third-party online platform operators are prohibited from collecting any information on consumers and business operators, or disclosing, selling or providing any such information to any third party, or sending commercial electronic messages to consumers, without their consent. Fictitious transactions, deletion of adverse comments and technical attacks on competitors’ websites are prohibited as well. In addition, third-party online platform operators are required to examine and verify the identifications of the online business operators and set up and keep relevant records for at least two years. The MOFCOM promulgated the Provisions on the Procedures for Formulating Transaction Rules of Third-Party Online Retail Platforms (Trial) (《網絡零售第三方平台交易規則制定程序規定(試行)》) on December 24, 2014, which came into effect on April 1, 2015, to guide and regulate the formulation, revision and enforcement of transaction rules by third-party online retail platforms operators. In August 2018, the SCNPC promulgated the E-Commerce Law (《電子商務法》), effective on January 1, 2019, which aims to regulate the e-commerce activities conducted within the territory of the PRC. Pursuant to the E-Commerce Law, an e-commerce platform operator shall (i) collect, verify and register the truthful information submitted by the third-party merchants that apply to sell products or provide services on its platform, including the identities, addresses, contacts and licenses, establish registration archives and update such information on a regular basis; (ii) submit the identification information of the third-party merchants on its platform to market regulatory administrative department as required and remind the third-party merchants to complete the registration with the market regulatory administrative department; (iii) submit identification information and tax-related information to tax authorities as required in accordance with the laws and regulations regarding the administration of tax collection and remind the individual third-party merchants to complete the tax registration; (iv) record and retain the information of the products and services and the transaction information for no less than 3 years; (v) display the platform service agreement and the transaction rules or links to such information on the homepage of the platform; (vi) display the noticeable labels regarding the products or services provided by the platform operator itself on its platform, and take liabilities for such products and services; (vii) establish a credit evaluation system, display the credit evaluation rules, provide consumers with accesses to make comments on the products and services provided on its platform, and restrain from deleting such comments; and (viii) establish intellectual property protection rules, and take necessary measures when any intellectual property holder notifies the platform operator that his intellectual property rights have been infringed. An e-commerce platform operator shall take joint liabilities with the relevant third-party merchants on its platform and may be subject to warnings and fines up to RMB2,000,000 where (i) it fails to take necessary

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measures when it knows or should have known that the products or services provided by the third-party merchants on its platform do not meet the personal or property safety requirements or such third-party merchants' other acts may infringe on the lawful rights and interests of the consumers; or (ii) it fails to take necessary measures, such as deleting and blocking information, disconnecting, terminating transactions and services, when it knows or should have known that the third-party merchants on its platform infringe any intellectual property rights of any other third party. With respect to products or services affecting the consumers' life and health, if an e-commerce platform operator fails to verify the third-party merchants' qualification or fails to fulfill its obligations to safeguard the safety of consumers, which results in damages to the consumers, it shall take corresponding liabilities and may be subject to warnings and fines up to RMB2,000,000.

REGULATIONS RELATING TO PHARMACEUTICAL OPERATION

In September 1984, the SCNPC promulgated the Drug Administration Law (《藥品管理法》), which came into effect on July 1, 1985 and was amended in 2019 to regulate all entities or individuals engaging in research, manufacture, operation, use, supervision and management of drugs within the PRC. According to the Drug Administration Law, no pharmaceutical operation, including pharmaceutical wholesale and retail business, is permitted without obtaining the Pharmaceutical Operation License. Where the trading of drugs is conducted without a Pharmaceutical Operation License, the illegal incomes by selling drugs shall be confiscated and the local Food and Drug Administration (the “FDA”, now known as the Medical Products Administration, or the “MPA”) shall impose the fine ranging from 15 to 30 times of the value of the illegally sold drugs (including sold or unsold drugs). The Implementation Rules for the Drug Administration Law (《藥品管理法實施條例》), was promulgated by the State Council in August 2002 and amended in 2016 and 2019, which emphasized the detailed implementation rules of the drugs administration. The SAMR promulgated the Measures for the Supervision and Management of Drug Distribution and Use Quality (《藥品經營和使用質量監督管理辦法》) on September 27, 2023, which came into effect in January 1, 2024, to regulate the drug distribution, use quality, supervision and management. The valid term of the Pharmaceutical Operation License is five years and shall be renewed during the period ranging from six months to two months prior to its expiry.

Furthermore, the Administrative Standard of Pharmaceutical Operating Quality (《藥品經營質量管理規範》), promulgated by the CFDA in April 2000 and last amended in 2016, the pharmaceutical operation enterprises shall take effective quality control measures over the process of procurement, storage, transportation and sale of drugs in order to ensure their quality.

According to the Measures on Prescription Drugs and OTC Drugs Classification Management (Trial) (《處方藥與非處方藥分類管理辦法(試行)》) and the Interim Provisions on the Circulation of Prescription and OTC Drugs (《處方藥與非處方藥流通管理暫行規定》), which were both promulgated by the State Drug Administration, which was restructured and integrated into the CFDA, in 1999 and implemented in January 2000, drugs are divided into prescription drugs and over-the-counter drugs, or OTC drugs. For prescription drugs, the dispensing, purchase and use can only be based on the prescription

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issued by the certified medical practitioner or certified medical assistant practitioner. In addition, the prescription drugs can only be advertised and promoted in professional medical magazines. OTC drugs, on the other hand, are further divided into Class A and Class B and they both can be purchased and used without a prescription and promoted in public upon approval by the relevant governmental authorities. The pharmaceutical wholesale enterprises distributing prescription drugs and/or OTC drugs, as well as pharmaceutical retail enterprises selling prescription drugs and/or Class A OTC drugs are required to obtain the Pharmaceutical Operation License.

REGULATIONS RELATING TO INTERNET PHARMACEUTICAL TRANSACTION SERVICES

In August 3, 2022, State Administration of Market Regulation (the “SAMR”) promulgated the Measures for the Supervision and Administration of Online Pharmaceuticals Sales (《藥品網絡銷售監督管理辦法》), aiming to enhance the supervision of online pharmaceutical sales and related platform services. The Measures for the Supervision and Administration of Online Pharmaceuticals Sales provides specific and explicit rules for the online sales of prescription drugs, which is perceived to be more conducive to online prescription drug sellers including us. The Measures for the Supervision and Administration of Online Pharmaceuticals Sales provides that, among others, online prescription drug sellers shall (i) ensure the accuracy and reliability of the source of e-prescription, (ii) keep records of any e-prescription for at least five years and no less than one year after the expiration date of the prescription drugs, and (iii) disclose safety warnings including “prescription drugs should only be purchased and used with prescriptions and guidance of licensed pharmacists” when displaying information of prescription drugs. The Measures for the Supervision and Administration of Online Pharmaceuticals Sales also imposes certain obligations on platform service providers for online pharmaceutical sales, including, among others, that platform service providers should (i) enhance the scrutiny on the required licenses and permits of online pharmaceutical merchants for online pharmaceuticals sales, (ii) establish the examination and inspection system for drug information published on the platforms and report to competent governmental authorities when discovering any significant issue in connection with drug quality and safety, and (iii) promptly stop any illegal behavior upon discovery and report it to the relevant local governmental authorities.

REGULATIONS RELATING TO ONLINE DRUG INFORMATION SERVICES

According to the Measures Regarding the Administration of Drug Information Service over the Internet (《互聯網藥品信息服務管理辦法》), promulgated by SFDA on July 8, 2004 and amended on November 17, 2017, the operational Internet drug information service refers to the activities of providing medical information (including medical devices) and other services to Internet users through the Internet, and where any website intends to provide Internet drug information services, it shall, prior to applying for an operation permit or record-filing from the State Council’s department in charge of information industry or the telecom administrative authority at the provincial level, file an application with the provincial FDA, and shall be subject to the examination and approval thereof for obtaining the qualifications for providing Internet drug information services. The validity

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term for a Qualification Certificate for Internet Drug Information Services is five years and may be renewed at least six months prior to its expiration date upon a re-examination by the relevant authority. Pursuant to the Measures Regarding the Administration of Drug Information Service over the Internet, the Internet drug information services are classified into two categories, namely, profit-making services and non-profit-making services. Profit-making services refers to providing Internet users with drug information in return for service fees whilst non-profit-making services refers to providing Internet users with drug information which is shared and accessible by the public through the Internet free of charge. Furthermore, the information relating to drugs shall be accurate and scientific in nature, and its provision shall comply with the relevant laws and regulations. No product information of stupeficient, psychotropic drugs, medicinal toxic drugs, radiopharmaceutical, detoxification drugs and pharmaceuticals made by medical institutes shall be distributed on the website. In addition, advertisements relating to drugs (including medical devices) shall be approved by the NMPA or its competent branches, and shall specify the approval document number.

REGULATIONS RELATING TO MEDICAL DEVICES OPERATION

The Measures on the Supervision and Administration of the Business Operations of Medical Devices (《醫療器械經營監督管理辦法》) (the “**Measures on Medical Devices**”), which was promulgated by CFDA on July 30, 2014 and last amended by SAMR on May 1, 2022, applies to any business activities concerning medical devices as well as the supervision and administration thereof conducted within the territory of the PRC. Pursuant to the Measures on Medical Devices, NMPA shall be responsible for the supervision and administration of nationwide business operations concerning medical devices. Medical devices are divided into three classes depending on the degree of risk. Entities engaged in distribution of Class III medical devices shall obtain a medical device operating license and entities engaged in distribution of Class II medical devices shall complete filings with the competent local MPA, while entities engaged in the distribution of medical devices of Class I are not required to conduct any filing or obtain any license. In addition, in accordance with Regulations on Supervision and Administration of Medical Devices (Revised in 2021) (《醫療器械監督管理條例》(2021修訂)), promulgated by the State Council on May 4, 2017 and revised in 2021, Class II devices shall be registered with the provincial branch of the NMPA while Class III shall be registered with NMPA. Class I medical devices shall be filed with the competent local MPA. In the event that the business operator is distributing Class III medical devices without a medical device operating license or the business operator is distributing Class II or Class III medical devices that are not registered with the NMPA or its local branches, the business operator may be imposed a fine or be shut down by the authorities.

REGULATIONS RELATING TO ONLINE SALES OF MEDICAL DEVICE

On December 20, 2017, the CFDA promulgated the Administration and Supervision Measures of Online Sales of Medical Devices (《醫療器械網絡銷售監督管理辦法》) (the “**Online Medical Devices Sales Measures**”), which became effective on March 1, 2018. According to the Online Medical Devices Sales Measures, enterprises engaged in online sales of medical devices must be medical device manufacture and operation enterprises with

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medical devices production licenses or operation licenses or being filed for record in accordance with laws and regulations, unless such licenses or record-filing is not required by laws and regulations. Pursuant to the Online Medical Devices Sales Measures, the enterprises engaging in online sales of medical devices through its own website, and the third-party platform for provision of online medical devices transaction services shall obtain an Internet Drug Information Services Qualification License. Either enterprises engaging in online sales of medical devices or enterprises to provide a third-party platform for provision of medical devices online transaction services shall take technical measures to ensure the data and materials of medical devices online sales are authentic, completed and retrospective, for example the records of sale information of medical devices shall be kept for two years after the valid period of the medical devices, and for no less than five years in the case of no valid period, or be kept permanently in the case of implanted medical devices. For the enterprises engaging in online sales of medical devices, such enterprises shall display its medical device production and operation license or record-filing certificate on a visible place of its homepage, and the information of the medical devices published on the website shall be consistent with the related contents registered or filed for record; in addition, the business scope shall not exceed the scope of its production and operation license or the scope filed for record. For the enterprises to provide a third-party platform for provision of medical devices online transaction services, such enterprises shall be filed for record with the local provincial FDA, and shall verify the materials submitted by any enterprise applying for entering the platform.

REGULATIONS RELATING TO CYBER SECURITY, INFORMATION SECURITY, PRIVACY AND DATA PROTECTION

On May 28, 2020, the NPC promulgated the Civil Code of the PRC (《中華人民共和國民法典》) (the “**Civil Code**”), which came into effect on January 1, 2021. Pursuant to the Civil Code, the personal information of a natural person shall be protected by the law. Any organization or individual that needs to obtain personal information of others shall obtain such information legally and ensure the security of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase, sell, provide or make public the personal information of others.

In addition to the Civil Code, the PRC government authorities have enacted other laws and regulations with respect to Internet information security and protection of personal information from any abuse or unauthorized disclosure, which includes the Decision of the SCNPC on Maintaining Internet Security (《全國人民代表大會常務委員會關於維護互聯網安全的決定》) promulgated by the SCNPC on December 28, 2000 and amended on August 27, 2009, the Provisions on the Technical Measures for Internet Security Protection (《互聯網安全保護技術措施規定》) promulgated by the Ministry of Public Security on December 13, 2005 and becoming effective on March 1, 2006, and the Decision of the SCNPC on Strengthening Network Information Protection (《全國人民代表大會常務委員會關於加強網絡信息保護的決定》) promulgated by the SCNPC on December 28, 2012.

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The Administrative Measures for the Hierarchical Protection of Information Security (《信息安全等級保護管理辦法》) promulgated by the Ministry of Public Security, State Secrecy Administration and State Cryptography Administration and the State Council Informatized Office (dissolved) on June 22, 2007 and came into effect on the same day, requires the entities that operate and use information systems to fulfill the obligation of the hierarchical protection of information security. The operator or the user of the information systems at Class II or above shall, within 30 days since the date when its security protection grade is determined, complete the record filing procedures at the local public security authority at the level of the city divided into districts or above.

According to the National Security Law of the PRC (《中華人民共和國國家安全法》) promulgated by the SCNPC on July 1, 2015 and came into effect on the same day, the state shall establish systems and mechanisms for national security review and supervision, conduct national security review on key technology and network information technology products and services related to state security, so as to prevent and neutralize state security risks in an effective way.

The PRC Cyber Security Law (《中華人民共和國網絡安全法》) (the “**Cyber Security Law**”), which was promulgated by the SCNPC on November 7, 2016 and came into effect on June 1, 2017, requires a network operator, including Internet information services providers among others, to adopt technical measures and other necessary measures in accordance with applicable laws and regulations as well as compulsory national and industrial standards to safeguard the safety and stability of network operations, effectively respond to network security incidents, prevent illegal and criminal activities, and maintain the integrity, confidentiality and availability of network data. The Cyber Security Law emphasizes that any individuals and organizations that use networks must not endanger network security or use networks to engage in unlawful activities such as those endangering national security, economic order and social order or infringing the reputation, privacy, intellectual property rights and other lawful rights and interests of others. The Cyber Security Law provides that: (i) to collect and use personal information, network operators shall follow the principles of legitimacy, rightfulness and necessity, disclose rules of data collection and use, clearly express the purposes, means and scope of collecting and using the information, and obtain the consent of the persons whose data is gathered; (ii) network operators shall neither gather personal information unrelated to the services they provide, nor gather or use personal information in violation of the provisions of laws and administrative regulations or the scopes of consent given by the persons whose data is gathered; and shall dispose of personal information they have saved in accordance with the provisions of laws and administrative regulations and agreements reached with users; (iii) network operators shall not divulge, tamper with or damage the personal information they have collected, and shall not provide the personal information to others without the consent of the persons whose data is collected. However, if the information has been processed and cannot be recovered and thus it is impossible to match such information with specific persons, such circumstance is an exception. Furthermore, under the Cyber Security Law, network operators of critical information infrastructure (the “**CII Operator**”) generally shall, during their operations in the PRC, store the personal information and important data collected and produced within the territory of the PRC. Any violation of the

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provisions and requirements under the Cyber Security Law may subject a network operator to warnings, fines, confiscation of illegal gains, revocation of licenses, cancelation of filings, closedown of websites or even criminal liabilities.

The Data Security Law of the PRC (《中華人民共和國數據安全法》) (the “**Data Security Law**”) was promulgated by the SCNPC on June 10, 2021 and came into effect on September 1, 2021. The Data Security Law defines “data” as any record of information in electronic or other forms, and “data processing” includes the collection, storage, use, processing, transmission, availability and disclosure of data and others. The Data Security Law shall apply to data processing activities and security supervision of such activities within the territory of the PRC; where data processing activities outside the territory of the PRC damage the national security, public interests or the legitimate rights and interests of citizens and organizations, it shall also be subject to the Data Security Law. The Data Security Law requires the data processor to establish and improve a whole-process data security management system, organize data security education and training, and take corresponding technical measures and other necessary measures to safeguard data security. In conducting data processing activities by using the Internet or any other information network, the data processor shall perform the above data security protection obligations on the basis of the hierarchical cybersecurity protection system. The Data Security Law introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, or illegally acquired or used, and warrants a national security review procedure for data activities that may affect national security and imposes export restrictions on certain data and information. Any violation of the provisions and requirements under the Data Security Law may subject a data processor to rectifications, warnings, fines, suspension of the related business, revocation of licenses or even criminal liabilities.

On December 8, 2022, the Ministry of Industry and Information Technology (“**MIIT**”) issued the Administrative Measures for Data Security in the Field of Industry and Information Technology (Trial) (《工業和信息化領域數據安全管理辦法(試行)》), which took effect on January 1, 2023. A data processor in the field of industry and information technology shall assume the primary responsibility for the security of data-processing activities, and implement graded-protection for all kinds of data; if different levels of data are processed at the same time and it is difficult to take separate protection measures, the data shall be protected in accordance with the requirements of the highest level, so as to ensure that the data are effectively protected and used legally in a continuous manner: (i) establishing the whole lifecycle security management rules and formulating specific graded protection requirements and operating procedures for data collection, storage, use, processing, transmission, provision, and disclosure of different levels of data; (ii) assigning data security management personnel as needed to coordinate and take charge of the security supervision and management of data-processing activities and assist the industry regulatory department in conducting work; (iii) reasonably determining the operation authority of data-processing activities and strictly implementing personnel authority management; (iv) making emergency response plans and carrying out emergency

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drills as required for responding to data security incidents; (v) providing data security education and training for practitioners on a periodical basis; (vi) taking other measures as prescribed by laws and administrative regulations, among others.

On February 4, 2015, the Cyberspace Administration of the PRC (the “CAC”) promulgated the Regulations on the Administration of Internet User Account Names (《互聯網用戶賬號名稱管理規定》), which became effective on March 1, 2015, requires that Internet information service providers shall implement security management responsibilities, improve user service agreements, prevent users from having illegal and bad information in the registration information, such as account name, avatar and profile, equip professionals appropriate to the service scale, review the registration information, such as account name, avatar and profile submitted by Internet users, and refuse to register those containing illegal and bad information. Internet information service providers shall consciously accept social supervision, and timely deal with illegal and bad information in registration information such as account name, avatar and profile reported by the public. Service providers shall also, in accordance with the principle of “real name at the back and voluntary at the front”, require users to register their account after passing the authentication of real identity information.

On August 25, 2017, the CAC promulgated the Administrative Regulations on Internet Forum Community Services (《互聯網論壇社區服務管理規定》), which became effective on October 1, 2017, requires that each service provider shall prevent users from disseminating any information prohibited by laws and regulations. Service providers shall, in accordance with the principle of “mandatory registration of legal name in background and voluntary use of legal name as screen name”, require users to register their account after passing the authentication of real identity information.

Additionally, the Administrative Regulations on Services of Online Comment Threads (《聯網跟帖評論服務管理規定》), which took effect on December 15, 2022, requires that a provider of comments posting services shall strictly fulfill its primary responsibilities for administration of comments posting services and perform the following obligations: (i) under the principle of “mandatory registration of legal name in background and voluntary use of legal name as screen name,” authenticate the identity information of each registered user based on mobile phone number, identity card number or unified social credit code, and shall not provide comments posting services for any user whose identity information has not been authenticated or who has falsely used the identity information of an organization or another person; (ii) establish and improve the user personal information protection system, process the personal information of a user under the principles of legitimacy, appropriateness, necessity, and integrity, disclose the personal information processing rules, notify the purpose and method of personal information processing, the type of personal information to be processed, and the retention period, and obtain the consent of persons in accordance with the law, unless as otherwise prescribed by laws and administrative regulations; and (iii) establish and improve the examination management, real-time inspection, emergency disposal of posts, acceptance of tip-offs, and other information security management systems, discover and dispose of illegal and harmful information in a timely manner, and report to the cyberspace administrations.

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On December 15, 2019, the CAC promulgated the Provisions on the Management of Network Information Content Ecology (《網絡信息內容生態治理規定》) (the “**CAC Order No. 5**”), which became effective on March 1, 2020, to further strengthen the regulation and management of network information content. Pursuant to these provisions, each network information content service platform is required, among others, (i) not to disseminate any information prohibited by laws and regulations, such as information jeopardizing national security; (ii) to strengthen the examination of advertisements published on such network information content service platform; (iii) to promulgate management rules and platform convention, improve user agreement, clarify users’ rights and obligations and perform management responsibilities required by laws, regulations, rules and convention; (iv) to establish convenient channels for complaints and reports; and (v) to prepare an annual work report regarding its management of network information content ecology. In addition, a network information content service platform must not, among others, (i) utilize new technologies and applications, such as deep-learning and virtual reality, to engage in activities prohibited by laws and regulations; (ii) engage in online traffic fraud, malicious traffic rerouting and other activities related to fraudulent account, illegal transaction account or maneuver of users’ account; and (iii) infringe a third party’s legitimate rights or seek illegal interests by way of interfering with information display.

The Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) (the “**Personal Information Protection Law**”) was promulgated by the SCNPC on August 20, 2021 and came into effect on November 1, 2021. Instead of relying solely on “notification and consent” as established in the Cyber Security Law, the Personal Information Protection Law reiterates the circumstances under which a personal information processor could process personal information and the requirements for such circumstances, such as when (i) the individual’s consent has been obtained; (ii) the processing is necessary for the conclusion or performance of a contract to which the individual is a party; (iii) the processing is necessary to fulfill statutory duties and statutory obligations; (iv) the processing is necessary to respond to public health emergencies or protect a natural person’s life, health and property safety under emergency circumstances; (v) the personal information that has been made public is processed within a reasonable scope in accordance with this Law; (vi) personal information is processed within a reasonable scope to conduct news reporting, public opinion-based supervision and other activities in the public interest; or (vii) under any other circumstance as provided by any law or regulation. It also stipulates the obligations of a personal information processor. Any violation of the provisions and requirements under the Personal Information Protection Law may subject a personal information processor to rectifications, warnings, fines, suspension of the related business, revocation of licenses, being entered into the relevant credit record or even criminal liabilities.

Pursuant to the Personal Information Protection Law, personal information processors shall take necessary measures to ensure the security of the personal information processed. The Personal Information Protection Law provides the rights of data subjects, including right to information, right to object, right to restriction of processing, right of access, right to portability, right to rectification, right to erasure, right to ask for explanation concerning the processing rules and rights of close relatives of a dead person.

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The Personal Information Protection Law requires that the CII Operators, as well as processors who process personal information that reaches a certain threshold, must store personal information within the territory of China. Where cross-border transfer of personal information is indeed necessary, such transfer must pass a security assessment organized by the CAC. Other personal information processors may conduct cross-border transfer of personal information upon satisfying one of the following requirements: (i) passing the security assessment by the CAC; (ii) obtaining certification of data security by a professional body recognized by the CAC; (iii) entering into an agreement with the overseas recipient with provisions governing the rights and obligations of the parties based on a template contract to be released by the CAC; or (iv) other requirements as provided by relevant laws and regulations.

Processors shall also conduct a personal information protection impact assessment in advance when processing sensitive personal information, using personal information to conduct automated decision-making, entrusting personal information processing, providing personal information to other personal information processors, or disclosing personal information, providing personal information abroad, and conducting other personal information processing activities with a major influence on individuals.

For purposes of ensuring the security of the supply chain for critical information infrastructure (the “**CII**”) and maintaining national security, the CAC and the NDRC, the MIIT, the Ministry of Public Security, the Ministry of State Security, the Ministry of Finance (the “**MOF**”), the MOFCOM, the PBOC, the SAMR, the National Radio and Television Administration, the CSRC and the National Administration of State Secrets Protection and State Cipher Code Administration jointly promulgated the Measures for Cyber Security Review (《網絡安全審查辦法》) (the “**Cyber Security Review**”) on December 28, 2021 which came into effect on February 15, 2022. The Cyber Security Review specifies that the procurement of network products and services by CII Operators and the activities of data process carried out by online platform operators, that raise or may raise “national security” concerns are subject to strict cyber security review by the Office of Cyber Security Review established by the CAC. Before the CII Operator procures network products and services, it should assess the potential risk of national security that may be caused by the use of such products and services. If such use of products and services may give raise to national security concerns, it should apply for a cyber security review by the Cyber Security Review Office and a report of analysis of the potential effect on national security shall be submitted when the application is made. In addition, an online platform operator that possess the personal data of at least one million users must apply for cybersecurity review by the Cyber Security Review Office, if it plans on listing companies in foreign countries. The Cybersecurity Review Office may voluntarily conduct a cyber security review if any network products and services, activities of data process or listing of companies overseas affects or may affect national security. Pursuant to the Cyber Security Review, any violation shall be punished in accordance with the Cyber Security Law and the Data Security Law, the sanctions under which include, among others, government enforcement actions and investigations, fines, penalties and suspension of our non-compliant operations.

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The Cyber Security Review focuses on the assessment of risk related to procurement activities, data process and listing of companies overseas and the major factors that are taken into consideration include (i) the risk of CII being illegally controlled, interfered or destroyed as a result of the use of the products or services; (ii) the continuous harm to the business of CII by the interruption of provision of products or services; (iii) the security, openness, transparency, diversity of sources, reliability of supply and potential supply interruptions of products and services due to political, diplomatic or international trade issues; (iv) whether the products and services provider comply with the PRC laws and regulations; (v) the risk of core data, important data or a large amount of personal information being stolen, leaked, destroyed, illegally utilized or exiting the country; (vi) the risk that CII, core data, important data or a large amount of personal information will be affected, controlled, or maliciously utilized by foreign governments after listing or Internet information security risk; and (vii) other factors that may endanger the security of CII, cyber security and data security. It may take approximately a maximum of 70 business days for the general cybersecurity review upon the delivery of their applications, which may be subject to extensions for a special review.

On July 30, 2021, the State Council promulgated the Provisions on Protection of Critical Information Infrastructure Security (《關鍵信息基礎設施安全保護條例》) (the “**Safe Protection Regulations**”), which came into effect on September 1, 2021 and provides that “CII” refers to important network facilities and information systems involved in important industries and fields such as public communication and information services, energy, transportation, water conservancy, finance, public services, e-government, national defense related science and technology industry, as well as those which may seriously endanger national security, national economy and citizens’ livelihood and public interests if damaged, malfunctioned, or if any leakage of data in relation thereto occurs. The Safe Protection Regulations provide specific requirements for the responsibilities and obligations of the operator: (i) the operator shall establish and improve the cyber security protection system and responsibility system, and ensure the input of manpower, financial and material resources; (ii) the operator shall set up a special security management department, and review the security background of the person in charge of the special security management department and the personnel in key positions; (iii) the operator shall guarantee the operation funds of the special security management department, allocate corresponding personnel, and have the personnel of the special security management department participate in the decision-making relating to cyber security and informatisation; (iv) the operators shall give priority to the purchase of safe and reliable network products and services; network products and services procured that may affect the national security shall be subject to the security review in accordance with the national provisions on cyber security. The Safe Protection Regulations clarify the measures for dealing with the failure of CII Operators to perform their responsibilities for security protection, such as imposing fines.

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In addition, on November 14, 2021, the Administration Regulations on Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the “**Cyber Data Security Draft**”) was proposed by the CAC for public comments until December 13, 2021. The draft measures reiterates that data processors which process the personal information of at least one million users must apply for a cybersecurity review if they plan the listing of companies in foreign countries, and the draft measures further require the data processors that carry out the following activities to apply for cybersecurity review in accordance with the relevant laws and regulations: (i) the merger, reorganization or division of Internet platform operators that have gathered a large number of data resources related to national security, economic development and public interests that affects or may affect national security; (ii) the listing of the data processor in Hong Kong affects or may affect the national security; and (iii) other data processing activities that affect or may affect national security.

In addition, the draft measures also regulate other specific requirements in respect of the data processing activities conducted by data processors in the view of personal data protection, important data safety, data cross-broader safety management and obligations of Internet platform operators. For example, in one of the following situations, data processors shall delete or anonymize personal information within 15 business days: (i) the purpose of processing personal information has been achieved or the purpose of processing is no longer needed; (ii) the storage term agreed with the users or specified in the personal information processing rules has expired; (iii) the service has been terminated or the account has been canceled by the individual; and (iv) unnecessary personal information or personal information collected without the consent of the individual, which was collected inevitably due to the use of automatic data collection technology.

Pursuant to the Draft Data Security Regulations, data processors processing personal information of more than one million people shall also comply with the provisions for processing of important data, and specific requirements for the processing of important data shall be complied with. For the processing of important data, specific requirements shall be complied with, for example, processors of important data shall specify the responsible person of data safety, establish a data safety management department and file to the cyberspace administration at the districted city level within 15 business days after the identification of their important data. The processors of important data or data processors who are listed overseas shall carry out data security assessments by themselves or by entrusting data security service agencies every year, and submit the previous year’s data security assessment report to the cyberspace administration at the districted city level before January 31 of each year. When providing overseas data collected and generated within the PRC, if such data includes important data, or if the data processor is a CII Operator or processes personal information of more than one million people, the data processors shall go through the security assessment of data cross-border transfer organized by the national cyberspace administration. Any failure to comply with such requirements may subject us to, among others, suspension of services, fines, revoking relevant business permits or business licenses and penalties. Since the CAC is still seeking comments on the Cyber Data Security Draft from the public, the Cyber Data Security Draft (especially its operative provisions) and its anticipated adoption or effective date are subject to further changes with substantial uncertainty.

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The Administrative Provisions on Security Vulnerability of Network Products (《網絡產品安全漏洞管理規定》) (the “**Provisions**”) was jointly promulgated by the MIIT, the CAC and the Ministry of Public Security on July 12, 2021 and became effective on September 1, 2021. Network product providers, network operators as well as organizations or individuals engaging in the discovery, collection, release and other activities of network product security vulnerability are subject to the Provisions and shall establish channels to receive information of security vulnerability of their respective network products and shall examine and fix such security vulnerability in a timely manner. In response to the Cyber Security Law, network product providers are required to report relevant information of security vulnerability of network products with the MIIT within two days and to provide technical support for network product users. Network operators shall take measures to examine and fix security vulnerability after discovering or knowing that their networks, information systems or equipment have security loopholes. According to the Provisions, the breaching parties may be subject to monetary fine as regulated in accordance with the Cyber Security Law. Since the Provisions is relatively new, its implementation remains unpredictable.

On January 23, 2019, the CAC, the MIIT, the Ministry of Public Security, and the SAMR jointly issued the Notice on Special Governance of Illegal Collection and Use of Personal Information via Apps (《關於開展App違法違規收集使用個人信息專項治理的公告》), which restates the requirement of legal collection and use of personal information, encourages App operators to conduct security certifications, and encourages search engines and App stores to clearly mark and recommend those certified Apps.

On November 28, 2019, the CAC, MIIT, the Ministry of Public Security and SAMR jointly issued the Measures to Identify Illegal Collection and Usage of Personal Information by Apps (《App違法違規收集使用個人信息行為認定方法》), which came into effect on the same day and lists six types of illegal collection and usage of personal information, including “non-disclosure of collection and use rules,” “failure to expressly state the purpose, method and scope of collecting and using personal information,” “collection or use of personal information without the consent of users,” “collection of personal information unrelated to the services they provide in violation of the principle of necessity,” “provision of personal information without consent,” “failure to provide the function of deleting or correcting personal information in accordance with the law” and “failure to disclose the information such as ways of filing complaints and whistleblowing reports.”

On July 22, 2020, the MIIT issued the Notice of Ministry of Industry and Information Technology on Carrying out Special Rectification Actions in Depth against the Infringement upon Users’ Rights and Interests by Apps (《工業和信息化部關於開展縱深推進APP侵害用戶權益專項整治行動的通知》), which lists four types of illegal collection and usage of personal information, including “illegally processing personal information of users by the App and the SDK,” “Setting up obstacles and frequently harassing users,” “cheating and misleading users” and “inadequate implementation of application distribution platforms’ responsibilities.”

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On December 16, 1997, the Ministry of Public Security issued the Administrative Measures on the Security Protection of Computer Information Network with International Connections (《計算機信息網絡國際聯網安全保護管理辦法》) (the “**Computer Information Security Protection Measures**”), which took effect on December 30, 1997 and was amended by the State Council on January 8, 2011. According to the Computer Information Security Protection Measures, no entity or individual shall make use of international connections to harm national security, leak state secrets, infringe on the national, social or collective interests or the legal rights and interests of citizens or engage in other illegal or criminal activities. If relevant entities violate any provisions of the measures, such entities may be subject to an order of rectification within a specified period, warning, confiscation of illegal income, revocation of business license or cancelation of network connection qualifications.

On July 7, 2022, the CAC promulgated the Measures on the Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》) (the “**Measures on CBDT**”), which took effect on September 1, 2022. According to the Measures on CBDT, the data processor that provides personal information or important data collected and generated in the course of business operations in the Chinese mainland to overseas recipients, in any of the following circumstances, shall apply for cross-border data transfer security assessment: (i) data processor provides important data abroad; (ii) critical information infrastructure operators (“**CIIO**”) or the data processor that has processed the personal information of over one million people provides personal information abroad; (iii) data processor that has provided the personal information of over 100,000 people or the sensitive personal information of over 10,000 people cumulatively since January 1 of the previous year, provides personal information abroad; and (iv) any other circumstance where an application for the security assessment of cross-border data transfer is required by the national cyberspace administration.

According to the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》) (the “**Internet Measures**”), which was promulgated by the State Council on September 25, 2000 and amended on January 8, 2011, Internet information services are categorized as either commercial or non-commercial services. The commercial Internet information services are subject to a permit system while the non-commercial Internet information services are subject to a record-filing system. Entities engaged in providing commercial Internet information services shall apply for a license for value-added telecommunication services of Internet information services with the competent telecom administrative authority or State Council’s department in charge of information industry. As for the operation of non-commercial Internet information services, only a filing with the competent telecom administrative authority or State Council’s department in charge of information industry is required. In addition, the Internet Measures stipulates that, when the Internet information service involves areas of news, publication, education, medical treatment, health, pharmaceuticals and medical equipment, and if required by laws, administrative regulations and relevant requirements, specific approval from the respective regulatory authorities must be obtained prior to applying for the business license or carrying on filing procedures.

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The mobile internet applications are specifically regulated by the Administrative Provisions on Mobile Internet Application Information Services (《移動互聯網應用程序信息服務管理規定》) (the “**Mobile Application Administrative Provisions**”), which was promulgated by the CAC on June 28, 2016 and amended on August 1, 2022. Pursuant to the Mobile Application Administrative Provisions, application information service providers shall obtain the relevant qualifications prescribed by laws and regulations, strictly implement their information security management responsibilities and carry out certain duties, including establishing and completing users’ real identity authentication mechanism and information content management mechanism. An App provider shall, when handling personal information, follow the principles of legality, legitimacy, necessity and integrity, have clear and reasonable purposes, disclose processing rules, comply with relevant provisions on the scope of necessary personal information, regulate personal information processing activities, and take necessary measures to protect the security of personal information, and shall not force users to agree on the processing of personal information for any reason or refuse users’ use of its basic functions and services due to users’ disagreement on providing non-essential personal information.

In December 2011, the MIIT issued Several Provisions on Regulating the Market Order of Internet Information Services (《規範互聯網信息服務市場秩序若干規定》), which provides that an Internet information service provider may not collect any user’s personal information or provide any such information to third parties without such user’s consent. Pursuant to the Several Provisions on Regulating the Market Order of Internet Information Services, Internet information service providers are required to, among others, (i) expressly inform the users of the method, content and purpose of the collection and processing of such users’ personal information and may only collect such information necessary for the provision of its services; and (ii) properly maintain the users’ personal information, and in case of any leak or possible leak of a user’s personal information, online lending service providers must take immediate remedial measures and, in severe circumstances, make an immediate report to the telecommunications regulatory authority.

Pursuant to the Decision on Strengthening the Protection of Online Information (《關於加強網絡信息保護的決定》), issued by the SCNPC in December 2012, and the Order for the Protection of Telecommunication and Internet User Personal Information (《電信和互聯網用戶個人信息保護規定》), issued by the MIIT in July 2013, any collection and use of any user’s personal information must be subject to the consent of the user, and abide by the applicable law, rationality and necessity of the business and fall within the specified purposes, methods and scopes in the applicable laws. Personal information processors shall take necessary measures to ensure the security of the personal information processed, and the rights of data subjects include right to rectification and right to erasure.

On August 22, 2019, the CAC issued the Provisions on the Cyber Protection of Children’s Personal Information (《兒童個人信息網絡保護規定》), which became effective on October 1, 2019 and applies to the collection, storage, use, transfer and disclosure of the personal information of the minors under the age of 14, or the Children, via the Internet. Where a personal information processor collects or uses a child’s personal information, it shall formulate special personal information processing rules and obtain the consent of the child’s parents or other guardians.

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Pursuant to the Ninth Amendment to the Criminal Law of the PRC (《中華人民共和國刑法修正案(九)》) issued by the SCNPC on August 29, 2015 and came into effect on November 1, 2015, any network service provider that fails to fulfill the obligations related to Internet information security administration as required by applicable laws and refuses to rectify upon orders, will be subject to criminal liability for causing (i) any dissemination of illegal information in large scale; (ii) any leakage of the users' information with serious consequences; (iii) any loss of evidence of criminal activities with serious circumstances; or (iv) any other serious circumstances. In addition, any individual or entity that (i) sells or provides personal information to others unlawfully, or (ii) steals or illegally obtains any personal information, will be subject to criminal liability in serious circumstances.

On May 8, 2017, the Supreme People's Court and the Supreme People's Procuratorate released the Interpretations of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens' Personal Information (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》) (the “**Interpretations**”), which came into effect on June 1, 2017. The Interpretations clarify several concepts regarding the crime of “infringement of citizens' personal information” stipulated by Article 253A of the Criminal Law of the PRC (《中華人民共和國刑法》), including “citizens' personal information,” “violation of relevant national provisions,” “provision of citizens' personal information” and “illegally obtaining any citizens' personal information by other methods.” In addition, the Interpretations specifies the standards for determining “serious circumstances” and “particularly serious circumstances” of this crime. On October 21, 2019, the Supreme People's Court and the Supreme People's Procuratorate jointly issued the Interpretations on Certain Issues Regarding the Applicable of Law in the Handling of Criminal Case Involving Illegal Use of Information Networks and Assisting Committing Internet Crimes (《最高人民法院、最高人民檢察院關於辦理非法利用信息網絡、幫助信息網絡犯罪活動等刑事案件適用法律若干問題的解釋》), which came into effect on November 1, 2019, and further clarifies the meaning of Internet service operators and the serious circumstance of the relevant crimes. Failure to comply with the above laws and regulations regarding cybersecurity, information security, privacy and data protection may subject the Internet service providers or data processors to administrative penalties including, without limitation, warnings, fines, suspension of business operation, the shut-down of websites or apps, revocation of licenses and even criminal liabilities.

On December 31, 2021, the CAC, the MIIT, the Ministry of Public Security and the SAMR jointly issued the Administrative Provisions on Algorithm Recommendation for Internet Information Services (《互聯網信息服務算法推薦管理規定》), which became effective on 1 March, 2022, the algorithm recommendation service provider shall: (i) formulate an algorithm management system to implement the requirements of algorithm mechanism review, scientific and technological ethics review, anti-telecom network fraud, security assessment and monitoring, and emergency disposal of security events; (ii) be equipped with professional personnel and technical measures suitable for the scale of the algorithm recommendation service; (iii) regularly review, evaluate and verify the algorithm mechanism, model, data and application results; (iv) inform users of its provision of algorithm recommendation service in a significant way, and publicize the basic principle, purpose and main operation mechanism of algorithm recommendation service in an

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appropriate way; (v) provide users with options that are not specific to their personal characteristics, or provide users with convenient options to turn off the algorithm recommendation service; and (vi) provide users with the function of selecting or deleting the user tag specific to their personal characteristics.

Pursuant to the Regulations for Medical Institutions on Medical Records Management (《醫療機構病歷管理規定》) released on November 20, 2013, and made effective from January 1, 2014, the medical institutions and medical practitioners shall strictly protect the privacy information of patients, and any leakage of patients' medical records for non-medical, non-teaching or non-research purposes is prohibited. The NHFPC released the Measures for Administration of Population Health Information (Trial) (《人口健康信息管理辦法(試行)》) on May 5, 2014, which refers to the medical health service information as the population healthcare information, and emphasizes that such information cannot be stored in offshore servers, and that offshore servers shall not be hosted or leased. Pursuant to the Management Measures of Standards, Safety and Service of National Health and Medical Big Data (Trial) (《國家健康醫療大數據標準、安全和服務管理辦法(試行)》), promulgated by the NHC on July 12, 2018, the medical institutions should establish relevant safety management systems, operation instructions and technical specifications to safeguard the safety of healthcare big data generated in the process of health management service or prevention and cure service of diseases. And it also stipulates that such healthcare big data should be stored in onshore servers and shall not be provided overseas without a security assessment.

REGULATIONS RELATING TO FOOD SAFETY

In accordance with the Food Safety Law of the PRC (《中華人民共和國食品安全法》) (the “**Food Safety Law**”), promulgated on February 28, 2009 and last amended on April 29, 2021, and the Implementation Regulations of the Food Safety Law of the PRC (《中華人民共和國食品安全法實施條例》), or the Implementation Regulations, issued on July 20, 2009 and last amended on October 11, 2019 and made effective on December 1, 2019, with the purpose of guaranteeing food safety and safe guarding the health and life safety of the public, the PRC sets up a system of the supervision, monitoring and appraisal on the food safety risks and compulsory adoption of food safety standards. To engage in food production, sale or catering services, the business operators shall obtain a license in accordance with the laws and regulations. Furthermore, the State Council implements strict supervision and administration for special categories of foods such as healthcare food, special formula foods for medical purposes and infant formula.

According to the Administrative Measures for Food Operation Licensing and Record Filing (《食品經營許可和備案管理辦法》) which was promulgated on June 15, 2023 by SAMR and took effect on December 1, 2023, food operators involved in food operation within the PRC shall obtain the food operation license which is valid for five years. However, food operators whoever operate prepackaged food business only or other certain food business stipulated in the Food Operation Measures, shall make the recordation for the food business instead of applying for any food operation license. Those who fail to submit the recordation information as required or fails to update the recordation

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information as required when any recordation information changes shall be ordered to take corrective action within a prescribed time limit. Where food operators fail to do so, they shall be fined not less than RMB2,000 nor more than RMB10,000.

REGULATIONS RELATING TO CONSUMER PROTECTION AND PRODUCT QUALITY

Consumers Protection

The Consumer Protection Law of the PRC (《中華人民共和國消費者權益保護法》) promulgated by SCNPC, which was last amended on October 25, 2013 and made effective on March 15, 2014, sets out the obligations of business operators and the rights and interests of the consumers in China. Pursuant to this law, business operators must guarantee that the commodities they sell satisfy the requirements for personal or property safety, provide consumers with authentic information about the commodities, and guarantee the quality, function, usage and term of validity of the commodities. Failure to comply with the Consumer Protection Law may subject business operators to civil liabilities such as refunding purchase prices, replacement of commodities, repairing, ceasing damages, compensation, and restoring reputation, and even subject the business operators to criminal penalties. Where the operators of the online trading platforms are unable to provide the real names, addresses and valid contact details of the sellers or service providers, the consumers may also claim damages to the providers of the online trading platforms. Operators of online trading platforms that clearly knew or should have known that sellers or service providers use their platforms to infringe upon the legitimate rights and interests of consumers but fail to take necessary measures must bear joint and several liabilities with the sellers or service providers. Moreover, if business operators deceive consumers or knowingly sell substandard or defective products, they should not only compensate consumers for their losses, but also pay additional damages equal to three times the price of the goods or services.

Product Quality

The Product Quality Law (《產品質量法》) which was promulgated on February 22, 1993 and last amended on December 29, 2018 by the SCNPC, applies to all production and sale activities in China. Pursuant to this law, products offered for sale must satisfy relevant quality and safety standards. Enterprises may not produce or sell counterfeit products in any fashion, including forging brand labels or giving false information regarding a product's manufacturer. Violations of state or industrial standards for health and safety and any other related violations may result in civil liabilities and administrative penalties, such as compensation for damages, fines, suspension or shutdown of business, as well as confiscation of products illegally produced and sold and the proceeds from such sales. Severe violations may subject the responsible individual or enterprise to criminal liabilities. Where a defective product causes physical injury or damage of property, the victim may claim compensation from the manufacturer or from the seller of the product. If the seller pays compensation and it is the manufacturer that should bear the liability, the seller has a

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right of recourse against the manufacturer. Similarly, if the manufacturer pays compensation and it is the seller that should bear the liability, the manufacturer has a right of recourse against the seller.

REGULATIONS RELATING TO TAXATION

Enterprise Income Tax

On March 16, 2007, the NPC promulgated the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》, the “**EIT Law**”) which was last amended on December 29, 2018, and the State Council enacted the Regulations for the Implementation of the Law on Enterprise Income Tax (《中華人民共和國企業所得稅法實施條例》, the “**EIT Rules**”) which were last amended on April 23, 2019. According to the EIT Law and EIT Rules, taxpayers consist of resident enterprises and non-resident enterprises. Resident enterprises are defined as enterprises that are established in China in accordance with the PRC laws, or that are established in accordance with the laws of foreign countries but whose actual or de facto control is administered from within the PRC. Non-resident enterprises are defined as enterprises that are set up in accordance with the laws of foreign countries and whose actual administration is conducted outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from inside the PRC. Under the EIT Law and relevant implementing regulations, a uniform corporate income tax rate of 25% is applicable. However, if non-resident enterprises have not formed permanent establishments or premises in the PRC, or if they have formed permanent establishment institutions or premises in the PRC but there is no actual relationship between the relevant income derived in the PRC and the established institutions or premises set up by them, the enterprise income tax is, in that case, set at the rate of 10% for their income sourced from inside the PRC.

Value-added Tax

Pursuant to the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例》), which was promulgated by the State Council on December 13, 1993 and last amended on November 19, 2017, and the Implementation Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》), which was promulgated by the MOF on December 25, 1993 and last as amended on October 28, 2011, and became effective on November 1, 2011, entities or individuals engaging in sale of goods, provision of processing services, repairs and replacement services or importation of goods within the territory of the PRC shall pay value-added tax (the “**VAT**”).

On March 20, 2019, the MOF, the SAT and the General Administration of Customs jointly issued the Announcement on Policies for Deepening the VAT Reform (《關於深化增值稅改革有關政策的公告》), or Announcement 39, to further slash value-added tax rates. According to the Announcement 39, (i) for general VAT payers’ sales activities or imports that are subject to VAT at an existing applicable rate of 16% or 10%, the applicable VAT rate is adjusted to 13% or 9% respectively; (ii) for the agricultural products purchased by taxpayers to which an existing 10% deduction rate is applicable, the deduction rate is adjusted to 9%; (iii) for the agricultural products purchased by taxpayers for production or

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commissioned processing, which are subject to VAT at 13%, the input VAT will be calculated at a 10% deduction rate; (iv) for the exportation of goods or labor services that are subject to VAT at 16%, with the applicable export refund at the same rate, the export refund rate is adjusted to 13%; and (v) for the exportation of goods or cross-border taxable activities that are subject to VAT at 10%, with the export refund at the same rate, the export refund rate is adjusted to 9%. The Announcement 39 came into effect on April 1, 2019 and shall prevail in the case of any conflict with existing provisions.

Dividend Withholding Tax

Pursuant to the EIT Law and its implementation rules, if a non-resident enterprise has not set up an organization or establishment in the PRC, or has set up an organization or establishment but the income derived has no actual connection with such organization or establishment, it will be subject to a withholding tax on its PRC-sourced income at a rate of 10%. Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), the withholding tax rate in respect to the payment of dividends by a PRC enterprise to a Hong Kong enterprise is reduced to 5% from a standard rate of 10% if the Hong Kong enterprise directly holds at least 25% of the PRC enterprise.

Pursuant to the Notice of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》), or Circular 81, if the relevant PRC tax authorities determine that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. Furthermore, the Administrative Measures for Non-Resident Taxpayer to Enjoy Treatments under Tax Treaties (《非居民納稅人享受稅收協定待遇管理辦法》), or SAT Circular 60, which became effective in November 2015, requires that non-resident enterprises which satisfy the criteria for entitlement to tax treaty benefits may, at the time of tax declaration or withholding declaration through a withholding agent, enjoy the tax treaty benefits, and be subject to ongoing administration by the tax authorities. In the case where the non-resident enterprises do not apply to the withholding agent to claim the tax treaty benefits, or the materials and the information stated in the relevant reports and statements provided to the withholding agent do not satisfy the criteria for entitlement to tax treaty benefits, the withholding agent should withhold tax pursuant to the provisions of the PRC tax laws. The SAT issued the Announcement of State Taxation Administration on Promulgation of the Administrative Measures on Non-resident Taxpayers Enjoying Treaty Benefits (國家稅務總局關於發佈《非居民納稅人享受協定待遇管理辦法》的公告), the SAT Circular 35 on October 14, 2019, which became effective on January 1, 2020. The SAT Circular 35 further simplified the procedures for enjoying treaty benefits and replaced the SAT Circular 60. According to the SAT Circular 35, no approvals from the tax authorities are required for a non-resident taxpayer to enjoy treaty benefits, where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding through the withholding agent, but it shall gather and retain the relevant materials as required for future inspection, and accept

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follow-up administration by the tax authorities. There are also other conditions for enjoying the reduced withholding tax rate according to other relevant tax rules and regulations. According to the Circular on Several Issues regarding the “Beneficial Owner” in Tax Treaties (《關於稅收協定中「受益所有人」有關問題的公告》), or Circular 9, which was issued on February 3, 2018 by the SAT, effective as of April 1, 2018, when determining the applicant’s status of the “beneficial owner” regarding tax treatments in connection with dividends, interests or royalties in the tax treaties, several factors, including without limitation, whether the applicant is obligated to pay more than 50% of its income in 12 months to residents in a third country or region, whether the business operated by the applicant constitutes the actual business activities, and whether the counterparty country or region to the tax treaties does not levy any tax or grant tax exemption on relevant incomes or levy tax at an extremely low rate, will be taken into account, and it will be analyzed according to the actual circumstances of the specific cases. This circular further provides that applicants who intend to prove his or her status of the “beneficial owner” shall submit the relevant documents to the relevant tax bureau according to the Administrative Measures for Non-Resident Enterprises to Enjoy Treatments under Tax Treaties.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY RIGHTS

The PRC has adopted comprehensive legislation governing intellectual property rights, including copyrights, patents, trademarks and domain names.

Copyright

China has enacted various laws and regulations relating to the protection of copyright. China is a signatory to some major international conventions on protection of copyright and became a member of the Berne Convention for the Protection of Literary and Artistic Works in October 1992, the Universal Copyright Convention in October 1992, and the Agreement on Trade-Related Aspects of Intellectual Property Rights upon its accession to the World Trade Organization in December 2001.

Pursuant to the PRC Copyright Law (《中華人民共和國著作權法》) promulgated by the SCNPC on September 7, 1990, last amended on November 11, 2020 and came into effect on June 1, 2021, Chinese citizens, legal persons, or other organizations shall, whether published or not, be entitled to copyrights in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. In addition, Internet activities, products disseminated over the Internet and software products are also entitled to copyrights. There is a voluntary registration system administered by the PRC Copyrights Protection Center. In order to further implement the Computer Software Protection Regulations (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991, last amended on January 30, 2013 and came into effect on March 1, 2013, the National Copyrights Administration issued Measures for Registration of Computer Software Copyrights (《計算機軟件著作權登記辦法》) on February 20, 2002 with immediate effect, which apply to software copyrights registration, licensing registration and transfer registration. The National Copyrights Administration shall be the competent authority for the nationwide administration of software copyrights registration and the Copyrights Protection Center of China (the

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“CPCC”), is designated as the software registration authority. The CPCC shall grant registration certificates to computer software copyrights applicants pursuant to relevant regulations.

Provisions of the Supreme People’s Court on Certain Issues Related to the Application of Law in the Trial of Civil Cases Involving Disputes over Infringement of the Right of Dissemination through Information Networks (《最高人民法院關於審理侵害信息網絡傳播權民事糾紛案件適用法律若干問題的規定》), issued by the Supreme People’s Court on December 29, 2020 and came into effect on January 1, 2021, provide that web users or web service providers who offer works, performances or audio-video products, in which others have the right of dissemination, via information networks without authorization shall be deemed to have infringed upon the right of dissemination through information networks.

Patent

According to the PRC Patent Law (《中華人民共和國專利法》) promulgated by the SCNPC on March 12, 1984, last amended on October 17, 2020, and came into effect on June 1, 2021, and its Implementation Rules (《中華人民共和國專利法實施細則》) promulgated by the State Council on January 9, 2010, last amended on December 11, 2023 and came into effect on January 20, 2024, the State Intellectual Property Office is responsible for administering patents in the PRC. The patent administration departments of provincial or autonomous regions or municipal governments are responsible for administering patents within their respective jurisdictions. The PRC Patent Law and its Implementation Rules provide three types of patents, “invention,” “utility model” and “design.” Invention patents are valid for 20 years, while design patents are valid for 15 years and utility model patents are valid for 10 years, from the date of filing application. In accordance with the Measures for the Filing of Patent Licensing Agreement (《專利實施許可合同備案辦法》), which was issued by the State Intellectual Property Office on June 27, 2011 and came into effect on August 1, 2011, the State Intellectual Property Office is responsible for the filing of patent licensing agreements nationwide. The parties concerned shall complete filing within three months from the effective date of such patent licensing agreement. The PRC patent system follows “first come, first file” principle, which means that where more than one person file patent applications for the same invention, the patent will be granted to the person who files the application first. To be patentable, invention or utility models must meet three criteria: novelty, obviousness and utility. A third party must procure consent or proper licensing from the patent owner to use the patent. Otherwise, the use constitutes infringement of the patent. The 2020 amendment to Patent Law focuses on: (i) clarifying the incentives for inventors or designers relating to service inventions; (ii) extending the duration of design patent; (iii) adding a new genre of “open licensing” (開放許可); and (iv) increasing the amount for patent infringement damages.

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Trademark

Trademarks are protected by the PRC Trademark Law (《中華人民共和國商標法》) (the “**Trademark Law**”), which was promulgated by the SCNPC on August 23, 1982, last amended on April 23, 2019 and came into effect on November 1, 2019, as well as the PRC Implementation Regulation of Trademark Law (《中華人民共和國商標法實施條例》), which was adopted by the State Council on August 3, 2002, last amended on April 29, 2014 and came into effect on May 1, 2014. In China, registered trademarks include commodity trademarks, service trademarks, collective trademarks and certification trademarks.

The PRC Trademark Office of National Intellectual Property Administration (the “**Trademark Office**”) is responsible for the registration and administration of trademarks throughout the PRC and grants a term of 10 years to registered trademarks. Trademarks are renewable every 10 years where a registered trademark needs to be used after the expiration of its validity term. A registration renewal application shall be filed within 12 months prior to the expiration of the term. A trademark registrant may license its registered trademark to another party by entering into a trademark licensing agreement. Trademark licensing agreements must be filed with the Trademark Office. The licensor shall supervise the quality of the commodities on which the trademark is used, and the licensee shall guarantee the quality of such commodities. The Trademark Law follows a “first come, first file” principle with respect to trademark registration. Where a trademark for which a registration application has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a “sufficient degree of reputation” through such party’s use.

Domain Name

Domain names are protected under the Administrative Measures on Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 and came into effect on November 1, 2017. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and applicants become domain name holders upon successful registration. Domain name registration follows a “first come, first file” principle as well.

REGULATIONS RELATING TO FOREIGN EXCHANGE

The principal regulation governing foreign currency exchange in China is the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) which was promulgated by the State Council on January 29, 1996 and was last amended on August 5, 2008. Pursuant to this regulation and other PRC rules and regulations on currency conversion, Renminbi is freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but not

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freely convertible for capital account items, such as direct investment, loan or investment in securities outside China unless prior approval of the State Administration of Foreign Exchange (the “SAFE”) or its local affiliates is obtained.

On February 13, 2015, SAFE promulgated the Notice on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》), according to which, entities and individuals may apply for such foreign exchange registrations from qualified banks. The qualified banks, under the supervision of SAFE, may directly review the applications and conduct the registration. On March 30, 2015, SAFE promulgated the Circular on Reforming the Management Approach regarding the Settlement of Foreign Capital of Foreign-invested Enterprise (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the “Circular 19”). According to Circular 19, the foreign exchange capital of foreign-invested enterprises shall be subject to the Discretionary Foreign Exchange Settlement, which means that the foreign exchange capital in the capital account of a foreign-invested enterprise for which the rights and interests of monetary contribution have been confirmed by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operational needs of the foreign-invested enterprise, and if a foreign-invested enterprise needs to make further payment from such account, it still needs to provide supporting documents and proceed with the review process with the banks. Furthermore, Circular 19 stipulates that the use of capital by foreign-invested enterprises shall follow the principles of authenticity and self-use within the business scope of enterprises. The capital of a foreign-invested enterprise and capital in Renminbi obtained by the foreign-invested enterprise from foreign exchange settlement shall not be used for the following purposes: (i) directly or indirectly used for payments beyond the business scope of the enterprises or payments as prohibited by relevant laws and regulations; (ii) directly or indirectly used for investment in securities unless otherwise provided by the relevant laws and regulations; (iii) directly or indirectly used for granting entrust loans in Renminbi (unless permitted by the scope of business), repaying inter-enterprise borrowings (including advances by the third-party) or repaying the bank loans in Renminbi that have been sub-lent to third parties; or (iv) directly or indirectly used for expenses related to the purchase of real estate that is not for self-use (except for the foreign-invested real estate enterprises).

The Circular on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》) or SAFE Circular 13, which became effective on June 1, 2015 and was amended on December 30, 2019, cancels the administrative approvals of foreign exchange registration of direct domestic investment and direct overseas investment and simplifies the procedure of foreign exchange-related registration. Pursuant to SAFE Circular 13, investors should register with banks for direct domestic investment and direct overseas investment.

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The Circular on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《關於改革和規範資本項目結匯管理政策的通知》) (the “SAFE Circular 16”), was promulgated by SAFE on June 9, 2016 and amended in December 2023. Pursuant to SAFE Circular 16, enterprises registered in the PRC may also convert their foreign debts from foreign currency to Renminbi on a self-discretionary basis. SAFE Circular 16 reiterates the principle that Renminbi converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope or prohibited by the PRC Laws, while such converted Renminbi shall not be provided as loans to its non-affiliated entities.

On January 26, 2017, SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》), which stipulates several capital control measures with respect to the outbound remittance of profit from domestic entities to offshore entities, including: (i) banks should check board resolutions regarding profit distribution, the original version of tax filing records, and audited financial statements pursuant to the principle of genuine transactions; and (ii) domestic entities should hold income to account for previous years’ losses before remitting the profits. Moreover, pursuant to this circular, domestic entities should make detailed explanations of the sources of capital and utilization arrangements, and provide board resolutions, contracts, and other proof when completing the registration procedures in connection with an outbound investment.

On October 23, 2019, the SAFE promulgated the Notice for Further Advancing the Facilitation of Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), which, among other things, allows all FIEs to use Renminbi converted from foreign currency-denominated capital for equity investments in China, as long as the equity investment is genuine, does not violate applicable laws, and complies with the negative list on foreign investment.

According to the Circular of SAFE on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) (the “SAFE Circular 8”) promulgated and effective on April 10, 2020 by the SAFE, the reform of facilitating the payments of incomes under the capital accounts shall be promoted nationwide. Under the prerequisite of ensuring true and compliant use of funds and compliance and complying with the prevailing administrative provisions on use of income from capital projects, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt and overseas listing, etc., for domestic payment, without the need to provide proof materials for veracity to the bank beforehand for each transaction.

REGULATIONS RELATING TO LABOR

The Labor Contract Law (《勞動合同法》) as promulgated by the SCNPC on June 29, 2007, amended on December 28, 2012 and made effective on July 1, 2013, and its implementation rules provide requirements concerning employment contracts between an employer and its employees. If an employer fails to enter into a written employment contract with an employee within one year from the date on which the employment relationship is established, the employer must rectify the situation by entering into a written employment contract with the employee and pay the employee twice the employee's salary for the period from the day following the lapse of one month from the date of establishment of the employment relationship to the day prior to the execution of the written employment contract. The Labor Contract Law and its implementation rules also require compensation to be paid upon certain terminations, which significantly affects the cost of reducing workforce for employers. In addition, if an employer intends to enforce a non-compete provision with an employee in an employment contract or non-competition agreement, it has to compensate the employee on a monthly basis during the term of the restriction period after the termination or ending of the labor contract. Employers in most cases are also required to provide a severance payment to their employees after their employment relationships are terminated.

Enterprises in China are required by the PRC laws and regulations to participate in certain employee benefit plans, including social insurance funds, namely a pension plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan, a maternity insurance plan, and a housing provident fund, and contribute to the plans or funds in amounts equal to certain percentages of salaries, including bonuses and allowances, of the employees as specified by the local government from time to time at locations where they operate their businesses or where they are located. According to the Social Insurance Law (《社會保險法》) which was promulgated by the SCNPC on October 28, 2010, became effective on July 1, 2011 and as amended on December 29, 2018, an employer that fails to make social insurance contributions may be ordered to pay the required contributions within a stipulated time limit and be subject to a late fee. If the employer still fails to rectify the failure to make social insurance contributions within the stipulated deadline, it may be subject to a fine ranging from one to three times the amount overdue. According to the Regulations on Management of Housing Fund (《住房公積金管理條例》), which was promulgated by the State Council on April 3, 1999, became effective on April 3, 1999 and as amended on March 24, 2019, an enterprise that fails to make housing fund contributions may be ordered to rectify the non-compliance and pay the required contributions within a stipulated time limit; otherwise, an application may be made to a local court for compulsory enforcement.

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REGULATIONS RELATING TO ANTI-UNFAIR COMPETITION, ANTI-CORRUPTION AND ANTI-BRIBERY

Pursuant to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) promulgated by the SCNPC on April 23, 2019, a business operator shall not resort to bribery to seek a transaction opportunity or competitive advantage by offering money or goods or by any other means, to (i) any employee of the counterparty in a transaction, (ii) any entity or individual entrusted by the counterparty in a transaction to handle relevant affairs, or (iii) any other entity or individual that takes advantage of powers or influence to influence a transaction. A business operator may expressly offer a discount to the counterparty or pay commissions to the intermediaries of a transaction in the course of transaction activities, which shall be properly recorded in both parties' accounting books. Any commercial bribery committed by an employee of a given operator will be deemed as conduct of such operator unless such operator has evidence that such act is not related to such operator's efforts in seeking a transaction opportunity or competitive advantage.

REGULATIONS RELATING TO M&A AND OVERSEAS LISTINGS

On August 8, 2006, six PRC regulatory agencies, including the MOFCOM, State-owned Assets Supervision and Administration Commission of the State Council, the SAT, the SAMR, the CSRC and the SAFE, issued the Rules on Merger and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the "M&A Rules"), which was amended on June 22, 2009. Foreign investors shall comply with the M&A Rules when they purchase equity interests of a domestic company or subscribe the increased capital of a domestic company, and thus turning the domestic company into a foreign-invested enterprise; or when the foreign investors establish a foreign-invested enterprise in the PRC, purchase the assets of a domestic company and operate the assets; or when the foreign investors purchase the asset of a domestic company, establish a foreign-invested enterprise by injecting such assets and operate the assets. The M&A Rules require offshore special purpose vehicles formed for overseas listing purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals, to obtain the approval of the CSRC prior to publicly listing their securities on an overseas stock exchange.

On July 6, 2021, the Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》) was jointly issued by the General Office of the Communist Party of China Central Committee and the General Office of the State Council, which steps up scrutiny of overseas listings by companies and calls for strengthening cooperation in cross-border regulation, amending relevant laws and regulations on cyber security, cross-border data transmission and confidential information management, including the confidentiality requirement and file management related to the issuance and listing of securities overseas, enforcing the primary responsibility of the enterprises for information security of Chinese-based overseas listed companies and promoting the construction of relevant regulatory systems to deal with the risks and incidents confronting China-based overseas-listed companies.

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On February 17, 2023, the CSRC promulgated 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 “**Overseas Listing Trial Measures**”) and five relevant guidelines, which came into effect on March 31, 2023. The Overseas Listing Trial Measures provide that (i) domestic companies that seek to offer or list securities overseas, both directly and indirectly, should complete a filing procedure and submit relevant information to the CSRC; in the event of subsequent offering and occurrence of certain major events, domestic companies shall also complete relevant filing procedures and submit information to the CSRC; if a domestic company fails to complete the filing procedures, omits any material fact, falsifies any content or contains any misleading statement in its filing documents, such domestic company may be subject to administrative penalties, such as an order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines; (ii) if both of the following conditions are met, the overseas offering and listing shall be determined as an indirect overseas offering and listing by a domestic company: (a) any of the revenue, total profit, total asset, or net asset of the domestic operating entities of the issuer in the most recent accounting year accounts for more than 50% of the corresponding figures in the issuer’s audited consolidated financial statements for the same period; and (b) its major operational activities are carried out in the PRC or its main place of business is in the PRC, or members of the senior management in charge of business operation and management are mostly Chinese citizens or are domiciled in the PRC; (iii) where a domestic company seeks to indirectly offer and list securities in an overseas market, the issuer shall designate a major domestic operating entity as the responsible entity for the filing procedures with the CSRC; and (iv) where an issuer makes an application for initial public offering and listing in an overseas market, the issuer shall file with the CSRC within three business days after such application is submitted.

On February 17, 2023, the CSRC also held a press conference for the promulgation of the Overseas Listing 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, clarified that (i) domestic companies that had already submitted valid applications for overseas offering and listing prior to the effective date of the Overseas Listing Trial Measures, but have not obtained approval from overseas regulatory authorities or stock exchanges, may reasonably arrange the timing for submitting their filing applications with the CSRC, and shall complete the filing before their overseas offering and listing; (ii) a six-month transition period will be granted to domestic companies which, prior to the effective date of the Overseas Listing Trial Measures, had already obtained the approval from overseas regulatory authorities or stock exchanges, but have not completed the overseas offering and listing; if such domestic companies complete the overseas listing within such six-month transition period, they are not subject to the filing procedures with the CSRC regarding their overseas offering and listing; and (iii) as for companies seeking overseas listing with contractual arrangements, the CSRC will solicit opinions from relevant regulatory authorities and proceed with the filing of overseas listing, for companies which duly meet the compliance requirements.

OVERVIEW

Our history can be traced back to February 2001, when Fuzhou Renren Jiankang Information Technology Co., Ltd. (福州人人健康信息科技有限公司) (“**Fuzhou Renren Jiankang**”), the predecessor of our Group, was established with the principal business of provision of online booking services for medical services. Mr. Zhang, the founder of our Group’s businesses, established Fuzhou Renren Jiankang, which was then held as to 90% by Mr. Zhang and as to 10% by Mr. Zhang Wande (張萬德), the brother of Mr. Zhang. For the biography of Mr. Zhang, see “Directors and Senior Management”.

In January 2003, as we decided to launch our brand “Health Road”, Fuzhou Health Road Information Technology Co., Ltd. (福州健康之路信息技術有限公司) (previously known as Fuzhou Health Road Network Technology Co., Ltd. (福州健康之路網絡技術有限公司)) (“**Fuzhou Health Road**”) was established. In May 2003, the shareholders of Fuzhou Renren Jiankang decided to continue the business operation under the new entity. At the time, each of Fuzhou Renren Jiankang and Fuzhou Health Road was held as to 90% by Mr. Zhang and as to 10% by Mr. Zhang Wande.

In February 2008, as we decided to expand our geographical coverage from Fujian Province to other regions across the PRC and considered that an operating entity named after a province rather than a city would facilitate our brand building and expansion, Fujian Health Management was established and the shareholders of Fuzhou Health Road decided to use Fujian Health Management as the new operating entity to carry out the businesses of our Group. At the time, Fuzhou Health Road was held as to 75% by Mr. Zhang and as to 25% by Mr. Chen Yong (陳勇) (one of our non-executive Directors), and Fujian Health Management was held as to 70% by Mr. Zhang, as to 25% by Ms. Li Lanru (李蘭如) (Mr. Chen Yong’s mother, who held such equity interest for and on behalf of Mr. Chen Yong) and as to 5% by Mr. Chen Jing (陳晶) (one of our executive Directors and our senior vice president).

In July 2014, Fuzhou Health Express Health Management Co., Ltd. (福州健康快車健康管理有限公司) (now known as Fuzhou Jiejia Health Management Co., Ltd. (福州界佳健康管理有限公司)) (“**Fuzhou Health Express**”), which had the same shareholding structure as Fujian Health Management at the time, acquired the entire equity interest in Fujian Health Management at nil consideration.

On November 18, 2014, our Company was incorporated in the Cayman Islands. On December 10, 2014, in anticipation of entering into the Original Contractual Arrangements, Fujian Health Road was established as the onshore shareholding entity in the PRC. On December 24, 2014, Fujian Health Road acquired the entire equity interest in Fujian Health Management from Fuzhou Health Express at a consideration of RMB5.00 million, which was determined based on arm’s length negotiation between the parties with reference to the registered capital of Fujian Health Management. On April 30, 2015, the Original Contractual Arrangements were entered into, through which our Company was able to exercise control over Fujian Health Road and its subsidiaries in the PRC.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

On March 14, 2017, the Original Contractual Arrangements were terminated and the then shareholding structure of our Company was reflected at the level of Fujian Health Road. Immediately after the termination of the Original Contractual Arrangements, Fujian Health Road became the holding company of the operating subsidiaries of our Group in the PRC. See “—Major Shareholding Changes and Corporate History of our Company, Major Subsidiaries and Consolidated Affiliated Entities” for more information.

For the purpose of preparation for the Listing, we underwent a series of reorganization. On March 31, 2022 and February 8, 2023, the 2022 Fujian Health Road Contractual Arrangements and the Contractual Arrangements were respectively entered into, and as a result our Company obtained control of our Consolidated Affiliated Entities. See “—Reorganization” for more information.

From December 2014 to September 2023, we have received several rounds of Pre-IPO Investments. See “—Pre-IPO Investments” in this section for more information.

Through years of development, our businesses grew and evolved to become a comprehensive digital health and medical service platform in China.

OUR MILESTONES

The table below sets forth the key milestones in the history of our Group:

Year	Event
2001	Our predecessor Fuzhou Renren Jiankang was established Our website yihu.com was officially launched and our online booking service for medical services became part of the public convenience service project of the local government in Fujian Province
2014	Our Company was incorporated as an exempted company with limited liability in the Cayman Islands
2015	We received Series A Investment from Baidu (HK) We established subsidiaries, branches and offices in more than 25 major cities across the PRC as of December 31, 2015
2017	We received Series B-1 Investment from Shanghai Jiejia and Series B-2 Investment from Shangrao SOA
2020	Yinchuan Borderless, one of our Consolidated Affiliated Entities, obtained the Medical Institution Practicing License (醫療機構執業許可證), which supported the further development of our business model of digital health and medical service platforms

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Year	Event
2021	We were recognized as the Future Unicorn Innovative Enterprises of Digital Economy in Fujian Province (福建省數字經濟領域未來「獨角獸」企業) by the Office of the Leading Group for Digital Fujian Construction in Fujian Province (福建省數字福建建設領導小組辦公室)
2022	<p>We were recognized as one of the 2022 Top 100 Enterprises in terms of Competitiveness of Software and Information Technology Services (軟件和信息技術服務競爭力百強企業) in the PRC by the China Federation of Electronics and Information Industry (中國電子信息行業聯合會)</p> <p>We were recognized as one of the 2022 Top 20 Internet Growth Enterprises (互聯網成長型企業20強) in the PRC by the Internet Society of China (中國互聯網協會)</p> <p>We completed the acquisition of the chain pharmacies of Jianmingtang, which enabled us to realize the full cycle of a health service system covering health maintenance, disease diagnosis and treatment and recovery tracking</p>
2023	<p>Strait One completed the Pre-IPO Investment in the Company by acquiring the Shares from Affluent Base</p> <p>We received the Pre-IPO Investment by Kequan</p>
2024	<p>We were recognized as the 2024 Leading Enterprise in Software Industry of Fuzhou City (福州市軟件業龍頭企業) by the Bureau of Industry and Information Technology of Fuzhou City (福州市工業和信息化局)</p> <p>We were recognized as the Top 100 Medical Services Companies on China Healthcare Rankings (中國醫療與創新服務榜100強) in 2024</p> <p>We have expanded our pharmaceutical wholesaling business, enabling us to provide more empowerment to pharmaceutical companies and diversify our business partnerships</p>

OUR MAJOR SUBSIDIARIES AND CONSOLIDATED AFFILIATED ENTITIES

As of the Latest Practicable Date and up to the date of this prospectus, our Group comprised (i) our Company; (ii) two offshore intermediate holding companies; and (iii) 14 subsidiaries and four Consolidated Affiliated Entities established in the PRC. We had adopted a relatively complex group structure with a number of subsidiaries to facilitate our businesses and management in the PRC and to ensure compliance with relevant laws and regulations in the PRC. We believe the adoption of such structure would enable our Group to better manage and monitor the operations of our businesses, as well as allow for flexibility and effective control in the relevant local compliance and risk management. The following subsidiaries and Consolidated Affiliated Entities made a material contribution to

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

our results of operation during the Track Record Period and are considered to be important to future business development of the Group, which contributed approximately 79%, 96%, 89% and 85% of the total revenue of the Group for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024, respectively:

Name	Place of incorporation	Date of incorporation	Amount of registered capital	Shareholding/ Voting rights held by our Company	Principal business activities
Fujian Health Road	PRC	December 10, 2014	RMB166.381403 million	Control through the Contractual Arrangements	Corporate and digital marketing services and health and medical services
Choksend Communication	PRC	August 13, 2012 ⁽¹⁾	RMB10.00 million	51.00%	Corporate and digital marketing services and medical support services
Yinchuan Borderless	PRC	January 23, 2019	RMB10.00 million	Control through the Contractual Arrangements	Health and medical services
Hubei Health Road	PRC	April 15, 2008	RMB5.00 million	100%	Corporate and digital marketing services
Health Road HealthTech	PRC	October 18, 2021	RMB203.20 million	100%	Corporate and digital marketing services and health and medical services

Note:

- (1) Choksend Communication became one of our subsidiaries on September 12, 2019 after our acquisition of 51% equity interest from Mr. Chen Chen (陳晨) and Mr. Chen Yuqin (陳育欽), the uncle of Mr. Chen Chen, with the minority interest being held as to 44.1% by Mr. Chen Chen and as to 4.9% by Ms. Feng Jie (馮潔), an Independent Third Party. As of the Latest Practicable Date, Choksend Communication is held by us through Health Road HealthTech and Mr. Chen Chen as to 51% and 49%, respectively.

For further details of the shareholding changes of our subsidiaries and Consolidated Affiliated Entities, see “—Major Shareholding Changes and Corporate History of our Company, Major Subsidiaries and Consolidated Affiliated Entities” in this section and “Appendix IV—Statutory and General Information—A. Further Information about Our Group—5. Changes in the Share Capital of Our Subsidiaries and Consolidated Affiliated Entities”.

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MAJOR SHAREHOLDING CHANGES AND CORPORATE HISTORY OF OUR COMPANY, MAJOR SUBSIDIARIES AND CONSOLIDATED AFFILIATED ENTITIES

1. Series A Investment by Baidu (HK) and Entering into the Original Contractual Arrangements

In 2014, in anticipation of Baidu (HK)'s investment in our Group at the offshore level, our Company was incorporated in the Cayman Islands as our offshore shareholding entity and Fujian Health Road was established in the PRC as our onshore holding entity for our operating subsidiaries in the PRC. After Baidu (HK) entered into agreement with us to invest in our Group through our Company, in order to allow our Company to exercise control over our operating entities in the PRC, the Original Contractual Arrangements were entered into in April 2015.

Incorporation of Our Company and Offshore Structure

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on November 18, 2014. The shareholding of our Company as of the date of incorporation is set forth below:

Name of Shareholders	Number of Shares allotted and issued	Approximate shareholding percentage
Affluent Base ⁽¹⁾	53,506,100	39.63%
Shun Kang Ventures ⁽¹⁾	20,783,200	15.39%
Best Premier ⁽²⁾⁽⁷⁾	18,306,100	13.56%
Jun Hong ⁽³⁾⁽⁷⁾	11,407,700	8.45%
Bai Sheng Enterprises ⁽⁴⁾⁽⁷⁾	11,243,700	8.33%
Yazhi Ventures ⁽⁵⁾⁽⁷⁾	8,391,700	6.22%
Pukang ⁽¹⁾	7,311,500	5.42%
Star Flourish Ventures ⁽⁶⁾⁽⁷⁾	4,050,000	3.00%
Total	<u>135,000,000</u>	<u>100%</u>

Notes:

- (1) As of the date of incorporation of our Company, each of Affluent Base, Shun Kang Ventures and Pukang was wholly owned by Mr. Zhang. Among the 81,600,800 Shares in aggregate held by Affluent Base, Shun Kang Ventures and Pukang, 53,796,100 Shares were owned by Mr. Zhang beneficially and 27,804,700 Shares were held by Mr. Zhang through such entities for implementing the Historical ESOP (as defined below).
- (2) As of the date of incorporation of our Company, Best Premier was wholly owned by Mr. Chen Yong, one of our non-executive Directors.

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- (3) As of the date of incorporation of our Company, Jun Hong was wholly owned by Mr. Guo Shijun (郭世俊) (“**Mr. Guo**”), a former Director.
- (4) As of the date of incorporation of our Company, Bai Sheng Enterprises was wholly owned by Mr. Liang Jinhua (梁錦華), a former Director.
- (5) As of the date of incorporation of our Company, Yazhi Ventures was wholly owned by Mr. Zheng Xuezhai (鄭學寨), a former Director.
- (6) As of the date of incorporation of our Company, Star Flourish Ventures was wholly owned by Mr. Liu Qizhi (劉奇志) (“**Mr. Liu**”), a former Director and a former director of Fujian Health Road.
- (7) Pursuant to the shareholders’ resolutions of our Company dated November 18, 2014, (i) a share incentive plan (the “**Historical ESOP**”) was approved and adopted, the purposes of which were to motivate the outstanding talents and key employees of our Group who made important contributions to our Group’s development, and a total of 81,203,900 Shares were made available to be granted to the eligible participants; (ii) (a) the 18,306,100 Shares held by Mr. Chen Yong through Best Premier; (b) the 11,407,700 Shares held by Mr. Guo through Jun Hong; (c) the 11,243,700 Shares held by Mr. Liang Jinhua through Bai Sheng Enterprises; (d) the 8,391,700 Shares held by Mr. Zheng Xuezhai through Yazhi Ventures; and (e) the 4,050,000 Shares held by Mr. Liu through Star Flourish Ventures were deemed to be granted pursuant to the Historical ESOP; and (iii) our Company entered into share incentive grant agreements with the above grantees on the same date to reflect their interests under the Historical ESOP.

On December 9, 2014, HealthyWay (HK) was incorporated under the laws of Hong Kong as a wholly-owned subsidiary of our Company. On April 22, 2015, Health Road (China) was established under the laws of the PRC as a wholly foreign-owned enterprise with its entire equity interest directly held by HealthyWay (HK).

On April 24, 2015, our Company issued and allotted 3,880,000 Shares to Pukang at nominal consideration and 120,000 Shares to Star Flourish Ventures at nominal consideration. The issuance of a total of 4,000,000 new Shares was for the purpose of aligning the shareholding percentage at the offshore level and the onshore level in anticipation of entering into the Original Contractual Arrangements. The 120,000 new Shares issued and allotted to Star Flourish Ventures became part of the Shares granted under the Historical ESOP. Upon completion of the above issuance and allotment of new Shares, the total issued and outstanding share capital of our Company was increased to US\$13,900 divided into 139,000,000 Shares of US\$0.0001 each and the total number of Shares which were made available under the Historical ESOP was increased to 81,323,900 Shares.

On December 4, 2015, for the purpose of reallocating the shareholding in our Company among the companies wholly owned by Mr. Zhang, Affluent Base transferred 25,000,000 Shares and 5,506,100 Shares to Shun Kang Ventures and Pukang, respectively, at nominal consideration.

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On December 4, 2015, Shun Kang Ventures acquired 600,000 Shares from Best Premier, which became part of the Historical ESOP. In addition, Best Premier also transferred 250,000 Shares which were held by Mr. Zhang for and on behalf of Mr. Chen Yong through Best Premier pursuant to the Historical ESOP to Mr. Zhang and Mr. Zhang held such Shares for future grants pursuant to the Historical ESOP. The total consideration of RMB3,450,000 for the above shareholding interest transfers was determined based on arm's length negotiation between the parties.

Establishment of Fujian Health Road in 2014

In anticipation of entering into the Original Contractual Arrangements, Fujian Health Road was established under the laws of the PRC on December 10, 2014 with an initial registered capital of RMB100.00 million to be the onshore holding company under the Original Contractual Arrangements for our operating subsidiaries at the time. Upon establishment, Fujian Health Road was held by Mr. Zhang as to 86.74% and by Mr. Guo as to 13.26%. As we were at an advanced stage of negotiation with Baidu on its investment in our Group at the time when Fujian Health Road was established, 13.26% equity interest of Fujian Health Road was held by Mr. Guo which was reserved for and expected to be subsequently transferred to Baidu's onshore designee upon completion of its offshore investment in our Company. See “—Major Shareholding Changes and Corporate History of our Company, Major Subsidiaries and Consolidated Affiliated Entities—1. Series A Investment by Baidu (HK) and Entering into the Original Contractual Arrangements—Series A Investment by Baidu (HK)” for more information.

Series A Investment by Baidu (HK)

On December 31, 2014, our Company, HealthyWay (HK), Fujian Health Road, Mr. Zhang, Mr. Guo, the Initial Holding Companies and Baidu (HK) entered into a share purchase agreement (the “**Baidu SPA**”), pursuant to which our Company agreed to issue and allot to Baidu (HK) such number of Series A Preferred Shares representing 13.26% of the then total issued and outstanding share capital of our Company immediately after completion of such share subscription on a fully diluted and as-converted basis, for a consideration of US\$60,000,000. The consideration was determined based on arm's length negotiation between the parties with reference to the valuation of our Group immediately before the investment. On May 11, 2015, pursuant to the Baidu SPA, 21,249,020 Series A Preferred Shares were issued and allotted to Baidu (HK). The consideration was fully settled as of November 6, 2015. See “—Pre-IPO Investments” for more information.

Pursuant to an equity transfer agreement dated April 23, 2015, Mr. Guo agreed to transfer 13.26% equity interest in Fujian Health Road held by him to Ms. Wu Mengyi (吳夢漪) (“**Ms. Wu**”) at a nominal consideration of RMB1.00. Ms. Wu was a nominee appointed by Baidu (HK) pursuant to the Baidu SPA to hold equity interest onshore in Fujian Health Road to reflect Baidu (HK)'s shareholding in our Company. Upon completion of the aforementioned equity transfer on May 12, 2015, Fujian Health Road was held as to 86.74% by Mr. Zhang and as to 13.26% by Ms. Wu.

The Original Contractual Arrangements

In order to comply with relevant PRC laws and regulations and to maintain effective control over all of our operations, and pursuant to the Baidu SPA, on April 30, 2015, Health Road (China), Fujian Health Road, Mr. Zhang and Ms. Wu entered into the Original Contractual Arrangements, pursuant to which our Company was able to exercise control over Fujian Health Road and its subsidiaries, and the results of operations and assets and liabilities of Fujian Health Road and its subsidiaries were allowed to be consolidated into the results of operations and assets and liabilities of our Group through Health Road (China).

2. Series B-1 Investment by Shanghai Jiejia and Termination of the Original Contractual Arrangements

In 2016, pursuant to the relevant agreements of Shanghai Jiejia's investment in our Group, we were required to terminate the Original Contractual Arrangements and reflect the shareholding structure of our Company at the level of Fujian Health Road. In March 2017, the Original Contractual Arrangements were terminated and our Company ceased to exercise control over Fujian Health Road and its subsidiaries, and Fujian Health Road became the ultimate holding entity of our operating subsidiaries in the PRC.

Series B-1 Investment by Shanghai Jiejia

On March 26, 2016, our Company, Affluent Base, Shanghai Jiejia and Mr. Zhang entered into a share transfer agreement and a supplemental agreement to such share transfer agreement (collectively, the “**Shanghai Jiejia STAs**”), pursuant to which (i) Affluent Base agreed to transfer 1,690,000 Shares to Shanghai Jiejia for a total consideration of RMB33,750,000; (ii) the 1,690,000 Shares to be transferred to Shanghai Jiejia shall be held by Affluent Base as the nominee for and on behalf of Shanghai Jiejia; (iii) the Original Contractual Arrangements shall be terminated before October 31, 2016 and all the shareholding interest of Shanghai Jiejia in our Company shall be reflected at the level of our onshore shareholding entity; and (iv) if the Original Contractual Arrangements failed to be terminated before October 31, 2016, Shanghai Jiejia may exercise the right to require Affluent Base to repurchase the 1,690,000 Shares owned by Shanghai Jiejia with 120% of the consideration paid by Shanghai Jiejia (the “**Repurchase Obligation**”).

Pursuant to a shareholders' resolution dated June 7, 2017, the registered capital of Fujian Health Road was increased from RMB100.00 million to RMB160.24902 million. The increased registered capital of RMB60.24902 million was subscribed by Mr. Zhang, Health Road Investment Center, Chuanke Computer and Fuzhou Wanjia Kangjian in proportion to their respective shareholding percentage in Fujian Health Road before such increase in registered capital.

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As the termination of the Original Contractual Arrangements did not complete before October 31, 2016, pursuant to an equity interest entrustment agreement dated June 21, 2017, Shanghai Jiejia agreed to waive Affluent Base's Repurchase Obligation and Mr. Zhang agreed to procure the transfer of registered capital in the amount of RMB240,000 (representing approximately 0.15% equity interest) in Fujian Health Road held by Health Road Investment Center to Shanghai Jiejia at nil consideration, which shall be held by Health Road Investment Center as the nominee for and on behalf of Shanghai Jiejia.

As the Original Contractual Arrangements were terminated on March 14, 2017 as disclosed below, to reflect Shanghai Jiejia's interest at the level of our onshore shareholding entity pursuant to the Shanghai Jiejia STAs, on June 21, 2017, Shanghai Jiejia, Mr. Zhang and Fujian Health Road entered into a capital increase agreement and a supplemental agreement to such capital increase agreement (collectively, the "**Shanghai Jiejia CIAs**"), pursuant to which Shanghai Jiejia agreed to subscribe for RMB1,690,000 additional registered capital in Fujian Health Road for a total consideration of RMB33,750,000 to be settled by Mr. Zhang for and on behalf of Shanghai Jiejia as Shanghai Jiejia had provided RMB33,750,000 to Mr. Zhang pursuant to the Shanghai Jiejia STAs. The consideration for the Shanghai Jiejia CIAs had been fully settled by Mr. Zhang for and on behalf of Shanghai Jiejia on June 25, 2018. The Shanghai Jiejia CIAs replaced the Shanghai Jiejia STAs and the nominee arrangement whereby the 1,690,000 Shares were held by Affluent Base for and on behalf of Shanghai Jiejia was terminated accordingly.

Upon completion of the capital increase pursuant to the Shanghai Jiejia CIAs on August 16, 2017, the registered capital of Fujian Health Road was further increased from RMB160.24902 million to RMB161.93902 million and Fujian Health Road was held as to approximately 35.62% by Mr. Zhang, as to approximately 47.65% by Health Road Investment Center (among which approximately 0.15% equity interest was held for and on behalf of Shanghai Jiejia), as to approximately 2.58% by Fuzhou Wanjia Kangjian, as to approximately 13.12% by Chuanke Computer and as to approximately 1.04% by Shanghai Jiejia. See "**—Pre-IPO Investments**" in this section for more information.

On January 16, 2023, as part of the Reorganization, our Company issued and allotted 1,930,000 Ordinary Shares to Star Ease at a nominal consideration to reflect Shanghai Jiejia's interest held at the level of Fujian Health Road in our Company. On May 3, 2023, the 1,930,000 Ordinary Shares held by Star Ease were re-designated as Series B-1 Preferred Shares. See "**—Reorganization—3. Reorganization of the Offshore Structure—Offshore Shareholding Adjustments—Share Issuances to the Offshore Holding Vehicles of the Pre-IPO Investors**" in this section for more information.

Termination of the Original Contractual Arrangements and Equity Transfers of Fujian Health Road Pursuant to the Restructuring Framework Agreement

On January 18, 2017, Health Road (China), Fujian Health Road, Mr. Zhang, Ms. Wu, Baidu (HK) and Chuanke Computer entered into a restructuring framework agreement (the "**Restructuring Framework Agreement**"), pursuant to which the parties agreed to terminate the Original Contractual Arrangements and reflect their then shareholding in our Company at the level of Fujian Health Road. Pursuant to a shareholders' resolution of Fujian Health

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Road dated January 18, 2017, the Historical ESOP shall be implemented at the level of Fujian Health Road and the grant of awards shall be in the form of equity interest of Fujian Health Road instead of Shares of our Company, and a share incentive plan of Fujian Health Road was approved and adopted accordingly for such grant of awards at the level of Fujian Health Road (the “**Fujian Health Road ESOP**”). In addition, the shareholding of the relevant employees in our Company as a result of the grants of share incentives under the Historical ESOP as of January 18, 2017 shall be reflected at the level of Fujian Health Road through two employee shareholding platforms, Health Road Investment Center and Fuzhou Wanjia Kangjian. At the time, our Company was owned as to 35.99% by Mr. Zhang beneficially through Affluent Base, Shun Kang Ventures and Pukang, as to 17.73% by Mr. Zhang as nominee for the award shares granted or outstanding under the Historical ESOP through Affluent Base, Shun Kang Ventures and Pukang, as to 11.05% by Best Premier, as to 7.12% by Jun Hong, as to 7.02% by Bai Sheng Enterprises, as to 5.24% by Yazhi Ventures, as to 2.60% by Star Flourish Ventures and as to 13.26% by Baidu (HK). At the time, a total of 65,976,630 Shares had been granted to eligible participants.

Equity Transfers from Mr. Zhang to Our Onshore Employee Shareholding Platforms

As part of the termination of the Original Contractual Arrangements, we introduced Health Road Investment Center and Fuzhou Wanjia Kangjian as employee shareholding platforms to reflect the interests of certain of our employees in our Company at the level of Fujian Health Road.

Equity Transfer from Mr. Zhang to Health Road Investment Center

Pursuant to an equity transfer agreement dated February 9, 2017, Mr. Zhang transferred 48.15% equity interest in Fujian Health Road held by him to Health Road Investment Center. According to the written confirmations of Health Road Investment Center, as the registered capital of Fujian Health Road had not been paid up at that time, no consideration was payable for such equity transfer. Health Road Investment Center was a limited partnership established under the laws of the PRC with an amount of contribution of RMB77.1539 million.

The managing partner of Health Road Investment Center was Fuzhou Shunkang Investment Co., Ltd. (福州順康投資有限公司) (“**Shunkang Investment**”), holding approximately 0.01% of the interest of the limited partnership, representing the remaining award shares under the Fujian Health Road ESOP, which was given back to Mr. Zhang and held by Shunkang Investment for and on behalf of Mr. Zhang. See “—Major Shareholding Changes and Corporate History of our Company, Major Subsidiaries and Consolidated Affiliated Entities—4. Entering into the 2022 Fujian Health Road Contractual Arrangements” for more information. Shunkang Investment is a company established under the laws of the PRC on November 28, 2016 with a registered capital of RMB1.00 million and was controlled by Mr. Zhang.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

As of the Latest Practicable Date, the limited partners of Health Road Investment Center comprised 22 employees or former employees of our Group, among which Mr. Chen Yong (one of our non-executive Directors), Mr. Zhang Wande (the brother of Mr. Zhang), Mr. Chen Jing (one of our executive Directors), Ms. Zhang Jing (張靜) (the niece of Mr. Zhang), Mr. Chen Chengchun (陳成春) (the director of Fuzhou Kangzhi) and Mr. Chen Chen (the director of Choksend Communication) are connected persons of our Company, holding approximately 26.57%, 23.52%, 5.35%, 1.28%, 1.35% and 0.33% interest in Health Road Investment Center, respectively, and the others are Independent Third Parties.

Equity Transfer from Mr. Zhang to Fuzhou Wanjia Kangjian (“2018 Fuzhou Wanjia Kangjian Equity Transfer”)

Pursuant to an equity transfer agreement dated February 9, 2017, Mr. Zhang transferred 2.60% equity interest in Fujian Health Road held by him to Fuzhou Wanjia Kangjian. According to the written confirmations of Fuzhou Wanjia Kangjian, as the registered capital of Fujian Health Road had not been paid up at that time, no consideration was payable for such equity transfer. Fuzhou Wanjia Kangjian is a limited partnership established under the laws of the PRC on July 3, 2014. As of March 15, 2018, the amount of contribution of Fuzhou Wanjia Kangjian of RMB12.0 million was fully paid up. The managing partner of Fuzhou Wanjia Kangjian was Mr. Liu, holding approximately 4.16% interest of the limited partnership. The limited partners of Fuzhou Wanjia Kangjian were Mr. Zhang, holding approximately 62.50% interest in the partnership, and Mr. Chen Biao (陳標) and Ms. Yin Xiaoli (殷曉麗), each holding approximately 16.67% interest in the partnership as nominees for and on behalf of Mr. Liu. As a result, Fuzhou Wanjia Kangjian was beneficially owned as to approximately 62.50% by Mr. Zhang and as to approximately 37.50% by Mr. Liu upon the completion of the 2018 Fuzhou Wanjia Kangjian Equity Transfer. As confirmed by the PRC Legal Advisor, the aforementioned nominee agreements do not violate the applicable PRC laws and regulations in any material respects.

Equity Transfer from Ms. Wu to Chuanke Computer

Pursuant to an equity transfer agreement dated February 9, 2017, at the instruction of Baidu (HK), Ms. Wu transferred 13.26% equity interest in Fujian Health Road held by her to Chuanke Computer at a nominal consideration of RMB1.00. Chuanke Computer is a nominee appointed by Baidu (HK) pursuant to the Baidu SPA to hold equity interest onshore in Fujian Health Road.

Completion of Termination of the Original Contractual Arrangements

Upon completion of the aforementioned equity transfers and termination of the Original Contractual Arrangements on March 14, 2017, Fujian Health Road was owned as to approximately 35.99%, 48.15%, 2.60% and 13.26% by Mr. Zhang, Health Road Investment Center, Fuzhou Wanjia Kangjian and Chuanke Computer, respectively, and our Company ceased to exercise control over Fujian Health Road and its subsidiaries.

3. Series B-2 Investment by Shangrao SOA

On November 25, 2016, Fujian Health Road, Mr. Zhang, Ms. Wu and Shangrao SOA entered into an investment and cooperation agreement (the “**Shangrao SOA First Investment Agreement**”), pursuant to which Shangrao SOA agreed to subscribe for 1.0% of the then registered capital of Fujian Health Road immediately after completion of such share subscription at a consideration of RMB30.00 million in cash (which was fully settled by Shangrao SOA as of January 18, 2018) and RMB20.00 million in intangible assets in the form of IT resources of Shangrao big data industrial park and the technical support from Shangrao big data research institution. The consideration was determined based on arm’s length negotiation between the parties with reference to the agreed post-investment valuation of Fujian Health Road of RMB5.00 billion. See “—Pre-IPO Investments” in this section for more information.

On December 4, 2017, Fujian Health Road, Mr. Zhang, Chuanke Computer, Health Road Investment Center, Fuzhou Wanjia Kangjian, Shanghai Jiejia and Shangrao SOA entered into an investment and cooperation agreement (the “**Shangrao SOA Second Investment Agreement**”, together with the Shangrao SOA First Investment Agreement, collectively the “**Shangrao SOA Investment Agreements**”), pursuant to which Shangrao SOA agreed to further subscribe for 1.69% of the then registered capital of Fujian Health Road immediately after completion of such share subscription at a consideration of RMB50.0 million in cash (which was fully settled by Shangrao SOA as of January 22, 2018) and RMB33.3 million in intangible assets in the form of IT resources of Shangrao big data industrial park and the technical support from Shangrao big data research institution. The consideration was determined based on arm’s length negotiation between the parties with reference to the agreed post-investment valuation of Fujian Health Road of RMB5.00 billion. Pursuant to the Shangrao SOA Investment Agreements, Shangrao SOA subscribed for an aggregate of 2.67% equity interest in Fujian Health Road on a fully diluted basis.

Upon completion of the registration of the above capital increase on March 20, 2018, the registered capital of Fujian Health Road was increased from RMB161.93902 million to RMB166.381403 million, and Fujian Health Road was held as to approximately 34.66% by Mr. Zhang, as to approximately 46.37% by Health Road Investment Center (among which approximately 0.14% equity interest was held for and on behalf of Shanghai Jiejia), as to approximately 2.51% by Fuzhou Wanjia Kangjian, as to approximately 12.77% by Chuanke Computer, as to approximately 1.02% by Shanghai Jiejia and as to approximately 2.67% by Shangrao SOA.

At the time of Shangrao SOA’s investment in our Group, a general wellness data center and service platform was intended to be established by our Group in Shangrao (the “**Shangrao Project**”), which would require substantial IT resources and technical support after successful launch. However, after completing the preliminary phase of the development of the Shangrao Project, as the implementation did not progress as expected due to practical difficulties, our Company decided to terminate the Shangrao Project, which caused the IT resources and technical support that were made available to our Group pursuant to the Shangrao SOA Investment Agreements to be no longer necessary for the business of our Group. While our Company attempted to negotiate with Shangrao SOA to

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request for alternative capital contributions from Shangrao SOA or otherwise waiving their capital contribution obligation of the intangible assets while reducing the percentage of their equity interest held in our Company, no agreement was reached on such proposals with Shangrao SOA. As a result, in the expectation that such intangible assets would not be utilized by our Group in the future due to the termination of Shangrao Project, our Company decided to waive the capital contribution obligation of the intangible assets of Shangrao SOA under the Shangrao SOA Investment Agreements without reducing Shangrao SOA's shareholding percentage in the Company. On December 10, 2021, Mr. Zhang, Health Road Investment Center, Fuzhou Wanjia Kangjian, Fujian Health Road, Shangrao SOA, Chuanke Computer and Shanghai Jiejia entered into a supplemental investment and cooperation agreement (the "**Supplemental Investment and Cooperation Agreement**"), pursuant to which the parties irrevocably agreed to waive the capital contribution obligation of the intangible assets of Shangrao SOA in an aggregate amount of RMB53.3 million under the Shangrao SOA Investment Agreements.

On January 16, 2023, as part of the Reorganization, our Company issued and allotted 4,442,380 Ordinary Shares to Hongda Juankang at a nominal consideration to reflect Shangrao SOA's equity interests in Fujian Health Road at the level of our Company. On May 3, 2023, the 4,442,380 Ordinary Shares held by Hongda Juankang were re-designated as Series B-2 Preferred Shares. See "**—Reorganization—3. Reorganization of the Offshore Structure—Offshore Shareholding Adjustments—Share Issuances to the Offshore Holding Vehicles of the Pre-IPO Investors**" in this section for more information.

4. Entering into the 2022 Fujian Health Road Contractual Arrangements

In anticipation of entering into the 2022 Fujian Health Road Contractual Arrangements, our Company conducted certain shareholding adjustments for the purpose of aligning the shareholding structure at the level of Fujian Health Road, including the surrender of 11,407,700 Shares by Jun Hong (a company wholly owned by Mr. Guo) and the surrender of 8,391,700 Shares by Yazhi Ventures (a company wholly owned by Mr. Zheng Xuezhai) to reflect that they ceased to have any interest at the level of Fujian Health Road. The Shares surrendered pursuant to such surrender of Shares were subsequently canceled on March 9, 2022.

As of March 31, 2022, all grants of awards under the Fujian Health Road ESOP were completed other than the awards equivalent to RMB10,000 in the registered capital of Fujian Health Road (the "**Remaining Awards**") remained outstanding. Pursuant to a shareholders' resolution of Fujian Health Road dated March 31, 2022, the shareholders of Fujian Health Road agreed that the Remaining Awards shall be given back to Mr. Zhang and the Fujian Health Road ESOP shall be terminated. On February 8, 2023, the Fujian Health Road Contractual Arrangements were entered into, which amended, restated and superseded the 2022 Fujian Health Road Contractual Arrangements. See "**Contractual Arrangements**" for more information.

5. Pre-IPO Investment by Ms. Shi and HW MedSpect

In March 2022, Ms. Shi demonstrated to us her interest in investing in our Company. As our Group was still in the process of the Reorganization and the nominee arrangement in Fuzhou Kangzhi had not been terminated at the time, after communication with Ms. Shi, she or her designated shareholding entity would invest in our Group through investing in Health Road HealthTech and Fuzhou Kangzhi, respectively. See “—Reorganization—1. Reorganization of the Subsidiaries of Fujian Health Road—Equity transfer of Fuzhou Kangzhi” in this section for more information of the nominee arrangements of Fuzhou Kangzhi.

In order to realize Ms. Shi’s investment in Health Road HealthTech, pursuant to a shareholders’ resolution dated March 30, 2022, the registered capital of Health Road HealthTech was increased from RMB10.00 million to RMB203.20 million. Among the increased portion of the registered capital of Health Road HealthTech, Mr. Zhang agreed to subscribe RMB183.4039312 million, and Ms. Shi agreed to subscribe RMB9.7960688 million. The increased registered capital subscribed by Ms. Shi was fully paid up on June 24, 2022. Upon completion of the above capital increase on March 31, 2022, Health Road HealthTech was held by Mr. Zhang as to 95.1791% and by Ms. Shi as to 4.8209%.

In respect of Ms. Shi’s investment in Fuzhou Kangzhi, on October 10, 2022, Ms. Shi entered into an equity transfer agreement with Mr. Chen Chengchun, pursuant to which Mr. Chen Chengchun agreed to transfer to Ms. Shi and Ms. Shi agreed to acquire 1.5210% equity interest in Fuzhou Kangzhi (representing 4.8209% of the 31.55% equity interest in Fuzhou Kangzhi held by Mr. Chen Chengchun for and on behalf of Fujian Health Road) at a cash consideration of RMB95,200. Upon completion of the equity interest transfer, Fuzhou Kangzhi was owned by Fujian Health Road (indirectly through nominee arrangement with Mr. Chen Chengchun), Health Road HealthTech, Mr. Chen Chengchun, Mr. Zhao Yaqi (趙亞奇) and Ms. Shi as to 30.029%, 19.45%, 19.00%, 30.00% and 1.5210%, respectively.

On December 2, 2022, Ms. Shi, HW MedSpect, our Company and HealthyWay (HK) entered into an investment agreement, pursuant to which our Company agreed to allot and issue 8,021,131 Shares to HW MedSpect at the consideration of (i) 4.8209% equity interest in Health Road HealthTech transferred by Ms. Shi to HealthyWay (HK), and (ii) 1.5210% equity interest in Fuzhou Kangzhi held by Ms. Shi to be transferred to Health Road HealthTech. HW MedSpect is a company incorporated in the BVI with limited liability on November 23, 2021 and wholly owned by Ms. Shi. Pursuant to the above equity transfer and share subscription, Health Road HealthTech became an indirect wholly-owned subsidiary of our Company on April 20, 2022 and HW MedSpect became a shareholder of our Company on January 16, 2023, holding 4.8209% of the then total issued Shares of our Company.

Ms. Shi’s husband is a former Director and former Shareholder, who was granted certain share incentives under the Historical ESOP. In September 2021, as Ms. Shi’s husband was in urgent need of readily available funds due to personal reasons, he sought to cash out his interest held in Health Road Investment Center by requesting the Group to

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repurchase such interest (the “**Disposal**”). The consideration for the Disposal was determined based on commercial negotiations between parties, with the mutual understanding that (i) the consideration did not reflect the market value of the Company and was agreed upon after taking into account the funds readily available to be used for such transfer in light of the urgency of the transaction, and (ii) in the event that Ms. Shi’s husband or his affiliates would like to invest in the Group after the Disposal, the relevant consideration would be determined based on arm’s length negotiations between parties with reference to the consideration for the Disposal.

As Ms. Shi demonstrated to us her interest in investing in our Company in March 2022, our Group and Ms. Shi entered into arm’s length negotiations about the consideration for the investment. Notwithstanding the significant discount of the cost of Ms. Shi and HW MedSpect’s Pre-IPO Investment as compared to the Offer Price, our Company is of the view that such consideration was reasonable and in line with the interest of our Group and the Shareholders as a whole on the following basis: (i) leveraging her investment experience and resources accumulated in the healthcare sector, Ms. Shi can provide our Group with valuable industry insight, as well as referring to our Group prospective investors; (ii) for the purpose of the Reorganization, an appraisal report was issued by an independent third party valuer in relation to the valuation of the onshore assets of Fujian Health Road and its subsidiaries (other than the interest in Fuzhou Kangzhi held through nominee arrangement) and those of Fuzhou Kangzhi respectively. Such appraised value of our Group was referred to when determining the consideration of the investment by Ms. Shi and HW MedSpect; (iii) as it was agreed between our Group and Ms. Shi’s husband at the time of the Disposal, among other things, the consideration for the Disposal was also taken into account when parties negotiated the consideration for the subsequent investment by Ms. Shi. The cost per Share in relation to Ms. Shi and HW MedSpect’s investment in our Group was eventually determined at approximately HK\$0.27 per Share after arm’s length negotiations between the parties after taking into account the appraised value of net assets of our Group as mentioned in paragraph (ii) above and the consideration for the Disposal. While it is significantly discounted to the Offer Price, it is noted that the cost per Share in relation to Ms. Shi and HW MedSpect’s investment in our Group was still significantly higher than the price per Share of the Disposal, being approximately HK\$0.08 per Share; and (iv) the Pre-IPO Investment by Ms. Shi and HW MedSpect, including the terms and the consideration, were approved by the Board and the then Shareholders.

6. Pre-IPO Investment by Strait One

On July 21, 2023, Fuzhou Strait One, Strait One, Mr. Zhang, Affluent Base and our Company entered into an equity transfer agreement, pursuant to which parties agreed on the transfer of 1,109,283 Shares from Affluent Base to Strait One at the consideration of RMB20 million. To reflect Strait One’s interest in the Group at onshore level, on September 18, 2023, Mr. Zhang and Strait One entered into an equity transfer agreement, pursuant to which parties agreed on the transfer of 26.60% equity interest of Fuzhou Wanjia Kangjian from Mr. Zhang to Strait One with no additional consideration payable by Strait One. The total consideration for the Pre-IPO Investment by Strait One was determined after arm’s length negotiations between Strait One and Mr. Zhang with reference to the agreed

valuation considering the valuation of our Group in previous rounds of financing. The investment was fully settled on September 22, 2023. Immediately upon completion of such transfer, Strait One directly held approximately 0.67% of the total issued shares of our Company. Fuzhou Wanjia Kangjian was beneficially owned as to approximately 35.90% by Mr. Zhang, as to approximately 26.60% by Fuzhou Strait One and as to approximately 37.50% by Mr. Liu as of the Latest Practicable Date. See “—Pre-IPO Investments—Information of the Pre-IPO Investors—Strait One” for more information of Strait One.

7. Pre-IPO Investment by Kequan

On July 26, 2023, Kequan Xiamen, Kequan, Anji Kequan, Zhejiang Health Road, our Company and Mr. Zhang entered into an investment agreement, pursuant to which parties agreed on the subscription by Kequan of 4,159,560 Shares to be allotted and issued by our Company at the consideration of RMB100 million. The total consideration for the Pre-IPO Investment by Kequan was determined after arm’s length negotiations between Kequan and our Company with reference to the agreed valuation considering the business growth expectation of our Group and the valuation of comparable companies listed in Hong Kong at the time of the investment. The investment was fully settled on September 22, 2023. Immediately upon completion of such transfer, Kequan directly held approximately 2.44% of the total issued shares of our Company. See “—Pre-IPO Investments—Information of the Pre-IPO Investors—Kequan” for more information of Kequan.

8. Major Acquisitions and Disposals

Acquisition of 302 Medical Technology, 302 Internet Hospital and 302 Telemedicine Center

302 Medical Technology, together with its subsidiaries, namely 302 Internet Hospital and 302 Telemedicine Center, are principally engaged in provision of online hospital service in Hainan Province while also involved in the operation of offline hospitals as required by the relevant local regulations. Before the acquisitions as described below, 302 Medical Technology was held by Ms. Wang Min (王敏), an Independent Third Party, and Hainan Jumei 302 Medical Technology Partnership (Limited Partnership) (海南菊梅二零二醫療科技合夥企業(有限合夥)) (“**302 Medical Technology LLP**”), whose general partner was Ms. Wang Min, as to 51.0% and 49.0%, respectively. Each of 302 Internet Hospital and 302 Telemedicine Center was held by 302 Medical Technology and 302 Medical Technology LLP as to 51.0% and 49.0%, respectively.

On January 4, 2021, Fujian Health Road entered into an equity transfer agreement with 302 Medical Technology LLP to acquire 49.0% equity interest in 302 Medical Technology at a consideration of RMB490,000. On the same date, Fujian Health Road entered into an equity transfer agreement with Ms. Wang Min to acquire 51.0% equity interest in 302 Medical Technology at a consideration of RMB510,000. In addition, as part of the transaction, we settled the outstanding liabilities of 302 Medical Technology in the amount of RMB2.00 million. The total consideration of RMB3.00 million for acquiring 302 Medical Technology was determined based on arm’s length negotiation by the parties with

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reference to the agreed value of the license for online medical services held by 302 Internet Hospital. Upon completion of such equity transfers, 302 Medical Technology became a wholly-owned subsidiary of Fujian Health Road.

On March 24, 2021, 302 Medical Technology entered into an equity transfer agreement with 302 Medical Technology LLP to acquire 49.0% equity interest in 302 Internet Hospital held by 302 Medical Technology LLP at nil consideration as the consideration had been reflected in the consideration for the acquisition of 302 Medical Technology. On the same date, 302 Medical Technology entered into an equity transfer agreement with 302 Medical Technology LLP to acquire 49.0% equity interest in 302 Telemedicine Center held by 302 Medical Technology LLP at nil consideration as the consideration had been reflected in the consideration for the acquisition of 302 Medical Technology. Upon completion of the equity transfers, 302 Internet Hospital and 302 Telemedicine Center became wholly-owned subsidiaries of 302 Medical Technology.

These acquisitions were made with a view to provide additional medical solutions to our users, which were in line with our overall business development strategy.

Acquisition of Jianmingtang

Jianmingtang is principally engaged in the operation of chain pharmacies in Fujian Province. Immediately before our acquisition of Jianmingtang, it was wholly owned by Fujian Jianming Pharmaceutical Science and Technology Co., Ltd. (福建健明醫藥科技集團有限公司) (“**Jianming Pharmaceutical**”), an Independent Third Party.

Pursuant to an equity transfer agreement entered into between Jianming Pharmaceutical and Health Road HealthTech dated December 28, 2022, Health Road HealthTech acquired 44.318% equity interest in Jianmingtang from Jianming Pharmaceutical at a consideration of RMB6,647,700. Pursuant to a shareholders’ resolution of Jianmingtang dated December 28, 2022, the registered capital of Jianmingtang was increased to RMB17,045,500 and the additional registered capital of Jianmingtang in the amount of RMB2,045,500 was subscribed by Health Road HealthTech, representing 12% equity interest in Jianmingtang on a fully diluted basis (collectively, the “**Jianmingtang Acquisition**”). The consideration for the Jianmingtang Acquisition was determined based on arm’s length negotiation by the parties with reference to the registered capital of Jianmingtang in the amount of RMB15.0 million immediately before the Jianmingtang Acquisition. Upon completion of the Jianmingtang Acquisition on December 30, 2022, Health Road HealthTech held 51% equity interest in Jianmingtang and Jianmingtang became a subsidiary of our Group.

Through the acquisition of Jianmingtang, we have further strengthened our offline medicine delivery capabilities, enabling us to deliver prescriptions outside the hospitals more conveniently on the basis of in-depth cooperation with medical institutions and physicians, so as to realize the full cycle of health service system covering health maintenance, disease diagnosis and treatment and recovery tracking.

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As advised by our PRC Legal Advisor, all necessary approvals required under the PRC laws for the acquisitions above have been obtained. The acquisitions above have been properly and legally completed and settled.

Our Directors have confirmed that none of the applicable percentage ratios as defined under the Listing Rules in respect of the abovementioned acquisitions exceeds 25%. Accordingly, the pre-acquisition financial information of 302 Medical Technology, 302 Internet Hospital, 302 Telemedicine Center and Jianmingtang is not required to be disclosed pursuant to Rule 4.05A of the Listing Rules.

Disposal of Beijing Dekai Xiaowei

Beijing Dekai Xiaowei was principally engaged in the operation of an offline pharmacy in Beijing and was an insignificant subsidiary of our Group in terms of financial contribution during the Track Record Period. Based on our overall plan and strategy of offline pharmacy layout and to improve our Group's operational efficiency, we decided to dispose of Beijing Dekai Xiaowei, located in Beijing which is far away from our management team in Fujian Province. On March 22, 2022, Fujian Health Road and Beijing Dekai Medical Science and Technology Co., Ltd. (北京德開醫藥科技有限公司) (“**Beijing Dekai Medical**”), an Independent Third Party which held 10% equity interest in Beijing Dekai Xiaowei at the time, entered into an equity transfer agreement pursuant to which Fujian Health Road agreed to transfer 90% equity interest in Beijing Dekai Xiaowei to Beijing Dekai Medical at nil consideration, which was determined with reference to the negative net asset value of Beijing Dekai Xiaowei as of August 31, 2021 based on an asset valuation report prepared by an independent valuer. Upon completion of the equity transfer on March 22, 2022, Beijing Dekai Xiaowei ceased to be a subsidiary of our Group.

Disposal of Zhongjian Xinlian (Xiamen) and Zhongjian Xinlian (Hangzhou)

Zhongjian Xinlian (Xiamen) was principally engaged in software research and development for local healthcare projects and was an insignificant subsidiary of our Group in terms of financial contribution during the Track Record Period. As our dedicated team of software development at our headquarters in Fuzhou was becoming increasingly mature, in order to improve our Group's operational efficiency and focus on our core businesses, we decided to dispose of Zhongjian Xinlian (Xiamen) and its subsidiary Zhongjian Xinlian (Hangzhou). After arm's length negotiations with Mr. Weng Bijun (翁碧俊), the director of Zhongjian Xinlian (Xiamen) who was assigned to manage and develop the business of Zhongjian Xinlian (Xiamen) and also held 4.5% equity interest in Zhongjian Xinlian (Xiamen) immediately before the disposal, on August 1, 2022, Health Road HealthTech, which held 94.75% equity interest in Zhongjian Xinlian (Xiamen), and Mr. Weng Bijun entered into an equity transfer agreement, pursuant to which Health Road HealthTech agreed to transfer 54.95% equity interest in Zhongjian Xinlian (Xiamen) to Mr. Weng Bijun at a cash consideration of RMB2.4677 million, which was determined with reference to the net asset value of Zhongjian Xinlian (Xiamen) as of June 30, 2022, and was fully settled on February 10, 2023. Upon completion of the equity transfer on August 5, 2022, Zhongjian Xinlian (Xiamen) was held as to 59.45% by Mr. Weng Bijun, as to 39.80% by Health Road HealthTech and as to 0.75% by Mr. Tan Renzhu (譚仁祝), an Independent

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Third Party. Accordingly, Zhongjian Xinlian (Xiamen) and its wholly-owned subsidiary, Zhongjian Xinlian (Hangzhou), which had no actual business operation before the disposal, ceased to be subsidiaries of our Group and became associated companies of our Group.

Disposal of 302 Medical Technology, 302 Internet Hospital and 302 Telemedicine Center

Before the disposal of 302 Medical Technology and its subsidiaries, namely 302 Internet Hospital and 302 Telemedicine Center, such subsidiaries accounted for a very insignificant portion of our Group during the Track Record Period in terms of financial contribution, but we had spent disproportionate time and resources to maintain their operation, in particular the operation of the offline hospitals. In order to improve our Group's operational efficiency and focus on our core businesses, we decided to dispose of 302 Medical Technology, 302 Internet Hospital and 302 Telemedicine Center. After arm's length negotiations between our Group and Mr. Fan Chuibao (范垂寶) and Mr. Gao Zufeng (高祖峰), each an Independent Third Party, on April 26, 2022, Fujian Health Road entered into an equity transfer agreement with each of Mr. Fan Chuibao and Mr. Gao Zufeng, respectively, pursuant to which Fujian Health Road agreed to transfer 99.00% and 1.00% equity interest in 302 Medical Technology to Mr. Fan Chuibao and Mr. Gao Zufeng at nil consideration, respectively, which was determined with reference to the negative net asset value of 302 Medical Technology as of March 31, 2022. Upon completion of such equity transfers on May 9, 2022, 302 Medical Technology, 302 Internet Hospital and 302 Telemedicine Center ceased to be subsidiaries of our Group.

Disposal of Zhiyi Technology

Fuzhou Zhiyi Technology Co., Ltd. (福州智醫科技股份有限公司) (previously known as Fuzhou Kasite Information Technology Co., Ltd. (福州卡斯特信息技術有限公司)) (“**Zhiyi Technology**”) is a company quoted on the Haixia Equity Exchange (海峽股權交易中心) (company code: 130020) on June 18, 2020.

Pursuant to three equity transfer agreements dated June 3, 2015, Fujian Health Road acquired a total of 70% equity interest in Zhiyi Technology from the then shareholders of Zhiyi Technology, who were Independent Third Parties. After a series of equity interest transfers and increase in registered capital, as of April 26, 2017, the registered capital of Zhiyi Technology was RMB1.00 million and was held as to 51.00% by Fujian Health Road, as to 47.50% by Mr. Chen Changhua (陳長華) (an employee of our Group) and as to 1.50% by Mr. Wei Jian (魏鑾) (an Independent Third Party).

Zhiyi Technology was principally engaged in the research and development of software for information infrastructure for hospitals. As an incubation project of the Group principally engaged in a separate business line, we believed that it would be most efficient to manage and develop the business of Zhiyi Technology through attracting and retaining talents specialized in the relevant fields and with business development resources in the industry. Therefore, we assigned Mr. Chen Changhua to be responsible for the management of Zhiyi Technology, and decided to set aside certain equity interests in Zhiyi Technology to be granted to eligible employees so as to attract and retain talents. In order to enhance the flexibility of the management at the level of Zhiyi Technology and to facilitate the

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implementation of the employee incentive arrangement, such equity interest reserved was held by Mr. Chen Changhua through his controlled entities on trust for the Group, which was expected to be further transferred to eligible employees.

To implement the foregoing employee incentive arrangement, Zhiyi Technology underwent certain shareholding restructuring, including certain share transfers and equity entrustments. Pursuant to resolutions of the then shareholders of Zhiyi Technology dated January 31, 2018, among others, Fujian Health Road, Mr. Chen Changhua and Mr. Wei Jian transferred 11.00%, 2.66% and 1.50% equity interest in Zhiyi Technology at the consideration of RMB110,000, RMB26,600 and RMB15,000, respectively, to Fuzhou Sipeixu Internet Information Services Co., Ltd. (福州思佩旭互聯網信息服務有限公司) (“**Fuzhou Sipeixu**”), a company controlled by Mr. Chen Changhua. On the same date, the registered capital of Zhiyi Technology was increased from RMB1.00 million to RMB1.066 million and the additional registered capital in the amount of RMB66,000 was contributed by Fuzhou Sipeixu. Upon the completion of the above equity interest transfers and increase in registered capital on February 8, 2018, Zhiyi Technology was held as to 37.52% by Fujian Health Road, as to 37.52% by Mr. Chen Changhua, as to 20.41% by Fuzhou Sipeixu and as to 4.55% by an employee shareholding platform of Zhiyi Technology controlled by Mr. Chen Changhua.

Fujian Health Road entered into an equity entrustment agreement dated February 8, 2018 with Fuzhou Sipeixu, pursuant to which the parties agreed and confirmed that Fujian Health Road is the beneficial owner of the entrusted equity interest of 20.41% held by Fuzhou Sipeixu in Zhiyi Technology as a nominee of Fujian Health Road, and Fujian Health Road shall retain all the dividend interest, rights and proceeds or income generated from or in relation to such entrusted equity interest. As of the date of such equity entrustment agreement, Fujian Health Road was directly (as to 37.52%) and indirectly (as to 20.41% through Fuzhou Sipeixu) interested in an aggregate of 57.93% equity interest in Zhiyi Technology. The consideration for acquiring an aggregate of 20.41% equity interest in Zhiyi Technology by Fuzhou Sipeixu was ultimately settled by Fujian Health Road.

Subsequently in 2019, as we found that less administrative formalities would be required for any transfer of interest in a limited partnership as compared to a company in the PRC, we considered that it would be more time and cost efficient to implement the foregoing employee incentive arrangement through a limited partnership. Therefore, we decided to nominate Fuzhou Taijiang District Zhiyuan Xingfang Investment Partnership (Limited Partnership) (福州台江區智圓行方投資合夥企業(有限合夥)) (“**Zhiyuan Xingfang**”), a limited partnership controlled by Mr. Chen Changhua, to hold certain equity interest in Zhiyi Technology for and on behalf of Fujian Health Road for facilitating implementation of the employee incentive arrangements. Pursuant to a shareholders’ resolution of Zhiyi Technology dated October 21, 2019, the registered capital of Zhiyi Technology was increased from RMB1.066 million to RMB3.759 million, upon the completion of which approximately 37.24%, 26.00%, 5.79%, 10.22% and 20.75% equity interest in Zhiyi Technology was held by Fujian Health Road, Mr. Chen Changhua, Fuzhou Sipeixu (as a nominee of Fujian Health Road), Zhiyuan Xingfang (as a nominee of Fujian Health Road), and an employee shareholding platform of Zhiyi Technology controlled by Mr. Chen Changhua, respectively. The consideration for acquiring 10.22% equity interest

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in Zhiyi Technology by Zhiyuan Xingfang was ultimately settled by Fujian Health Road. Pursuant to an equity entrustment agreement dated October 21, 2019 entered into between Fujian Health Road and Zhiyuan Xingfang, the parties agreed and confirmed that Fujian Health Road is the beneficial owner of the entrusted equity interest of approximately 10.22% held by Zhiyuan Xingfang in Zhiyi Technology as a nominee of Fujian Health Road. As of October 24, 2019, Fujian Health Road was directly (as to approximately 37.24%) and indirectly (through Zhiyuan Xingfang as to approximately 10.22% and through Fuzhou Sipeixu as to approximately 5.79%) interested in an aggregate of approximately 53.25% equity interest in Zhiyi Technology.

As confirmed by the PRC Legal Advisor, the aforementioned equity entrustment agreements do not violate the applicable PRC laws and regulations.

On February 18, 2022, Fujian Health Road and Health Road HealthTech entered into an equity transfer agreement, pursuant to which Fujian Health Road agreed to transfer approximately 37.24% equity interest in Zhiyi Technology to Health Road HealthTech at a consideration of RMB3.01 million, which was determined with reference to the registered capital of Zhiyi Technology.

As we have since 2020 strengthened our dedicated team for software development at our headquarters and Zhiyi Technology had not performed to the level as we had expected, we decided to dispose of Zhiyi Technology. To effect the disposal of Zhiyi Technology, on September 15, 2022, Health Road HealthTech, Fujian Health Road, Zhiyuan Xingfang, Fuzhou Sipeixu and Mr. Chen Changhua entered into an equity transfer agreement, pursuant to which Health Road HealthTech, Zhiyuan Xingfang (as a nominee for Fujian Health Road) and Fuzhou Sipeixu (as a nominee for Fujian Health Road) transferred approximately 37.24%, 10.22% and 5.79% equity interest in Zhiyi Technology to Mr. Chen Changhua at the consideration of RMB2,848,860, RMB781,830 and RMB442,935, respectively. The consideration was determined with reference to the net asset value of Zhiyi Technology as of August 31, 2022 based on its management accounts as an update of the previous valuation, and was settled on February 2, 2023. Upon the completion of the above equity transfer on October 13, 2022, our Group ceased to have any equity interest in Zhiyi Technology.

Disposals pursuant to the Reorganization

To streamline our corporate structure, we disposed of and/or deregistered the following nine subsidiaries of our Group and each of such subsidiaries did not have any substantial business operation immediately before their disposals and/or deregistration.

Disposal of Yichun Health Road

Immediately before the disposal of Yichun Health Road, it was a wholly-owned subsidiary of Fujian Health Road. On April 22, 2021, Fujian Health Road and Health Road (Guangzhou) Technology Group Co., Ltd.* (健康之路(廣州)科技集團有限公司) (“**Health Road (Guangzhou) Technology**”), a company established under the laws of the PRC and held as to 99.9925% by Mr. Zhang, and as to 0.0075% by Health Road Investment Center at the time of such equity interest transfer, entered into an equity transfer agreement, pursuant to

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which Fujian Health Road transferred 100% equity interest in Yichun Health Road to Health Road (Guangzhou) Technology at nil consideration, which was determined based on arm's length negotiation with reference to the negative net asset value of Yichun Health Road as of March 31, 2021 as set out in the management accounts of Yichun Health Road. Upon completion of the above equity transfer on May 8, 2021, our Group ceased to have any equity interest in Yichun Health Road.

Disposal of Anhui Health Road

Immediately before the disposal of Anhui Health Road, it was a wholly-owned subsidiary of Beijing Health Road. On July 12, 2021, Beijing Health Road and Health Road (Guangzhou) Technology entered into an equity transfer agreement, pursuant to which Beijing Health Road transferred 100% equity interest in Anhui Health Road to Health Road (Guangzhou) Technology at the consideration of RMB1.00 million, which was determined based on arm's length negotiation with reference to the then paid up registered capital of Anhui Health Road in the amount of RMB1.00 million. Upon completion of the above equity interest transfer on July 14, 2021, our Group ceased to have any equity interest in Anhui Health Road.

Disposal of Fujian Sanping Bencao

Immediately before the disposal of Fujian Sanping Bencao, it was a wholly-owned subsidiary of Fujian Health Road. On July 30, 2021, Fujian Health Road, Health Road (Guangzhou) Technology and Mr. Zhang Jianfeng (張建峰), an Independent Third Party, entered into an equity transfer agreement, pursuant to which Fujian Health Road transferred 51% and 49% equity interest in Fujian Sanping Bencao to Health Road (Guangzhou) Technology and Mr. Zhang Jianfeng at the nominal consideration of RMB1.00 and RMB1.00, respectively, which was determined based on arm's length negotiation with reference to the net asset value of Fujian Sanping Bencao as of July 31, 2021 as set out in the management accounts of Fujian Sanping Bencao. Upon completion of the above equity interest transfers on August 9, 2021, our Group ceased to have any equity interest in Fujian Sanping Bencao.

Disposal of Lecheng Internet Hospital

Immediately before the disposal of Lecheng Internet Hospital, it was a wholly-owned subsidiary of Fujian Health Road. On September 22, 2021, Fujian Health Road and Health Road (Guangzhou) Technology entered into an equity transfer agreement, pursuant to which Fujian Health Road agreed to transfer 100% equity interest in Lecheng Internet Hospital held by it to Health Road (Guangzhou) Technology at a nominal consideration of as Lecheng Internet Hospital had not carried out any business activities since its establishment. Upon completion of the above equity interest transfer on September 23, 2021, our Group ceased to have any equity interest in Lecheng Internet Hospital.

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Disposal of Shanghai Borderless

Immediately before the disposal of Shanghai Borderless, it was held as to 51% by Fujian Health Road and as to 49% by Ms. Rong Yan (容琰), an Independent Third Party. On November 25, 2021, Fujian Health Road and Ms. Wu Lifeng (吳莉鳳), an Independent Third Party, entered into an equity transfer agreement, pursuant to which Fujian Health Road agreed to transfer 51% equity interest in Shanghai Borderless held by it to Ms. Wu Lifeng at a nominal consideration of RMB1.00, which was determined based on arm's length negotiation with reference to the net asset value of Shanghai Borderless as of August 31, 2021 as set out in the management accounts of Shanghai Borderless. Upon completion of the above equity interest transfer on December 3, 2021, our Group ceased to have any equity interest in Shanghai Borderless.

Disposal of Beijing Health Road

Immediately before the disposal of Beijing Health Road, it was a wholly-owned subsidiary of Fujian Health Road. On April 7, 2022, Fujian Health Road and Health Road (Guangzhou) Technology entered into an equity interest transfer agreement, pursuant to which Fujian Health Road agreed to transfer 100% equity interest in Beijing Health Road held by it to Health Road (Guangzhou) Technology at nil consideration, which was determined based on arm's length negotiation with reference to the negative net asset value of Beijing Health Road as of August 31, 2021 based on an asset valuation report prepared by an independent valuer. Upon completion of the above equity interest transfer on April 7, 2022, our Group ceased to have any equity interest in Beijing Health Road.

Deregistration of Beijing Guoheng Wanhua

On March 25, 2022, Beijing Guoheng Wanhua Information Technology Co., Ltd. (北京國恒萬華信息技術有限公司) ("**Beijing Guoheng Wanhua**") was established in the PRC as a limited liability company with a registered capital of RMB10.0 million, which was held as to 67.00% by Health Road HealthTech and as to 33.00% by Beijing Meirenmei Network Technology Co., Ltd. (北京美人美網絡科技有限公司), which was in turn wholly owned by Mr. Sun Donghua (孫東華), an Independent Third Party. Beijing Guoheng Wanhua was established with a plan of extending our advertisement services platforms. As Beijing Guoheng Wanhua had not carried out any business activities since its establishment, it was deregistered pursuant to shareholders' resolutions dated January 10, 2023. As confirmed by the Directors, Beijing Guoheng Wanhua was not involved in any administrative penalties, litigations or other disputes immediately before its deregistration.

Deregistration of Ningbo Health Road

Immediately before the deregistration of Ningbo Health Road, it was a wholly-owned subsidiary of Health Road HealthTech. Ningbo Health Road was established with a plan of extending our business operation in Ningbo. As Ningbo Health Road had not carried out any business activities since its establishment, it was deregistered on September 20, 2023 pursuant to a shareholder agreement. As confirmed by the Directors, Ningbo Health Road was not involved in any administrative penalties, litigations or other disputes immediately before its deregistration.

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Deregistration of Shaanxi Health Road

Immediately before the deregistration of Shaanxi Health Road, it was a wholly-owned subsidiary of Health Road HealthTech. Shaanxi Health Road was established to operating our businesses in Shaanxi Province. As we adjusted our business operation strategy in Shaanxi Province, Shaanxi Health Road was deregistered on October 27, 2023 pursuant to a shareholder agreement. As confirmed by the Directors, Shaanxi Health Road was not involved in any administrative penalties, litigations or other disputes immediately before its deregistration.

As confirmed by our Directors, the above disposed or deregistered companies had not been subject to any administrative penalty as a result of any material non-compliance of relevant laws and regulations, and each of the above disposed or deregistered companies accounted for an insignificant portion of our Group during the Track Record Period in terms of financial contribution. As confirmed by our Directors and the PRC Legal Advisor, all applicable regulatory approvals in relation to the above acquisitions, disposals and deregistration in all material respects have been obtained. The above acquisitions, disposals and deregistration have been properly and legally completed and settled.

Save as disclosed above, our Group has not conducted any major acquisition, disposal or deregistration during or after the Track Record Period.

PRE-IPO INVESTMENTS

Overview

We have received several rounds of Pre-IPO Investments. Details of the Pre-IPO Investments are set out below:

No.	Pre-IPO Investors	Date of agreement(s)	Date of full settlement	Total number of Shares held upon completion of the Share Subdivision	Total amount of consideration	Post-money valuation of each round of financing ⁽¹⁾	Number of Shares held immediately upon the Listing	Shareholding percentage in the Company upon completion of the Global Offering	Cost per Share immediately upon the Listing (HKD) ⁽²⁾	Discount to the Offer Price ⁽³⁾
1.	Baidu (HK)	December 31, 2014	November 6, 2015	106,245,100 Series A Preferred Shares	US\$60,000,000	US\$452.5 million	106,245,100	12.10%	4.40	47.05%
2.	Shanghai Jiejia ⁽⁴⁾	March 26, 2016 and June 21, 2017	June 25, 2018	9,650,000 Series B-1 Preferred Shares	RMB33,750,000	RMB3,245.2 million	9,650,000	1.10%	3.79	54.36%
3.	Shangrao SOA ⁽⁵⁾	November 25, 2016	December 10, 2021	8,329,465 Series B-2 Preferred Shares	RMB30,000,000	RMB2,996.3 million	8,329,465	0.95%	3.90	53.00%
		December 4, 2017	December 10, 2021	13,882,435 Series B-2 Preferred Shares	RMB50,000,000	RMB2,996.3 million	13,882,435	1.58%	3.90	53.00%
4.	HW MedSpect ⁽⁶⁾	December 2, 2022	January 16, 2023	40,105,650 Shares	RMB9,891,268.8	RMB205.2 million	40,105,650	4.57%	0.27	96.78%
5.	Strait One ⁽⁷⁾	July 21, 2023	September 22, 2023	5,546,415 Shares	RMB20,000,000	RMB3,000.0 million	5,546,415	0.63%	3.91	52.94%
6.	Kequan ⁽⁸⁾	July 26, 2023	September 22, 2023	20,797,800 Shares	RMB100,000,000	RMB4,100.0 million	20,797,800	2.37%	5.21	37.25%

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Notes:

- (1) The amount of post-money valuation is calculated by dividing the total amount of consideration paid by the relevant Pre-IPO Investors by the percentage of equity interest or shareholding of relevant Pre-IPO Investors in Fujian Health Road/the Company (as applicable) on fully diluted and as converted basis immediately after the relevant pre-IPO Investment.
- (2) The approximate cost per Share is calculated by dividing the total consideration paid by the total number of Shares immediately after the completion of the Share Subdivision.
- (3) The discount to the Offer Price is calculated based on the assumption that the Offer Price is HK\$8.3 per Share, being the mid-point of the indicative Offer Price range of the Global Offering.
- (4) As part of the Reorganization, Star Ease became the offshore holding vehicle of Shanghai Jiejia's interest in our Company reflecting its interest held in Fujian Health Road.
- (5) As part of the Reorganization, Hongda Juankang became the offshore holding vehicle of Shangrao SOA's interest in our Company reflecting its interest held in Fujian Health Road.
- (6) See “—Major Shareholding Changes and Corporate History of Our Company, Major Subsidiaries and Consolidated Affiliated Entities—5. Pre-IPO Investment by Ms. Shi and HW MedSpect” for more information of the investment by HW MedSpect.
- (7) See “—Major Shareholding Changes and Corporate History of Our Company, Major Subsidiaries and Consolidated Affiliated Entities—6. Pre-IPO Investment by Strait One” for more information of the investment by Strait One.
- (8) See “—Major Shareholding Changes and Corporate History of Our Company, Major Subsidiaries and Consolidated Affiliated Entities—7. Pre-IPO Investment by Kequan” for more information of the investment by Kequan.

Principal Terms of the Pre-IPO Investments

- | | | |
|---|---|---|
| Use of proceeds from the Pre-IPO Investment | : | As of the Latest Practicable Date, except for the funds received from the Pre-IPO Investment from Kequan, all of the funds raised from the other rounds of Pre-IPO Investments have been utilized for business development and general corporate purposes. |
| Strategic benefits the Pre-IPO Investors brought to our Company | : | We are of the view that our Company can benefit from the additional capital provided by the Pre-IPO Investors in our Company. Their investments provided additional capital resources to expand our businesses with a view to build a comprehensive healthcare service system. Their investments also demonstrated their confidence in our Group's operations and served as an endorsement of our Group's performance, strengths and prospects. |

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In particular, Series A financing from Baidu also enhanced our cooperation relationship with Baidu, and investments from such a reputable investor also increased our brand awareness and facilitated our Group's marketing efforts. Please refer to the section headed "Continuing Connected Transactions" in this prospectus for further details of our current cooperation relationship with Baidu. The investment by Baidu in the Group and our enhanced cooperation with Baidu enabled us to expand our business from regional to nationwide, and to establish an extensive service network and build up health and medical services capabilities.

Shanghai Jiejia, Shangrao SOA, Strait One and Kequan are all principally engaged in investment and assets management in different industries, and apart from providing us with additional capital, they can share their experience on brand building and marketing expansion as well as their insight on regulatory developments and, business strategies, and provide us with advice on corporate governance, financial reporting and internal control matters.

Ms. Shi has extensive experience in investments, business development and operation activities in the healthcare and medical industry. Leveraging her resources in the healthcare sector, Ms. Shi can provide the Group with valuable industry insights, and advice on business strategies and development plans, as well as refer to the Group prospective investors.

Basis of determining the consideration paid : The consideration for the Pre-IPO Investments was determined based on arm's length negotiation with reference to the timing of the investments, the scale and valuation of our Group.

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Special rights of the Pre-IPO Investors : In connection with the Pre-IPO Investments, the holders of the Preferred Shares were granted certain special rights in relation to our Company, including, among others: (i) information and inspection rights; (ii) right of first refusal; (iii) co-sale right; (iv) right of participation; and (v) liquidation preference. In anticipation of the Global Offering, these special rights will be terminated on the Listing Date.

In addition, the holder of Series A Preferred Shares was also granted redemption right, which was terminated upon our Company's application for the Listing and will only restore if such application is withdrawn or rejected.

Conversion of Preferred Shares : On the Listing Date, the Preferred Shares will automatically be converted into the Shares on a one-to-one basis for such Preferred Shares in effect at the time immediately upon the Listing.

Lock-up Period

Each of the Pre-IPO Investors is subject to a lock-up period of six months after the Listing.

Public Float

Upon completion of the Global Offering, Shares held by the following Shareholders will not be counted towards the public float:

- (i) Affluent Base, wholly owned by Mr. Zhang, our executive Director, chairman of the Board and chief executive officer, holding 33.71% of the total issued Shares;
- (ii) Baidu (HK), one of our substantial shareholders, holding 12.10% of the total issued Shares;
- (iii) Best Premier, wholly owned by Mr. Chen Yong, our non-executive Director, holding 10.43% of the total issued Shares; and
- (iv) Jyun Jing, controlled by Mr. Chen Jing, our executive Director, holding 4.87% of the total issued Shares.

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Save as disclosed above in this section and “Substantial Shareholders”, to the best of the Directors’ knowledge, each of the other Pre-IPO Investors and Shareholders (i) is not a core connected person of the Company; (ii) has not been financed directly or indirectly by a core connected person of the Group for the subscription of Shares; and (iii) is not accustomed to take instructions from a core connected person of the Group in relation to the acquisition, disposal, voting or other disposition of the Shares registered in his/her/its name or otherwise held by him/her/it, and such Shares held by him/her/it will constitute part of the public float for the purposes of Rule 8.08 of the Listing Rules. Details of the Company’s public float upon the Listing are listed below:

	Shareholding immediately prior to the Share Subdivision and the Global Offering	Shareholding immediately following the completion of the Share Subdivision and the Global Offering
May Jyu	9.50%	9.23%
HW MedSpect	4.70%	4.57%
Bai Sheng Enterprise	4.52%	4.39%
Star Flourish Ventures	4.37%	4.25%
Xing Da	3.26%	3.17%
Hongda Juankang	2.60%	2.53%
Kequan	2.44%	2.37%
May Syun	2.05%	1.99%
May Xin	1.86%	1.81%
Star Ease	1.13%	1.10%
Strait One	0.65%	0.63%
Other public Shareholders	nil	2.85%
Total	37.09%	38.88%

Information of the Pre-IPO Investors

Set out below is a description of the Pre-IPO Investors:

Baidu (HK)

Baidu (HK) is a private company limited by shares incorporated in Hong Kong on November 27, 2007. It is indirectly wholly owned by Baidu, Inc., an internet technology company listed on the NASDAQ (ticker symbol: BIDU) and the Stock Exchange (stock code: 9888). Baidu is a leading search engine, knowledge and information centered Internet platform and AI company. Baidu (HK) became acquainted with our Group through Mr. Zhang, and decided to invest in our Group as it was optimistic in our growth potential and future prospects.

Shanghai Jiejia

Shanghai Jiejia is a limited partnership established under the laws of the PRC on February 26, 2016. Shanghai Jiejia is held as to approximately 1.0% by Shanghai Deqian Business Consulting Partnership (Limited Partnership) (上海得鈺商務諮詢合夥企業(有限合夥)) (“**Shanghai Deqian**”) (its general partner), and approximately 78.90%, 6.92%, 5.95%, 4.15%, 1.69% and 1.39% by the following limited partners, respectively: Fuzhou Kunyi Jinglian Investment Center (Limited Partnership) (福州堃弈瓊璉投資中心(有限合夥)) (“**Kunyi Jinglian**”), Mr. Zhao Zhineng (趙志能), Fuzhou Minyu Investment Center (Limited Partnership) (福州閩昱投資中心(有限合夥)) (“**Fuzhou Minyu**”), Ms. Wang Xiaoyun (王小雲), Fuzhou Minduo Investment Center (Limited Partnership) (福州閩鐸投資中心(有限合夥)) (“**Fuzhou Minduo**”) and Fuzhou Weihao Investment Center (Limited Partnership) (福州蔚皓投資中心(有限合夥)) (“**Fuzhou Weihao**”). The general partner of Shanghai Deqian is Mr. Ye Xiufu (葉修福), an Independent Third Party. The general partner of each of Kunyi Jinglian, Fuzhou Minyu, Fuzhou Minduo and Fuzhou Weihao is Fufen Assets Management (Shanghai) Co., Ltd. (富奮資產管理(上海)有限公司), a limited liability company established under the laws of the PRC which primarily engages in asset management and investment management, which, to the best knowledge of our Directors, is wholly owned by Mr. Ye Shenghuan (葉聲煥), an Independent Third Party. To the best knowledge of our Directors, the limited partners of Shanghai Jiejia are Independent Third Parties. To the best knowledge of our Directors, save as disclosed above, the general partner and the limited partners of Shanghai Jiejia are independent from each other. Shanghai Jiejia is primarily engaged in investment management and consultation, assets management, business consultation, enterprise management consultation, marketing planning, computer technology development, technology transfer, technology consultation and technology services. Shanghai Jiejia became acquainted with our Group through Mr. Zhang, and decided to invest in our Group as it was optimistic in our growth potential and future prospects.

Shangrao SOA

Shangrao SOA is a company with limited liability established under the laws of the PRC on January 31, 2008. Shangrao SOA is held as to approximately 90.94% by Shangrao State Owned Assets Development Group Co., Ltd. (上饒市國有資產發展集團有限公司) (“**Shangrao SOA Development**”) and as to approximately 9.06% by Jiangxi Administrative Assets Group Co., Ltd. (江西省行政事業資產集團有限公司) (“**Jiangxi Administrative Assets**”), which is ultimately wholly owned by Jiangxi Provincial Department of Finance (江西省財政廳). Shangrao SOA Development is wholly owned by Shangrao Investment Holding Group Co., Ltd. (上饒投資控股集團有限公司) (“**Shangrao Investment**”), which is wholly owned by the SACAC of Shangrao. Shangrao SOA is primarily engaged in industries of assets management, operation and leasing, investment and financing services, property development, urban infrastructure construction, hotel management and tourism sites development, operation and management. Shangrao SOA became acquainted with our Group through Mr. Zhang, and decided to invest in our Group as it was optimistic in our growth potential and future prospects.

HW MedSpect

HW MedSpect is a company with limited liability incorporated in the BVI on November 23, 2021 and is wholly owned by Ms. Shi, who is an Independent Third Party. Ms. Shi became acquainted with our Group through Mr. Zhang, and decided to invest in our Group through HW MedSpect as she was optimistic in our growth potential and future prospects.

Strait One

Strait One is a company with limited liability incorporated in the BVI on January 18, 2023 and is wholly owned by Fuzhou Strait One, a limited partnership established in the PRC on December 21, 2021. Fuzhou Strait One is held as to approximately 0.50% by Fuzhou High Tech Zone Strait Venture Capital Management Co., Ltd. (福州高新區海峽創業投資管理有限公司) (“**Strait Venture Capital**”) as its general partner, and approximately 80.00%, 14.50% and 5.00% by its limited partners, namely Fuzhou Planning and Design Institute (福州市規劃設計研究院集團有限公司), Fuzhou Hi Tech Zone Strait Financial Holding Group Co., Ltd. (福州高新區海峽金融控股集團有限公司) and Fuzhou Hi Tech Zone Strait Equity Investment Partnership (Limited Partnership) (福州高新區海峽股權投資合夥企業(有限合夥)), respectively. Strait Venture Capital is owned as to 60.00% by Fujian Radio and Television Network Investment Co., Ltd. (福建省廣電網絡投資有限公司), which is ultimately controlled by the Department of Finance of Fujian Province (福建省財政廳), and 40% by Fuzhou Hi Tech Zone Strait Financial Holding Group Co., Ltd. (福州高新區海峽金融控股集團有限公司), which is wholly owned by the Finance Bureau of Fuzhou National Hi-Tech Industrial Development Zone (福州高新技術產業開發區財政金融局), respectively. Fuzhou Strait One is principally engaged in investments in various industries including biotech, healthcare, intelligent manufacturing, and silicon chips. Strait One became acquainted with the management of our Company through business events and decided to invest in our Group as it was optimistic in our growth potential and future prospects as well as to build up its portfolio in the comprehensive healthcare services industry.

Kequan

Kequan is a company with limited liability incorporated in the BVI on June 27, 2023 and is wholly owned by Kequan Xiamen, a limited partnership established in the PRC on June 20, 2023. Kequan Xiamen is held as to approximately 0.10% by Nanjing Zhongyiren Investment Limited Company (南京中益仁投資有限公司) (“**Nanjing Zhongyiren**”) as its general partner, and approximately 99.90% by Anji Kequan as its limited partner. Nanjing Zhongyiren is owned as to 82.15% and 17.85% by Mr. Jin Yawei (金亞偉) and Mr. Meng Gang (孟剛), respectively. Anji Kequan is held as to approximately 0.01% by Nanjing Zhongyiren as its general partner, and approximately 99.99% by Guocheng (Zhejiang) Industrial Development Co., Ltd. (國成(浙江)實業發展有限公司), which is wholly owned by the Management Committee of Zhejiang Anji Economic Development Zone (浙江安吉經濟開發區管理委員會). The Management Committee of Zhejiang Anji Economic Development Zone is responsible for the planning, construction and development of the Zhejiang Anji Economic Development Zone. After becoming acquainted with the Company

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through business events, in recognition of the Group's leading market position and being optimistic in our growth potential and future prospects, the Zhejiang Anji Economic Development Zone decided to invest in the Group through Kequan with an ultimate goal of attracting the Group to develop its business in the Zhejiang Anji Economic Development Zone as part of its initiative to develop the healthcare industry.

Equity Transfers in Health Road Investment Center

A total of seven limited partners of Health Road Investment Center transferred a total of 25.1% of the limited partnership interest in Health Road Investment Center to Shunkang Investment and 18 employees or consultants of our Group from October 2019 to December 2021. Our Company was not a party to any of such transfers and did not receive any proceeds as a result of any of such transfers. To the best knowledge of our Directors after due and reasonable enquiry, (i) none of the above transfers involve any grant of special rights in any member of our Group; (ii) all of the above transfers had been fully settled at least 28 clear days before the date of application for the Listing; and (iii) pursuant to the rules of the Historical ESOP, the Fujian Health Road ESOP and the limited partnership agreement of Health Road Investment Center, our Company does not have the right to require the relevant transferors to disclose the consideration of any transfers of their interests granted pursuant to the Historical ESOP and the Fujian Health Road ESOP.

Compliance with Guide for New Listing Applicants

On the basis that (i) the Listing Date, being the first day of trading of the Shares on the Stock Exchange will take place no earlier than 120 clear days after completion of the last Pre-IPO Investments, and (ii) all special rights granted to the Pre-IPO Investors will be terminated on the Listing Date, the Sole Sponsor confirms that the Pre-IPO Investments are in compliance with the requirement of Chapter 4.2 of the Guide for New Listing Applicants issued by the Stock Exchange.

Notes:

- (1) The remaining 5.25% equity interest in Zhongjian Xinlian (Xiamen) is held by Mr. Weng Bijun as to 4.50% and by Mr. Tan Renzhu as to 0.75%. Mr. Weng Bijun was the executive director and general manager of Zhongjian Xinlian (Xiamen). Mr. Tan Renzhu is an Independent Third Party. On August 5, 2022, Zhongjian Xinlian (Xiamen) and Zhongjian Xinlian (Hangzhou) were disposed and ceased to be subsidiaries of our Group. See “Major Shareholding Changes and Corporate History of our Company, Major Subsidiaries and Consolidated Affiliated Entities—8. Major Acquisitions and Disposals—Disposal of Zhongjian Xinlian (Xiamen) and Zhongjian Xinlian (Hangzhou)” for more information of Zhongjian Xinlian (Xiamen) and Zhongjian Xinlian (Hangzhou).
- (2) The remaining 10.00% equity interest in Beijing Dekai Xiaowei was held by Beijing Dekai Medical, which is an Independent Third Party other than being a substantial shareholder of Beijing Dekai Xiaowei. On March 23, 2022, Beijing Dekai Xiaowei was disposed and ceased to be a subsidiary of our Group. See “Major Shareholding Changes and Corporate History of our Company, Major Subsidiaries and Consolidated Affiliated Entities—8. Major Acquisitions and Disposals—Disposal of Beijing Dekai Xiaowei” for more information.
- (3) Beijing Guoheng Wanhua was deregistered pursuant to its shareholders’ resolutions dated January 10, 2023. See “Major Shareholding Changes and Corporate History of our Company, Major Subsidiaries and Consolidated Affiliated Entities—8. Major Acquisitions and Disposals—Disposals pursuant to the Reorganization—Deregistration of Beijing Guoheng Wanhua” for more information of Beijing Guoheng Wanhua.
- (4) On October 13, 2022, Zhiyi Technology was disposed and ceased to be a subsidiary of our Group. See “Major Shareholding Changes and Corporate History of our Company, Major Subsidiaries and Consolidated Affiliated Entities—8. Major Acquisitions and Disposals—Disposal of Zhiyi Technology” for more information of Zhiyi Technology.
- (5) The remaining 49.00% equity interest in Choksend Communication is held by Mr. Chen Chen, who is the executive director and general manager of Choksend Communication and thus a connected person of our Group at subsidiary level under the Listing Rules.
- (6) The remaining 49.00% equity interest in Shanghai Borderless was held by Ms. Rong Yan, who was a director of Shanghai Borderless. On December 3, 2021, Shanghai Borderless was disposed and ceased to be a subsidiary of our Group. See “Major Shareholding Changes and Corporate History of our Company, Major Subsidiaries and Consolidated Affiliated Entities—8. Major Acquisitions and Disposals—Disposals pursuant to the Reorganization—Disposal of Shanghai Borderless” for more information of Shanghai Borderless.
- (7) See “Reorganization—1. Reorganization of the Subsidiaries of Fujian Health Road—Equity transfer of Fuzhou Kangzhi” for more information of Fuzhou Kangzhi.
- (8) Among the 46.3717% equity interest in Fujian Health Road held by Health Road Investment Center, 0.1442% was held for and on behalf of Shanghai Jiejia. See “Major Shareholding Changes and Corporate History of our Company, Major Subsidiaries and Consolidated Affiliated Entities—2. Series B-1 Investment by Shanghai Jiejia and Termination of the Original Contractual Arrangements—Series B-1 Investment by Shanghai Jiejia” for more information.
- (9) Beijing Health Road, Lengcheng Health Road, Yichun Health Road, Anhui Health Road, Fujian Samping Bencao, 302 Medical Technology, 302 Telemedicine Center and 302 Internet Hospital were disposed by our Group during the Track Record Period. See “Major Shareholding Changes and Corporate History of our Company, Major Subsidiaries and Consolidated Affiliated Entities—8. Major Acquisitions and Disposals” for more information.

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The Reorganization involved the following major steps:

1. Reorganization of the Subsidiaries of Fujian Health Road

Equity Transfers of Subsidiaries with Non-Restricted Business to Health Road HealthTech

On October 18, 2021, Health Road HealthTech was established under the laws of the PRC. Upon establishment, Health Road HealthTech was held as to 100% by Mr. Zhang. From February 9, 2022 to March 7, 2022, we went through a series of equity transfers, pursuant to which the subsidiaries, which are principally engaged in businesses not subject to foreign ownership restriction or prohibition in the PRC, became direct subsidiaries of Health Road HealthTech. Certain subsidiaries with no actual business operations were also transferred to Health Road HealthTech as our Group intends to manage local human resources through these entities. The list of relevant subsidiaries transferred to Health Road HealthTech and details of the equity transfers are set out below:

Transferor	Relevant Subsidiary	Principal business activities of Relevant Subsidiary	Equity interest transferred	Consideration ¹	Date of the equity transfer
Beijing Health Road	Guangzhou Health Road	Digital marketing services	100%	Nil	February 16, 2022
Beijing Health Road	Shaanxi Health Road	No actual business	100%	Nil	February 21, 2022
Beijing Health Road	Jiangxi Health Road	No actual business	100%	Nil	February 16, 2022
Beijing Health Road	Hubei Health Road	Corporate and digital marketing services	100%	Nil	February 9, 2022
Fujian Health Road	Ningbo Health Road	No actual business	100%	Nil	March 7, 2022
Fujian Health Road	Zhongjian Xinlian (Xiamen)	Information technology services	94.75%	RMB7,049,700	February 11, 2022
Fujian Health Road	Choksend Communication	Corporate and digital marketing services and medical support services	51%	RMB3,296,500	February 18, 2022
Fujian Health Road	Fuzhou Kangzhi	Content services	19.45% ²	RMB1,221,600	February 28, 2022
Yinchuan Borderless	Fuqing Pharmacy	Health and medical services	100%	Nil	February 9, 2022

¹ The consideration, where applicable, is determined with reference to the appraised value of the net assets of the relevant company issued by independent valuer.

² Pursuant to two equity transfer agreements dated December 2, 2022, 30.029% equity interest in Fuzhou Kangzhi, which was held by Mr. Chen Chengchun for and on behalf of Fujian Health Road and 1.521% equity interest in Fuzhou Kangzhi held by Ms. Shi, was transferred to Health Road HealthTech. See “—Reorganization—1. Reorganization of the Subsidiaries of Fujian Health Road—Equity transfer of

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Fuzhou Kangzhi” and “—Major Shareholding Changes and Corporate History of our Company, Major Subsidiaries and Consolidated Affiliated Entities—5. Pre-IPO Investment by Ms. Shi and HW MedSpect” for more information of Fuzhou Kangzhi.

Equity Transfer of Fuzhou Kangzhi

In early 2018, we started to develop the business of wellness content services. However, in spite of the time and effort spent, such business had not been growing at the expected scale. In the second half of 2019, when we were considering whether to continue the development of such business, Mr. Chen Chengchun, an employee of our hospital department, brought up to us his thought of leaving the Group to start his own business. As Mr. Chen Chengchun was experienced and resourceful in respect of business involving physicians and hospitals, our management considered that we may explore the possibility and feasibility of developing the business of wellness content services through jointly establishing a new company with Mr. Chen Chengchun as an incubation project of the Group. For the purpose of facilitating Mr. Chen Chengchun’s management of the new company, it was also agreed that certain of our Group’s interest in the new company would be held by Mr. Chen Chengchun as a nominee, and with our Group’s consent on the grantees and the amount of the underlying equity interest to be granted, the entrusted equity interest may be used for granting relevant equity incentives.

On September 24, 2019, Fuzhou Kangzhi was jointly established by Mr. Chen Chengchun and our Group, and was held as to 25% directly by Fujian Health Road, as to 31.55% indirectly by Fujian Health Road through the nominee arrangement with Mr. Chen Chengchun and as to 43.45% by Mr. Chen Chengchun beneficially. Pursuant to an equity entrustment agreement dated September 23, 2019 entered into between Fujian Health Road and Mr. Chen Chengchun, the aforesaid 31.55% equity interest was agreed to be held by Mr. Chen Chengchun as a nominee for and on behalf of Fujian Health Road starting from September 23, 2019, and Fujian Health Road shall retain all the benefits, rights and incomes arising from such entrusted equity interest.

Upon establishment of Fuzhou Kangzhi, Mr. Chen Chengchun approached Mr. Zhao Yaqi, an Independent Third Party (other than being a substantial shareholder of Fuzhou Kangzhi as a result of the equity incentives granted to him as disclosed below), who was experienced and resourceful in the search engine business, to join and support the business of Fuzhou Kangzhi. Mr. Zhao Yaqi agreed to be a business partner of Mr. Chen Chengchun in the development of Fuzhou Kangzhi by introducing business opportunities and resources related to the search engine business, for which Mr. Chen Chengchun, after discussion and negotiation with the management of Fujian Health Road, transferred 10% equity interest in Fuzhou Kangzhi held by him beneficially to Mr. Zhao Yaqi at nil consideration as equity incentive, pursuant to an equity transfer agreement entered into between Mr. Chen Chengchun and Mr. Zhao Yaqi dated October 17, 2019.

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Subsequently, Fuzhou Kangzhi achieved steady expansion and growth of business. On June 9, 2020, in response to Mr. Zhao Yaqi's request for additional equity incentive and in recognition of his continuous contribution to the business development of Fuzhou Kangzhi, pursuant to a shareholders' resolution of Fuzhou Kangzhi dated June 9, 2020, Fujian Health Road transferred 5.55% equity interest in Fuzhou Kangzhi to Mr. Zhao Yaqi at nil consideration, and Mr. Chen Chengchun transferred 14.45% equity interest in Fuzhou Kangzhi held by him beneficially to Mr. Zhao Yaqi at nil consideration. Fujian Health Road and Mr. Chen Chengchun were both of the view that such further equity incentive to Mr. Zhao Yaqi was in the interest of the overall development of Fuzhou Kangzhi and reached agreement on the split of the equity incentive after arm's length negotiations. Accordingly, immediately before the Reorganization, Fuzhou Kangzhi was held by Fujian Health Road directly as to 19.45% and indirectly as to 31.55% through the nominee arrangement with Mr. Chen Chengchun. The remaining 49% equity interest in Fuzhou Kangzhi was held as to 19% by Mr. Chen Chengchun beneficially and as to 30% by Mr. Zhao Yaqi.

As the business of Fuzhou Kangzhi continued to develop in line with the development of our core business through our wellness content cooperation with Baidu (See "Continuing Connected Transactions—Continuing Connected Transactions—B. Partially Exempt Continuing Connected Transactions—Continuing Connected Transactions Subject to Reporting, Annual Review and Announcement Requirements—4. Wellness Content Cooperation Agreements" for more information) and Fuzhou Kangzhi's performance has been stable during the Track Record Period after Mr. Zhao Yaqi became our business partner, we decided to terminate the nominee arrangement in respect of Fuzhou Kangzhi in December 2022 and reflected our interests in Fuzhou Kangzhi directly. As confirmed by our PRC Legal Advisor, the aforementioned nominee agreements do not violate the applicable PRC laws and regulations in any material respects.

After completion of the investment by Ms. Shi in Fuzhou Kangzhi as described in "—Major Shareholding Changes and Corporate History of our Company, Major Subsidiaries and Consolidated Affiliated Entities—5. Pre-IPO Investment by Ms. Shi and HW MedSpect" in this section, Fuzhou Kangzhi was held by Fujian Health Road (indirectly through nominee arrangement with Mr. Chen Chengchun) as to 30.029%, by Health Road HealthTech as to 19.45%, by Mr. Chen Chengchun beneficially as to 19.00%, by Mr. Zhao Yaqi as to 30.00% and by Ms. Shi as to 1.5210%. On December 2, 2022, Fujian Health Road, Mr. Chen Chengchun and Health Road HealthTech entered into an equity entrustment termination agreement, pursuant to which Mr. Chen Chengchun agreed to transfer 30.029% equity interest in Fuzhou Kangzhi held by him for and on behalf of Fujian Health Road to Health Road HealthTech at a cash consideration of RMB1,879,800, which was determined with reference to the net asset value of Zhiyi Technology as of August 31, 2021 as appraised by an independent valuer, and the nominee arrangement was terminated upon the completion of such equity transfers. Such consideration was subsequently transferred by Mr. Chen Chengchun to Fujian Health Road.

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On February 28, 2022, as part of the Reorganization, Fujian Health Road transferred 19.45% equity interest in Fuzhou Kangzhi to Health Road HealthTech at a cash consideration of RMB1,221,600, which was determined with reference to the net asset value of Fuzhou Kangzhi as of August 31, 2021 as appraised by an independent valuer.

Upon completion of the above equity interest transfers, Fuzhou Kangzhi was held as to 51% by Health Road HealthTech, as to 19% by Mr. Chen Chengchun beneficially and as to 30% by Mr. Zhao Yaqi.

Our PRC Legal Advisor has confirmed that all requisite approvals or filings have been obtained or made in accordance with PRC laws and regulations in all material aspects regarding our onshore reorganization.

2. Contractual Arrangements

On March 31, 2022, Health Road HealthTech, Fujian Health Road and the Registered Shareholders entered into the 2022 Fujian Health Road Contractual Arrangements, as a result of which our Company obtained control of Fujian Health Road and its subsidiaries and could receive all of the economic interest returns generated by Fujian Health Road and its subsidiaries. On February 8, 2023, Health Road HealthTech, Fujian Health Road and the Registered Shareholders entered into the Fujian Health Road Contractual Arrangements, which amended, restated and superseded the 2022 Fujian Health Road Contractual Arrangements. On November 8, 2024, the Subsidiary Exclusive Business Cooperation Agreement, the Subsidiary Exclusive Purchase Option Agreement, the Subsidiary Equity Pledge Agreement and the Subsidiary Voting Proxy Agreement (the Subsidiary Exclusive Business Cooperation Agreement, the Subsidiary Exclusive Purchase Option Agreement, the Subsidiary Equity Pledge Agreement and the Subsidiary Voting Proxy Agreement, collectively as the “**Subsidiary Contractual Arrangements**”) were also entered into between relevant parties under the Fujian Health Road Contractual Arrangements.

On February 8, 2023, Fujian Health MedTech, Mr. Zhang and Health Road HealthTech entered into the Fujian Health MedTech Contractual Arrangements, pursuant to which our Company obtained control of Fujian Health MedTech and could receive all of the economic interest returns generated by Fujian Health MedTech.

As a result of the Contractual Arrangements, our Company obtained control of our Consolidated Affiliated Entities and, at our Company’s sole discretion, could receive all of the economic interest returns generated by our Consolidated Affiliated Entities. Accordingly, our Consolidated Affiliated Entities’ results of operations, assets and liabilities, and cash flows are consolidated into our Company’s financial statements.

See “Contractual Arrangements” for more information.

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As of the Latest Practicable Date, our Company is in the process of a certain business transfer which consists of (i) assignment or transfer of the relevant agreements entered into by Fujian Health Road in relation to business involving VAT services to Fujian Health MedTech, and (ii) assignment or transfer of the relevant agreements entered into by Fujian Health Road involving business other than the Relevant Business which are not subject to any foreign investment restriction or prohibition to Health Road HealthTech (or its subsidiaries). See “Contractual Arrangements—Background—Business Transfer” for more information.

3. Reorganization of the Offshore Structure

Incorporation of Ning Waa as Offshore Intermediate Holding Vehicle

On December 6, 2021, Ning Waa was incorporated under the laws of BVI as a wholly-owned subsidiary of our Company. The shares held by our Company in HealthyWay (HK) were fully transferred to Ning Waa and thus HealthyWay (HK) became a wholly-owned subsidiary of Ning Waa on May 3, 2023.

Reorganization in relation to HealthyWay (HK)

On April 15, 2022, HealthyWay (HK) entered into an equity transfer agreement with Mr. Zhang, pursuant to which HealthyWay (HK) acquired 95.1791% equity interest in Health Road HealthTech held by Mr. Zhang at nil consideration. On the same date, HealthyWay (HK) entered into an equity transfer agreement with Ms. Shi, pursuant to which HealthyWay (HK) acquired 4.8209% equity interest in Health Road HealthTech held by Ms. Shi at nil consideration. Upon completion of such equity transfers on April 20, 2022, Health Road HealthTech became directly wholly owned by HealthyWay (HK). In addition, in response to the local investment promotion policies in Zhejiang Province, Zhejiang Health Road was established as a wholly-owned subsidiary of HealthyWay (HK) for future business development.

Offshore Shareholding Adjustments

Share Issuances to the Offshore Holding Vehicles of the Pre-IPO Investors

On January 16, 2023, Star Ease, an offshore investment vehicle designated by Shanghai Jiejia, was issued and allotted 1,930,000 Ordinary Shares by the Company, which are credited as fully paid at par value, to reflect Shanghai Jiejia’s shareholding at the level of Fujian Health Road in our Company. On May 3, 2023, the 1,930,000 Ordinary Shares held by Star Ease were re-designated as Series B-1 Preferred Shares.

On January 16, 2023, Hongda Juankang, an offshore investment vehicle wholly owned by Shangrao SOA, was issued and allotted 4,442,380 Ordinary Shares by our Company, which are credited as fully paid at par value, to reflect Shangrao SOA’s shareholding at the level of Fujian Health Road in our Company. On May 3, 2023, the 4,442,380 Ordinary Shares held by Hongda Juankang were re-designated as Series B-2 Preferred Shares.

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On January 16, 2023, HW MedSpect was issued and allotted 8,021,130 Shares by the Company, which are credited as fully paid at par value.

Share Transfers from Shun Kang Ventures and Pukang to Affluent Base

On January 16, 2023, Affluent Base entered into a share transfer agreement with each of Shun Kang Ventures and Pukang, pursuant to which Shun Kang Ventures and Pukang agreed to transfer 20,594,750 Shares and 16,697,600 Shares to Affluent Base at a nominal value, respectively.

Upon completion of the above share transfers, Affluent Base held 60,292,350 Shares and Pukang ceased to be a shareholder of our Company.

Reflecting the Shareholding under the Historical ESOP and the Fujian Health Road ESOP at the Level of Fujian Health Road in Our Company

For the purpose of reflecting the shareholding at the level of Fujian Health Road, including the shareholding as a result of the share awards granted under the Historical ESOP and the Fujian Health Road ESOP, in our Company, we conducted a series of share transfers and share issuances.

Pursuant to a shareholders' resolution of our Company dated May 3, 2023, Shun Kang Ventures transferred 16,202,500 Shares, 5,559,870 Shares and 4,026,080 Shares to May Jyu, Xing Da and Jyun Jing, respectively, at a nominal value. Upon completion of such share transfers, Shun Kang Ventures ceased to be a shareholder of our Company.

Pursuant to a shareholders' resolution of our Company dated May 3, 2023, Bai Sheng Enterprises transferred 3,543,700 Shares to Jyun Jing at a nominal value. Upon the completion of the above share transfers, Bai Sheng Enterprises held 7,700,000 Shares.

May Jyu, May Xin, Xing Da and May Syun are offshore investment vehicles incorporated in the BVI wholly owned by Mr. Zhang Wande (Mr. Zhang's brother), Ms. Zheng Shuxian (鄭舒嫻), Ms. Chen Qin (陳琴) and Mr. Hu Depan (胡德潘), respectively. Each of Ms. Zheng Shuxian, Ms. Chen Qin and Mr. Hu Depan is an employee or former employee of our Group and an Independent Third Party. Jyun Jing and Star Flourish Ventures are both offshore investment vehicles incorporated in the BVI that serve as the employee shareholding platforms of our Company to reflect interest held by relevant employees at the level of Health Road Investment Center and Fuzhou Wanjia Kangjian.

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Following certain shareholding changes of Jyun Jing for the purpose of reflecting the equity interest at the level of Fujian Health Road and as of the Latest Practicable Date, Jyun Jing was held by the Jyun Jing Shareholders, which comprised 11 employees of our Group. Among the Jyun Jing Shareholders, Mr. Chen Jing, Mr. Chen Chengchun and Mr. Chen Chen are connected persons of our Company, holding approximately 43.06%, 10.91% and 2.62% in the share capital of Jyun Jing, respectively, and the other members of the Jyun Jing Shareholders are Independent Third Parties.

Following certain shareholding changes of Star Flourish Ventures for the purpose of reflecting the equity interest at the level of Fujian Health Road and as of the Latest Practicable Date, Star Flourish Ventures was held by the Star Flourish Ventures Shareholders, which comprised six employees of our Group and talents who made important contributions to our Group's development. Among the Star Flourish Ventures Shareholders, Ms. Zhang Jing and Mr. Liu are connected persons of our Company, holding approximately 11.79% and 20.98% in the share capital of Star Flourish Ventures, respectively, and the other members of the Star Flourish Ventures Shareholders are Independent Third Parties.

Pursuant to a shareholders' resolution of our Company dated May 3, 2023, our Company issued and allotted 600,000 Shares, 985,200 Shares, 3,500,000 Shares, 3,283,070 Shares and 3,170,000 Shares at a nominal value to Best Premier, Jyun Jing, May Syun, Star Flourish Ventures and May Xin, respectively.

To the best knowledge of our Directors after due and reasonable enquiry, our Directors confirmed that all requisite approvals or filings have been obtained or made in accordance with the laws and regulations of the Cayman Islands in all material aspects regarding our offshore reorganization.

SHARE SUBDIVISION

We expect to conduct the Share Subdivision immediately prior to the Listing, pursuant to which each Share in our issued and unissued share capital was subdivided into five Shares. All Shares resulting from the Share Subdivision rank *pari passu* with each other. Immediately after the Share Subdivision and before the Listing, our Company will have 852,704,800 Shares in issue.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

CAPITALIZATION OF OUR COMPANY

The table below is a summary of the capitalization of our Company:

Shareholders	Ordinary Shares	As of the Latest Practicable Date			Aggregate ownership percentage	As of the Listing Date ⁽¹⁾⁽²⁾	
		Series A Preferred Shares	Series B-1 Preferred Shares	Series B-2 Preferred Shares		Aggregate number of Shares	Ownership percentage
Affluent Base	59,183,067	—	—	—	34.70%	295,915,335	33.71%
Baidu (HK)	—	21,249,020	—	—	12.46%	106,245,100	12.10%
Best Premier	18,306,100	—	—	—	10.73%	91,530,500	10.43%
May Jyu	16,202,500	—	—	—	9.50%	81,012,500	9.23%
Jyun Jing	8,554,980	—	—	—	5.02%	42,774,900	4.87%
HW MedSpect	8,021,130	—	—	—	4.70%	40,105,650	4.57%
Bai Sheng Enterprises	7,700,000	—	—	—	4.52%	38,500,000	4.39%
Star Flourish Ventures	7,453,070	—	—	—	4.37%	37,265,350	4.25%
Xing Da	5,559,870	—	—	—	3.26%	27,799,350	3.17%
Hongda Juankang	—	—	—	4,442,380	2.60%	22,211,900	2.53%
Kequan	4,159,560	—	—	—	2.44%	20,797,800	2.37%
May Syun	3,500,000	—	—	—	2.05%	17,500,000	1.99%
May Xin	3,170,000	—	—	—	1.86%	15,850,000	1.81%
Star Ease	—	—	1,930,000	—	1.13%	9,650,000	1.10%
Strait One	1,109,283	—	—	—	0.65%	5,546,415	0.63%
Other public Shareholders	—	—	—	—	—	25,000,000	2.85%

Notes:

- (1) Based on the assumption that each of the Series A Preferred Shares, Series B-1 Preferred Shares and Series B-2 Preferred Shares will be converted into Shares on a one-to-one basis by way of re-designation to Shares upon the Global Offering becoming unconditional.
- (2) Calculated after taking into account the Share Subdivision and the Global Offering.

Notes:

- (1) Baidu (HK) is one of our Pre-IPO Investors. See “—Pre-IPO Investments—Information of the Pre-IPO Investors—Baidu (HK)” for more information.
- (2) Mr. Zhang Wandu is the brother of Mr. Zhang. Save as Mr. Zhang Wandu and Mr. Zhang, there is no other relative relationship between the shareholders of our Company or their respective ultimate beneficiaries.
- (3) HW MedSpect is one of our Pre-IPO Investors. See “—Pre-IPO Investments—Information of the Pre-IPO Investors—HW MedSpect” for more information.
- (4) Hongda Juankang is the offshore holding entity of Shangrao SOA, one of our Pre-IPO Investors. See “—Pre-IPO Investments—Information of the Pre-IPO Investors—Shangrao SOA” for more information.
- (5) Kequan is one of our Pre-IPO Investors. See “—Pre-IPO Investments—Information of the Pre-IPO Investors—Kequan” for more information.
- (6) Star Ease is the offshore holding entity of Shanghai Jiejia, one of our Pre-IPO Investors. See “—Pre-IPO Investments—Information of the Pre-IPO Investors—Shanghai Jiejia” for more information.
- (7) Strait One is one of our Pre-IPO Investors. See “—Pre-IPO Investments—Information of the Pre-IPO Investors—Strait One” for more information.
- (8) On October 13, 2022, Zhangzhou Health Road Health Management Co., Ltd.* (漳州健康之路健康管理有限公司) (“**Zhangzhou Health Road**”) was established in the PRC as a limited liability company with a registered capital of RMB1 million, which is wholly owned by Health Road HealthTech. Zhangzhou Health Road was established mainly for the purpose of managing local human resources.
- (9) The remaining 49.00% equity interest in Choksend Communication is held by Mr. Chen Chen, who is the executive director and general manager of Choksend Communication.
- (10) The remaining 49.00% equity interest in Fuzhou Kangzhi is held by Mr. Chen Chengchun as to 19.00% and by Mr. Zhao Yaqi as to 30.00%, who is an Independent Third Party other than being a substantial shareholder of Fuzhou Kangzhi.
- (11) The remaining 49.00% equity interest in Jianmingtang is held by Jianming Pharmaceutical, which is an Independent Third Party.
- (12) On March 28, 2023, Ningde Health Road was established in the PRC as a limited liability company with a registered capital of RMB3 million. The remaining 40.00% equity interest in Ningde Health Road is held by Mr. Lu Bin, who is an Independent Third Party. Ningde Health Road is principally engaged in medical support services.
- (13) The remaining 49% equity interest in Fujian Jianchen is held by Ms. Xiao Jing, who is an Independent Third Party.
- (14) Among the 46.3717% equity interest in Fujian Health Road held by Health Road Investment Center, 0.1442% was held for and on behalf of Shanghai Jiejia. See the paragraph headed “—Major Shareholding Changes and Corporate History of our Company, Major Subsidiaries and Consolidated Affiliated Entities—2. Series B-1 Investment by Shanghai Jiejia and Termination of the Original Contractual Arrangements—Series B-1 Investment by Shanghai Jiejia” for further information regarding the above nominee arrangement.
- (15) The Shares held by May Jyu, HW MedSpect, Bai Sheng Enterprises, Star Flourish Ventures, Xing Da, Hongda Juankang, Kequan, May Syun, May Xin, Star Ease and Strait One will constitute part of the public float for the purpose of Rule 8.24 of the Listing Rules.

THE PRC REGULATORY REQUIREMENTS

M&A Rules

According to the Regulations for Merger with and Acquisition of Domestic Enterprises 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 SAT, the CSRC, the State Administration of Industry and Commerce and the SAFE on August 8, 2006, effective as of September 8, 2006 and amended on June 22, 2009, if a mainland China company or individual intends to acquire its/his/her related domestic company through an offshore company which it/he/she lawfully established or controls, such acquisition shall be subject to the examination and approval of MOFCOM. The M&A Rules, among other things, further purport to require that an offshore special vehicle, or a special purpose vehicle, formed for listing purposes and controlled directly or indirectly by mainland China companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange, especially in the event that the special purpose vehicle acquires shares of or equity interests in the mainland China companies in exchange for the shares of offshore companies. Pursuant to the Manual of Guidance on Administration for Foreign Investment Access (《外商投資准入管理指引手冊》) issued by MOFCOM in December 2008, the M&A Rules do not apply to the transfer of equity interests in established foreign-invested enterprises from mainland China companies or individuals to offshore companies or individuals, regardless of whether there is any associated relationship between the mainland China companies or individuals and offshore companies or individuals, or whether the offshore companies or individuals are existing shareholders or new shareholders of the foreign-invested enterprises.

As (i) according to the confirmation by the Company and Ms. Shi, when Ms. Shi acquired the 4.8209% equity interest of Health Road HealthTech on March 31, 2022, there was no related party relationship between Ms. Shi and Health Road HealthTech or between Ms. Shi and Mr. Zhang and Ms. Shi was an Independent Third Party; (ii) after reasonable enquiry by our PRC Legal Advisor, Health Road HealthTech has become a foreign-invested enterprise since March 31, 2022, the acquisition of 100% equity interest of Health Road HealthTech by HealthyWay (HK) from Mr. Zhang and Ms. Shi on April 20, 2022 does not fall under the circumstances of related party mergers and acquisitions stipulated in Article 11 of the M&A Rules.

Jingtian & Gongcheng, our PRC Legal Advisor, is of the opinion that, unless new laws and regulations are enacted or MOFCOM and CSRC publish new provisions on the M&A Rules in the future, prior CSRC or MOFCOM approval for the Global Offering under the M&A Rules is not required because before the acquisition, Health Road HealthTech was a joint venture enterprise and we did not acquire any equity interests or assets of a PRC domestic company owned by our Controlling Shareholders or beneficial owners who are the PRC companies or individuals as defined under the M&A Rules. However, regulatory environment is under development as to how the M&A Rules and other PRC laws and regulations will be implemented or whether the relevant authorities would promulgate further requirements.

SAFE REGISTRATION

Pursuant to the SAFE Circular 37, promulgated by SAFE and which replaced the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Corporate Financing and Round-trip Investment Through Offshore Special Purpose Vehicles (《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》) (the “**SAFE Circular 37**”), which became effective on July 14, 2014, (i) a mainland China resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the “**Overseas SPV**”) that is directly established or indirectly controlled by the mainland China resident for the purpose of conducting investment or financing, and (ii) following the initial registration, the mainland China resident is also required to register with the local SAFE branch for any major change in respect of the Overseas SPV, including, among other things, a change of Overseas SPV's mainland China resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV's capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular 37, failure to comply with these registration procedures may result in penalties.

Pursuant to the SAFE Circular on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (the “**SAFE Circular 13**”), promulgated by SAFE, which became effective on June 1, 2015, the power to accept SAFE registration was delegated from local SAFE to local banks where the assets or interest in the domestic entity are located.

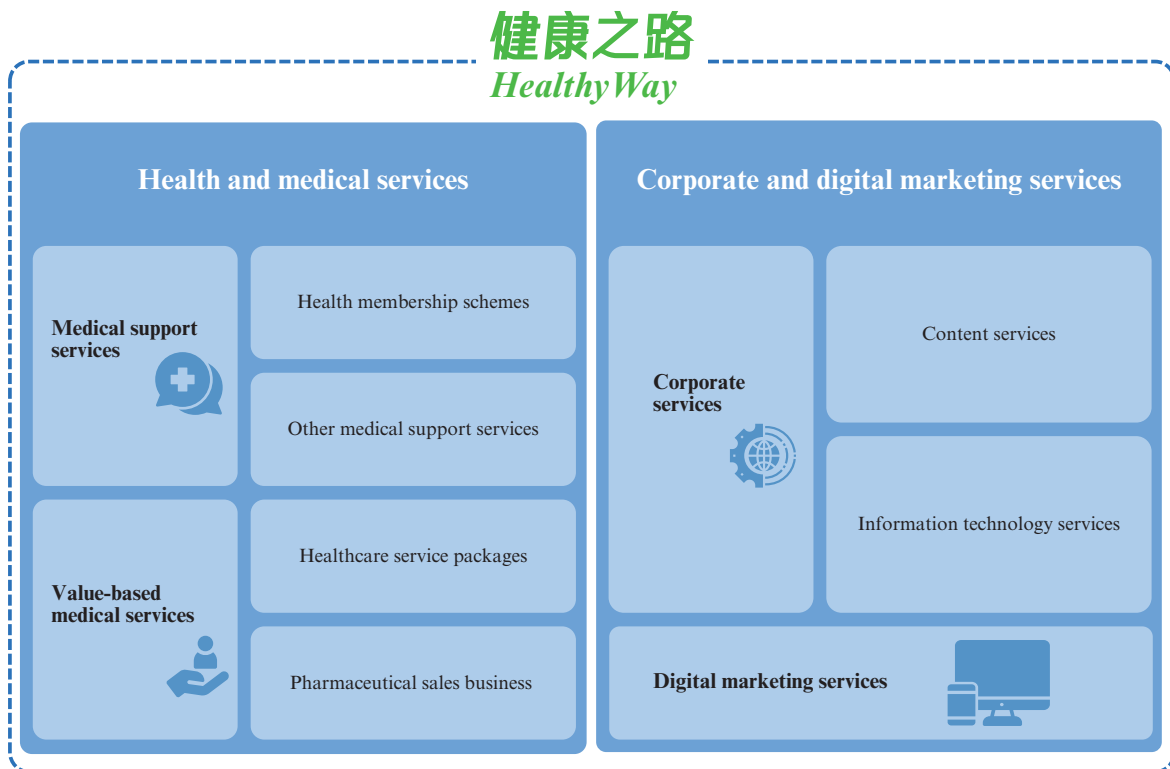
As advised by Jingtian & Gongcheng, our PRC Legal Advisor, Mr. Zhang, Mr. Chen Yong, the Star Flourish Ventures Shareholders, the Jyun Jing Shareholders, Mr. Zhang Wande, Ms. Chen Qin, Mr. Liang Jinhua, Ms. Zheng Shuxian and Mr. Hu Depan, who are known to us as PRC citizens, had completed the registration under the SAFE Circular 37 as of the Latest Practicable Date.

OVERVIEW

About Us

We operate a digital health and medical service platform in China. We are the fourth largest digital health and medical service platform in terms of the number of registered individual users on our platform as of December 31, 2023, according to Frost & Sullivan. We are also the fifth largest digital health and medical service platform in terms of revenue in 2023 with market share below 5%, according to Frost & Sullivan. Since 2001, we have been providing health and medical services on digital platforms to individual users in China. In 2015, we started to provide corporate and digital marketing services to corporations and institutions. Over the last two decades, we have participated in the major digital transformations of China's health and wellness industry, driving our business to grow.

The following diagram provides an overview of our business segments.

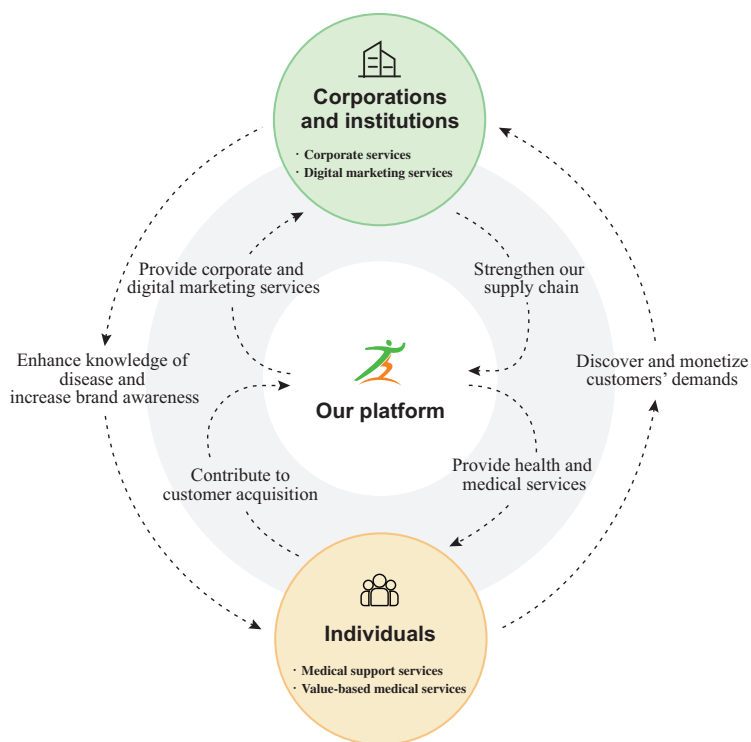


We develop our services to enable key industry stakeholders in the digital health and wellness industry in China. These industry stakeholders primarily include (i) individual users; (ii) corporations and institutions such as pharmaceutical companies, hospitals, insurance companies and local health authorities; and (iii) physicians. For individual users, we mainly provide them with health and medical services through our platform, so that they are enabled to manage their health and wellness more easily. For corporations and institutions, we mainly provide corporate and digital marketing services to enhance their

operational efficiency and support their business growth. We also engage physicians to play a crucial role on our platform. Users can access health and medical resources on our *HealthyWay* (健康之路) platform through multiple channels, including *HealthyWay* (健康之路) mobile applications, Yihu.com (醫護網), our WeChat public accounts and WeChat mini-programs.

Synergies Created By Our Business Segments

We have two main business segments: (i) health and medical services and (ii) corporate and digital marketing services. These two business segments generate synergy for our growth.



Our health and medical services enable us to build strong and extensive connections between the supply and demand sides of the digital health and wellness market. Our large user base of health and medical services encourages more physicians to practice and participate on our platform, expanding our nationwide physician network. This in turn improves the quality of our medical consultation services and leads to more business opportunities for our pharmaceutical sales business.

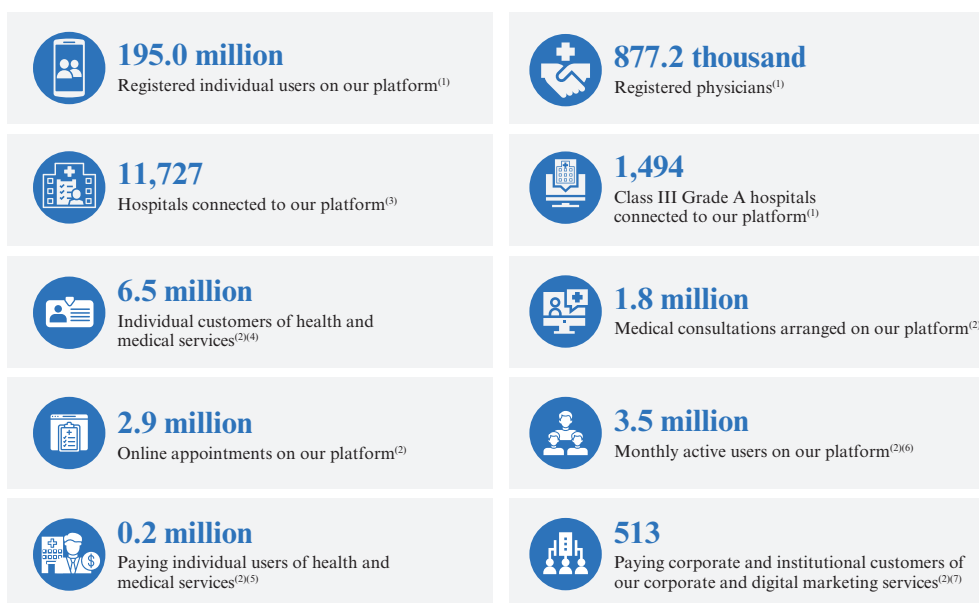
Our corporate services (especially content services) can benefit from our nationwide physician network, because we can develop corporate services that cover a wider range of medical specialties. Our strong physician network also enables us to further enhance our brand awareness to key industry stakeholders in the medical community. The connections with key industry stakeholders can potentially create more business opportunities for us to market our corporate services. By cooperating with hospitals, pharmaceutical companies

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and local health authorities, we strengthen our brand awareness among individual users and patients, making us their preferred choice of recommendation when health and medical services are required.

The value we create for key industry stakeholders enables us to be recognized. Over time, our brand awareness and reputation stand a better chance of generating growing influence in the medical community and the wider health and wellness industry, which helps us attract, engage, and retain more key industry stakeholders on our platform. The momentum we gain from such a cycle has led to the continuous growth of our business.

Our Key Operating Data and Financial Performance



Notes:

- (1) As of June 30, 2024.
- (2) Six months ended June 30, 2024.
- (3) Refer to hospitals (i) with which we have formally entered into collaboration agreements; or (ii) in which we can help individual customers with pick-up of medical reports and drugs, and hospital queue-up; or (iii) of which the physicians provide medical consultation services to individual customers on our platform.
- (4) Refer to individual customers who purchased our services or products under the business segment of health and medical services, including (i) individual customers who directly purchased health membership schemes from us, (ii) individual customers who purchased health membership schemes via our corporate customers, (iii) individual customers of our other medical support services, (iv) individual customers of our health service packages and (v) individual customers of our pharmaceutical retail business. Such number has excluded duplicates between (i) individual customers who directly purchased health membership schemes from us and (ii) individual customers who purchased health membership schemes via our corporate customers.
- (5) Refer to individual customers who directly purchased our services and products under the business segment of health and medical services, including (i) individual customers who directly purchased health membership schemes from us, (ii) individual customers of our other medical support services, (iii) individual customers of our health service packages and (iv) individual customers of our pharmaceutical retail business.

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- (6) Refer to users who have viewed the services or products on our platform in one month. According to Frost & Sullivan, such definition for the monthly active users on our platform is in line with the industry practice.
- (7) Refer to number of paying corporate and institutional customers of our corporate and digital marketing services after excluding duplicates across business lines.

Our total revenue was RMB431.3 million, RMB569.1 million and RMB1,244.5 million in 2021, 2022 and 2023, respectively, representing a CAGR of 69.9% from 2021 to 2023; our revenue was RMB534.0 million and RMB611.5 million for the six months ended June 30, 2023 and 2024, representing an increase of 14.5%. In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, our gross profit was RMB173.5 million, RMB245.8 million, RMB398.2 million, RMB174.0 million and RMB183.7 million, respectively, and our gross profit margin was 40.2%, 43.2%, 32.0%, 32.6% and 30.0%, respectively. We incurred net losses of RMB155.3 million, RMB255.6 million, RMB313.9 million, RMB105.3 million and RMB57.3 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively. Our adjusted net profit (non-IFRS measure), defined as loss for the year/period, adding back equity-settled share-based payment expenses, changes in carrying amount of the redemption liabilities, and listing expenses, was a profit of RMB0.5 million, RMB23.9 million, RMB39.4 million, RMB30.4 million and RMB14.8 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively. See “Financial Information—Consolidated Statements of Profit or Loss—Non-IFRS Measure.”

Our Value Propositions

Value Propositions to Individual Users

- ***Personalized health management.*** Individual users who subscribe to our services can set up a health profile of their own on our platform. Our platform offers 24/7 monitoring and care services to our individual users, and provides tools and knowledge to effectively manage their health.
- ***Access to high-quality and customized medical resources.*** Our platform can effectively connect patients with high-quality medical resources. Physicians across multiple fields of practice can provide disease guidance, online diagnosis and treatments, online prescription, and rehabilitation guidance to individual users in need. Customized treatment solutions tailored to different disease types may also be designed to address the specific medical needs of our individual users.
- ***Wide array of disease management services.*** Leveraging our long-term collaboration with physicians, pharmaceutical companies, and medical institutions, we have accumulated valuable insights and understanding of certain chronic diseases, such as child growth problems, weight loss, rheumatoid arthritis, skin management, allergies, and other chronic diseases. Patients with such chronic diseases can enjoy the convenience of disease management services on our platform, and receive professional medical advice and treatment plans. Through our pharmaceutical sales business, we further strengthen our full-cycle health and medical service capability by providing

medications to cater to the needs of patients and thus more actively involve in the treatment stage of the patients.

We commit ourselves to guiding and supporting patients at each stage of their health and disease management, from initial consultation to claims processing, and from disease and medical expense information to treatment options and medicine purchase. We strive to reduce the trouble and inconvenience of people seeking health and medical resources throughout their experience from in-hospital visits to out-of-hospital healthcare fulfillment. We also aim to improve patient compliance, refine patient treatment plans, and ultimately realize better treatment outcomes and alleviate the burden on patients and their families.

Value Propositions to Pharmaceutical Companies

- ***Cost-effective and precision marketing services.*** Our corporate services provide cost-effective channels for pharmaceutical companies to promote their health and medical products and increase their brand awareness. We can deliver academic-driven medical content about specific diseases that can be treated by drugs and medical products manufactured by pharmaceutical companies. Our big data analytics capabilities, together with academic-based promotion methods, and strong execution ability offer marketing services that enable pharmaceutical companies to reach wider target audiences.
- ***Evidence-based studies to support drug development.*** We leverage our medical expertise and data collection capabilities to help pharmaceutical companies study their drugs in real-world setting. An evidence-based principle is adopted in our service procedures to enable pharmaceutical companies to rigorously track and understand the efficacy and safety of their drugs.

Value Propositions to Insurance Companies, Corporations and Other Institutions

- ***Enhance institutional service capabilities.*** Insurance companies can integrate our health membership schemes into their insurance products. Such products enable insurance companies to provide enhanced services to their customers and effectively improve customer satisfaction. Besides, insurance companies may also benefit from cooperation with us in terms of promotion of insurance products to potential customers. Our digital marketing services offer cost-performance solutions compared to traditional marketing and advertising channels. In addition, we provide health membership schemes for corporations as part of their employee wellbeing plans to enhance employee loyalty and job satisfaction.
- ***Enable value enhancement.*** Our information technology services develop public disease management platforms for local health authorities to improve overall wellbeing of the general public. Local health authorities may also utilize data and information generated from our platforms to make better public health decisions.

Value Propositions to Hospitals

- ***Construction of a hierarchical medical system.*** The Chinese government encourages patients with mild-to-moderate medical symptoms to seek consultations from physicians in hospitals of lower class and grade. Our platform has a track record of helping local health authorities in China provide guidance and navigation to the general public, in order to encourage patients with less severe diseases to seek medical resources from appropriate hospitals, diverting unnecessary traffic away from Class III Grade A hospitals.
- ***Digitalization of technology infrastructure with Internet technology.*** Our information technology services provide useful software tools for hospitals and other medical institutions to digitalize everyday operations and management. Our services enable physicians, nurses, and other staff to create and manage electronic medical records more effectively, track and treat patients more accurately, and avoid medical malpractices or errors more proficiently.
- ***Raise public awareness of brands and specializations.*** Patients may have difficulties in choosing hospitals that best specialize in their specific diseases and medical conditions. Leveraging our big data analytic technology, our platform can introduce hospitals with the requested specializations to patients in need, matching the supply and demand sides of medical resources in a more efficient manner. Besides, hospitals on our platform can conduct various activities to promote their brands and increase public awareness in order to reach more patients in need of medical services.

Value Propositions to Physicians

- ***Deepening physician-patient relationships.*** A physician may refer his patient to become a registered individual user of our platform after a consultation session, which allows the physician and patient to maintain communication more regularly, or on an as-needed basis, due to the contribution made by our on-site health assistants. The physician may uncover potential health and medical demands of such patients, and extend his services beyond face-to-face diagnosis and treatments.
- ***Creating integrated value.*** With a focus on the provision of physician services to patients, we help physicians with various aspects of their practice, such as drugs, testing, rehabilitation, and health-related agency services. By creating greater integrated value to physician-patient relationship, we enable physicians to provide better medical service, contributing to optimal patient recovery.
- ***Expanding service boundaries.*** By virtue of our strong capability of online service, physicians practicing in traditional hospitals and medical institutions may benefit from our platform as we provide opportunities for them to expand their source of patients and generate supplemental income.

- ***Strengthening service capability.*** We deploy onsite health assistants to support hospital departments and physicians in their everyday medical practice. These assistants offer a variety of services from health consultation services, to medical consultation guidance services, to user management services.

OUR COMPETITIVE STRENGTHS

A Fast-growing Platform for Healthcare-enabling Services

We are a pioneer of digital health and medical services in China. We launched “Yihu.com” in 2001, which made us one of the first companies that provides digital health and medical services in China. We are also one of the first platforms that provide online appointment services in China, and the first in the industry to launch membership-based health management schemes or services of this kind in 2017, according to Frost & Sullivan. Our leading position in the digital health and wellness industry is supported by various industry rankings, including:

- ranking first among digital health and medical service platforms in China as of December 31, 2023, in terms of the number of registered physicians on our platform, according to Frost & Sullivan;
- ranking first among digital health and medical service platforms in China in 2023, in terms of the number of individual customers of health membership schemes or similar digital services, according to Frost & Sullivan;
- ranking third among digital health and medical service platforms in China as of December 31, 2023, in terms of the number of Class I/II/III hospitals that our platform connected, according to Frost & Sullivan; and
- ranking fourth among digital health and medical service platforms in China as of December 31, 2023, in terms of the number of registered individual users on our platform, according to Frost & Sullivan.

The digital health and wellness market in China has been growing fast in recent years. According to Frost & Sullivan, the market size of the digital health and wellness market in China increased from RMB179.5 billion in 2018 to RMB738.6 billion in 2023, representing a CAGR of 32.7% from 2018 to 2023. During the Track Record Period, our revenue was RMB431.3 million, RMB569.1 million and RMB1,244.5 million in 2021, 2022 and 2023, respectively, representing a CAGR of 69.9% from 2021 to 2023; our revenue was RMB534.0 million and RMB611.5 million for the six months ended June 30, 2023 and 2024, representing an increase of 14.5%.

We believe that we have been in a position to catch the fast growth in demand for such digital services because we are able to address or alleviate the following pain points in China's healthcare system:

- **Information asymmetry.** Individual users have full access to the health and medical resource content on our platform through multiple channels, such as *HealthyWay* mobile applications, Yihu.com, our WeChat public accounts and WeChat mini-programs, regardless of age, experience, location or educational background.
- **Uneven distribution of medical resources.** Through *HealthyWay* (健康之路) mobile application, individual users have the opportunity to consult nationwide leading physicians on wellness issues.
- **Ineffective management and operation methods.** We enable hospitals to manage patients and staff in a more organized and efficient manner. We also enable pharmaceutical companies to receive real-world feedback at important stages of drug development. In addition, pharmaceutical companies can reach target patients more accurately through our services.
- **Compromised medical experience for patients.** Our services developed for hospitals and medical institutions improve their operational and management efficiency, echo the reforms on “hierarchical diagnosis and treatment” (分級診療), and contribute to the build-up of family physicians at the level of community healthcare centers. Our services developed for local health authorities are also beneficial to the interest of the general public. Powered by our services, the quality of medical service for patients and their medical experience at hospitals and medical institutions can be improved.

A Long-term, Value-generating Platform Connecting Key Industry Stakeholders

Our multi-dimensional service covers the needs of key industry stakeholders in the health and wellness market in China:

- **Individual users.** Individual users are the key to creating synergies among our business segments. As of December 31, 2021, 2022 and 2023 and June 30, 2024, there were 156.3 million, 171.2 million, 185.7 million and 195.0 million registered individual users on our platform, respectively. The increasing number of individual users on our platform is mainly due to the wide range of our quality health and medical services. Our large user base enables us to gain insight, experience, and resources as we continue to grow our business. Leveraging our user base, we develop services that suit the needs of other key industry stakeholders, such as pharmaceutical companies, hospitals, and local health authorities. Our relationships with these key industry stakeholders make it easier for us to design and introduce more services to individual users.

- **Hospitals.** Leveraging our experience, nationwide resources, and professional service capabilities in the industry, we have established and maintained a leading medical resource platform, which manages cooperative relationships with medical institutions in China. As of June 30, 2024, our platform had achieved the following cooperative relationships with hospitals and other medical institutions in China:
 - 11,727 hospitals, including 7,471 Class I/II/III hospitals and 4,256 primary healthcare institutions were connected to our platform; and
 - 1,494 Class III Grade A hospitals, representing over 85% of the total number of Class III Grade A hospitals in China, were connected to our platform.

Hospitals and other medical institutions can benefit from long-term cooperation with our platform, as we help them modernize their technology infrastructure, which effectively optimizes their operational efficiency. Our long-term cooperation with hospitals and other medical institutions has generated trust in each other, laying a solid foundation to develop more services for the benefit of patients. Based on the long-term business relationships with hospitals and other medical institutions, we use our platform to connect individual users with these hospitals and other medical institutions. Individual users are enabled to access a wide range of health and medical services from these hospitals and other medical institutions through us, enhancing users' experience on our platform.

- **Pharmaceutical companies.** Leveraging our user base and experience in the digital health and wellness market in China, we have developed services specifically to address the operational demands of pharmaceutical companies. The number of our pharmaceutical company customers increased during the Track Record Period. In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, we provided corporate services to 8, 26, 69, 45 and 59 pharmaceutical companies, respectively. Our services are valuable to pharmaceutical companies, as we create more touchpoints for pharmaceutical companies to be connected with target customers. These services further help pharmaceutical companies reduce marketing expenses, strengthen brand awareness within the medical community, and introduce their drugs and devices to more patients in need.
- **Physicians.** We position ourselves as “medical assistant to physicians.” As of June 30, 2024, there were 877,218 registered physicians on our platform, of whom 333,984 were experienced physicians with a title of associate-chief physician (副主任醫師) or above. Our cooperative relationships with physicians are robust and long-lasting mainly because we are able to provide digital tools and services, that are helpful to both physicians and patients in treatment and recovery processes. Patients are enabled to have more interactions with physicians, so that physicians can constantly look after patients who require long-term medical attention. The increased patient reliance created during such process offers opportunities for physicians to monetize their own expertise. In addition, our cooperation with physicians creates more opportunities for us to explore unmet health and medical

demands, enabling us to improve our services for patients, physicians, and other key industry stakeholders.

As more hospitals, pharmaceutical companies and physicians use our services, more and more users turn to our platform for health and medical services. The growing user base in turn attracts more physicians, hospitals, and pharmaceutical companies to utilize our corporate and digital marketing services and collaborate with our platform. Our platform can benefit from the synergies and sustainable value created by such a cycle.

A Matrix of Internet Traffic Portals Featuring Efficient and Cost-effective User Acquisition

Our matrix of traffic portals acquires users from diverse channels, in an efficient and cost-effective manner. We primarily acquire new individual users from the following traffic portals:

- ***Acquiring individual users through our self-owned channels.*** Individual users can access our platform through *HealthyWay* mobile applications, Yihu.com, our WeChat public accounts and WeChat mini-programs. In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, the number of new registered individual users acquired by our self-owned channels was 7.3 million, 6.4 million, 4.9 million, 2.4 million and 2.1 million, respectively. Many individual users begin to use our platform because of word-of-mouth marketing, especially by those who have enjoyed the convenience of our services, as well as the wide range of healthcare services and resources available on our platform. As a cost-effective user acquisition portal, acquiring individual users through our platform plays an important role in our business.
- ***Acquiring individual users by serving hospitals.*** As of June 30, 2024, individual users on our platform could make appointments with 2,789 hospitals in China through our services, of which 581 were Class III Grade A hospitals, representing over 30% of the total number of Class III Grade A hospitals in China. In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, we acquired 1.9 million, 1.3 million, 1.1 million, 0.6 million and 0.5 million new registered individual users through online appointment services provided to hospitals, respectively. Although we provide online appointment services to hospitals and individual users free of charge, our brand and platform are shown to millions of patients or their family when they need medical services—a process which we believe can influence customers' mindset. The next time such individual users seek other health and medical services, our brand and platform could have a higher chance to be their preferred choice. In addition, the collaboration with hospitals enables us to have more opportunities to promote and advertise our health and medical services to patients at hospitals. By providing online appointment services to hospitals, we have access to mass individual users at a relatively low cost.

- ***Acquiring individual users through physicians.*** Our collaboration with physicians are indispensable to our matrix of traffic portals, especially in acquiring individual users who need our services. We provide digital tools and services to physicians for them to better address patients' medical needs at different stages, such as pre-consultation, continuous tracking of chronic diseases, online follow-up consultations, and post-consultation recovery management. The increased patient satisfaction will in turn generate frequent user activities and enhanced user stickiness to our platform. In addition, we deploy on-site health assistants at hospitals in order to provide services to physicians. Such services are likely to promote our health and medical services to more patients, as physicians recommend our platform to patients for the purpose of follow-up consultation and patient management. As a result, more accurate user traffic will flow to our platform through physicians. Such user traffic driven by physicians makes our platform more capable of generating organic growth. In 2021 and 2022, we acquired 65,907 and 37,022 new registered individual users through physicians, respectively. In 2023, we acquired 390,733 new registered individual users through physicians, which reflected our enhanced collaboration with more physicians as contributed by more on-site health assistants deployed by us at hospitals. For the six months ended June 30, 2023 and 2024, we acquire 216,256 and 131,861 new registered individual users through physicians, respectively.
- ***Acquiring individual users through other third parties.*** We adopt a multi-channel strategy to build our matrix of traffic portals. To make full use of our medical resources, we work with third-party platforms to promote our brand and services to more individual users. In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, 11.5 million, 7.1 million, 8.2 million, 4.2 million and 6.6 million new registered individual users were acquired through our cooperation with third-party platforms. We have explored new traffic portals on we-media (自媒體) platforms, by creating original medical content for, and cooperating with, physician influencers. To understand changing market trends, we conduct data analysis on we-media platforms in order to consistently improve our user acquisition strategy. In addition, we could acquire new registered individual users through collaboration with insurance companies.

Strong Capabilities to Develop Services to Address Diverse Health and Medical Demands

We provide full-cycle health and medical services—services that cover differentiated needs of people during sickness and health—to individual users, in order to facilitate their wellness management. Individual users choose our platform and continue to stay with us for the following services, because we are able to address their health and medical demands, whether during sickness or health:

- ***For people during sickness.*** We aim to provide a personalized medical experience for individual users when they need medical services. Over the years, we have developed a suite of useful functions and tools, covered by our health membership schemes and healthcare service packages, to make medical experience hassle-free. In particular, we have aggregated health and medical resources on our platform to

establish specialty-oriented disease treatment centers on our platform. These online disease treatment centers are collectively developed by medical institutions, physicians, and us, aiming to provide medical treatment plans and guidance to patients in respect of specific diseases or medical conditions. As of June 30, 2024, we had built 42 online disease treatment centers, covering rheumatology and immunology, child growth problems, and diabetes. Our online disease treatment centers deliver medical content and other information to patients or individual users about these diseases and medical conditions, guiding them to medical solutions and treatment plans. We also offer healthcare service packages through such online disease treatment centers. During the Track Record Period, our expanded user base enabled us to continue improving our full-cycle health and medical services by optimizing existing services and introducing new services. The greater the breadth and depth our full-cycle health and medical services, the greater the continued growth of our user base.

- ***For people during health.*** Our platform also safeguards individual users against potential wellness risks by delivering daily health management services in a convenient way. Individual users subscribing to our health membership schemes or healthcare service packages will be directed to set up their own electronic health records. Our platform tracks the wellbeing of individual users and provides practical health guidance to those in need. Besides, our platform provides resourceful wellness content to individual users on healthy lifestyle, disease prevention, and nutrition recommendation. In particular, individual customers of our standard health membership schemes have free access to medical consultation services provided by physicians from 1,913 Class III hospitals in China twice a month.

Evolving Monetization Strategies Fueling Continuous Growth

Leveraging our large user base, relationships with key industry stakeholders, innovative technological capabilities, as well as insights into China's healthcare system, we have obtained the opportunities created by synergies between our different businesses, and developed multiple monetization strategies. The growth of our revenue during the Track Record Period was primarily the result of our major monetization strategies set forth as below:

- **Health and Medical Services**
 - ***Medical support services.*** Our user base is one of the most important resources for us to realize monetization. The services on our platform offer a suite of health management functions and tools tailored to different health maintenance needs. In particular, we introduce specialty-oriented disease treatment centers to patients with specific diseases or medical conditions. Our revenue generated from medical support services continued to increase during the Track Record Period. In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, such revenue was RMB66.1 million,

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RMB91.4 million, RMB137.6 million, RMB59.4 million and RMB57.2 million, respectively.

- ***Value-based medical services.*** We also provide medical services to individual users to address their existing and potential medical demands. Individual users can utilize health products developed to manage common health and wellness issues and quality medical support services from reputable hospitals. In addition, we offer drugs and other medical products to our individual users and the general public. We successfully grew our existing pharmaceutical sales business through acquisition and business expansion during the Track Record Period. Our revenue generated from value-based medical services continued to increase during the Track Record Period. In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, such revenue was RMB62.0 million, RMB91.6 million, RMB159.9 million, RMB64.8 million and RMB65.6 million, respectively.

- **Corporate and Digital Marketing Services**

- ***Corporate services.*** Leveraging our strong technological capabilities and cooperative relationships with pharmaceutical companies, hospitals, and local health authorities, we offer content services and information technology services to accurately address their important operational demands. For example, pharmaceutical companies are enabled by our content services to potentially increase exposure to target audiences. Hospitals and local health authorities are enabled to enhance their operational efficiency through technology infrastructure developed by us. Our revenue generated from corporate services continued to increase during the Track Record Period. In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, such revenue was RMB235.3 million, RMB293.8 million, RMB789.4 million, RMB361.1 million and RMB437.9 million, respectively.
- ***Digital marketing services.*** Our platform and user base are attractive to many advertisers. We utilize our experience in big data analytic technologies to help advertisers promote their brands, products or services on the Internet. Our revenue generated from digital marketing services continued to increase during the Track Record Period. In 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, such revenue was RMB65.8 million, RMB90.8 million, RMB156.4 million, RMB48.6 million and RMB50.6 million, respectively.

Experienced and Visionary Management Team and Strong Support from Shareholders

Our success is led by a visionary management team with a unique combination of healthcare and technology backgrounds. Mr. Zhang, our founder, chief executive officer and chairman, is a seasoned entrepreneur who has over 20 years of experience in China's health and wellness industry. As a result of his outstanding contribution to the industry, Mr. Zhang has received numerous honors and awards, such as deputy chairman of the Fujian Electronic Commerce Association (福建省電子商務協會), Outstanding Figure on Health Management of China (中華健康管理傑出人物), and Outstanding Talent in the Internet Economy (互聯網經濟優秀人才). We believe Mr. Zhang's insights into China's health and wellness industry will constantly enable us to identify market opportunities, develop commercial strategies, and expand business footprint.

Baidu is one of our major shareholders. We work with Baidu in many aspects of our operations, in particular, AI-based plugins, search engine technology and information publishing. We believe that our collaboration with Baidu is beneficial to our technological advancement and business growth.

OUR STRATEGIES

Continue to Grow and Expand the Breadth and Depth of Our Services

We plan to further develop more services on our platform to (i) cover more medical specialties and enhance existing service quality for individual users, and (ii) further penetrate pharmaceutical companies, hospitals, and physicians.

For our health and medical services, we aim to help individual users better manage their wellness by:

- ***Building more specialty-oriented disease treatment centers.*** We will continue to collaborate with physicians to study chronic diseases and sophisticated medical conditions, in order to develop treatment plans for patients to alleviate their pains and suffering. We intend to build more specialty-oriented disease treatment centers providing integrated medical resources to patients in need.
- ***Strengthening our cross-institutional medical collaboration capabilities.*** We will continue to deepen our existing working relationship with partner hospitals, and explore new cooperative opportunities with more hospitals. We intend to further integrate services and medical resources of different hospitals onto our platform and provide individual users with enhanced cross-institutional health and medical services.
- ***Creating more precision and wellness content on our platform.*** We will continue to generate high-quality precision and wellness content covering wider health and medical topics on our platform, through deepened relationship with physicians and medical experts. Our individual users will be influenced to develop healthy lifestyles and self-manage their wellness condition.

- ***Improving our platform with technological innovation.*** We intend to enhance the efficiency of communication between patients and hospitals by utilizing AI-based technologies.

For our corporate and digital marketing services, we aim to increase our brand awareness within the medical community, and help hospitals and pharmaceutical companies enhance operational and management efficiency. We intend to do so by:

- ***Enhancing service capabilities for hospitals and other medical institutions.*** We intend to provide self-developing information technology services to more Class III and Class II hospitals in China, together with our support operations and services, in order to promote the digitalization and standardization of medical services.
- ***Developing more useful digital tools and services for physicians.*** We will continue to develop and promote our tools and system to physicians in hospitals of all-levels, for the purpose of convenient patient management and services. Meanwhile, we intend to provide personalized support services to different physicians to facilitate their diagnosis and treatment. Physicians can also have their expertise enhanced through our platform.
- ***Enabling pharmaceutical companies to interact accurately with the market.*** We intend to further improve our precision content services for pharmaceutical companies to reach target audiences cost-efficiently. We also intend to enhance the scope of our RWS support services so that we can generate more valuable insights for pharmaceutical companies to better study their drugs in real-world setting.

Drive Physician Engagement and Expand Cooperation with More Physicians to Prioritize the Growth of Related Business Lines

The growth of our platform is largely driven by the synergies created by our two business segments. On our platform, physicians are at the core of generating such synergetic value. We plan to enhance the synergies created by our business segments by deepening our connections with more physicians, and integrating their medical services onto our platform.

We intend to introduce our digital tools and services to more physicians, to help them with patient management. To do so, we will recruit more onsite health assistants to provide medical assistance to physicians, and will also enhance our provision of digital tools and services to physicians, enabling them to manage the patients and address the patients' medical needs more effectively. At the same time, we will engage physicians and patients with our platform. Through such assistance to physicians, we expect to build rapport with more physicians. We will continue to drive more physicians to digitalize their services on our platform.

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We intend to utilize online and offline marketing channels to increase our brand awareness within the medical community. We will invite physicians and medical experts to academic conferences or seminars hosted by us. We aim to increase physician penetration and engagement through such events.

With the enhanced engagement with physicians, we intend to allocate more resource and further focus on (i) pharmaceutical sales business and (ii) content services (especially the RWS support services):

- ***Pharmaceutical sales business.*** By enhancing engagement with physicians, we will be able to deepen our understanding of the medical needs of patients, especially those suffering from sophisticated diseases and medical conditions. Leveraging this enlarged patient base and deepened understanding of their demands, we expect to further expand specialty pharmacy network to provide more patients with drugs attuned to their medical needs. As a result, we will be able to reach a larger patient base to provide medical assistance. In addition, as we expand cooperation with physicians and are increasingly attuned to patient needs, we anticipate pharmaceutical manufacturers would entrust us as their sales agent for an expanded range of medicines, thus further driving the growth of our pharmaceutical wholesale business.
- ***Content services.*** The increased engagement with physicians would also contribute to our content services provided to pharmaceutical companies. It would broaden our access to a more extensive range of real-world clinical data covering more diseases and medical conditions. This enables us to enlarge the scope of our RWS support services, thereby enhancing our ability to meet the evolving needs of pharmaceutical companies. In addition, expanding cooperation with more physicians would strengthen our ability to create quality content covering a wider range of subjects, thereby improving our precision content services to cover more of pharmaceutical companies' products.

In addition, we plan to keep investing in our business lines including (i) health membership schemes, (ii) information technology services and (iii) digital marketing services. These business lines had relatively steady growth in revenue during the Track Record Period and we expect to maintain stable investment in these businesses.

Expand Our Presence in Pharmaceutical Sales Business

We believe strengthening connections with and growing our physician base would better position us in our pharmaceutical sales business. Although physicians are not involved in our pharmaceutical sales business, our strong connections with physicians enable us to acquire a deep understanding of the diverse medical needs of a wide range of patients. Leveraging such capabilities, we intend to allocate more resources to our pharmaceutical sales business. The growth of our pharmaceutical sales business would allow us to better serve our individual user base, which in turn would attract more pharmaceutical companies to collaborate with us in content services and pharmaceutical wholesale business. As of the Latest Practicable Date, we had been authorized to be the sales agent of three drugs, including being the sales agent covering the national market of a

drug commonly used to treat Influenza A and B viruses and being the sales agent covering regional markets of two drugs commonly used to treat cerebrovascular and cardiovascular diseases. As of the Latest Practicable Date, we also operated six specialty pharmacies and one community pharmacy in Fujian Province.

We intend to further expand our pharmaceutical sales business by becoming the sales agent of more drugs in order to strengthen our presence in the pharmaceutical wholesale market. Our goal is to integrate our resources in both upstream collaboration with suppliers and downstream engagements with end customers, thus forming a closed-loop system for our pharmaceutical sales business. We will carefully study our wholesale customers' preference and market demand for selection of drugs. We plan to deepen our connection with upstream medical suppliers by capitalizing on our resources, experience, and technological service capability in the pharmaceutical industry. We also plan to upgrade and extend our pharmaceutical distribution operation nationwide. We will also recruit more business development representatives in order to further penetrate into the market and enhance digital marketing.

We also intend to further expand our pharmaceutical sales business by both acquiring and opening more pharmacies, in order to strengthen our service capabilities for patients, in particular, in the field of specialty drugs that are used to treat complex, chronic conditions. We plan to expand our specialty pharmacy network near Class III hospitals. We will integrate the online health and medical services on our platform with the offline pharmacy business, aiming to further improve our full-cycle health and medical service capabilities. At the same time, we will also recruit more in-house pharmacists at pharmacies to provide consultation services. Such services will provide more convenience to patients when they purchase medicines at our pharmacies.

Explore Other Strategic Investments and Acquisitions

We will continue to grow our user base, expand the scope of services, and strengthen our leading position in the digital health and wellness industry in China. To do so, we intend to explore appropriate opportunities to invest in or acquire businesses that have strong synergies with our existing services. We will primarily look for target companies in China with (i) established presence in pharmaceutical sales industry and pharmaceutical supply chain; (ii) proven expertise and experience in managing chronic diseases or sophisticated medical conditions, and (iii) strong technological capabilities regarding medical diagnosis and treatment.

As of the Latest Practicable Date, we had not identified any specific investment or acquisition targets.

Advance Our Technological Capabilities to Enhance the Functionalities of Our Platform

Our technological capabilities are key to our continuous business growth. We aim to further enhance and develop the underlying technologies of our platform, such as machine learning, deep learning, data mining, natural language processing, algorithm designing, and language model training. We plan to leverage the enhanced underlying technologies, together with the mass data we have collected, to further (i) enhance our platform's digital capabilities to help individual users to track and manage wellness; (ii) develop more clinical features for digital tools and services that we provide to physicians; (iii) integrate AI-based applications and solutions into our platform to optimize the usability and functionalities for users, physicians and other industry stakeholders associated with our platform; (iv) support pharmaceutical companies in terms of research and development of drugs and clinical trials; and (v) evolve the systems we develop for hospitals and local health authorities to increase the efficiency of their management and operations.

To complement our technology strategy, we will continue to attract and retain the best minds in the fields of machine learning, deep learning, data mining, natural language processing, algorithm designing, and language model training. We also plan to recruit more experienced professionals specializing in operating digital platforms, in order to support key industry stakeholders to make the most of our useful technological functionalities.

OUR SERVICES

The following diagram sets forth a summary of each business line and sub-business line of our two business segments.

Health and Medical Services		Corporate and Digital Marketing Services	
<p style="text-align: center;">Medical Support Services</p>	<p>Health Membership Schemes: We provide individual and corporate customers of our health membership schemes with a wide range of healthcare services, including but not limited to, appointment scheduling service, medical agency service, medical escorting services, physical examination, medical consultation, and surgery appointment and scheduling. These online and offline services are either provided by us or other third-party service providers.</p> <p>Other Medical Support Services: We enable individual users to seek advice regarding diseases and health problems from physicians on our platform. We also help medical institutions with daily routine work, such as patient guidance services and patient satisfaction surveys.</p>	<p style="text-align: center;">Value-based Medical Services</p>	<p>Healthcare Service Packages: We provide individual customers with healthcare service packages, which have two components, including (i) health products, such as nutritional supplements and transdermal patch; and (ii) health membership schemes. During the Track Record Period, our revenue generated from this business line was primarily from sales of three healthcare service packages related to (i) joint pain, (ii) sleep disorder, and (iii) nutrition problem.</p> <p>Pharmaceutical Sales Business: We sell medicines and medical devices to individual customers mainly through our own pharmacies. We also sell medicines to various third-party pharmacies and pharmaceutical trading companies through our pharmaceutical wholesale business.</p>
<p style="text-align: center;">Corporate Services</p>	<p>Content Services: We work with external physicians and medical experts to provide wellness content services in text or multimedia formats, primarily to Baidu. We also work with external physicians to mainly help pharmaceutical companies create medical content about specific diseases that can be treated by their drugs and medical products, and promote such medical content to target audiences. In addition, we mainly support pharmaceutical companies in their studies of drugs and other medical products in real-world settings through (i) collecting and analyzing clinical data; and (ii) performing observation and analysis of clinical evidence-based conditions.</p>	<p style="text-align: center;">Digital Marketing Services</p>	<p>Information Technology Services: We provide technological solutions to mainly (i) pharmaceutical and healthcare companies and (ii) medical institutions, in order to address their operational needs for technology infrastructure and/or marketing consulting services.</p> <p>We help advertisers promote their products, services and brands on our platform and through other third-party online media channels.</p>

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The following table sets forth the monetization model of our services.

Business Segments	Business Lines	Sub-Business Lines	Monetization Model		
			Major customers	Services/products that are provided by us	Generation of revenue
Health and Medical Services	Medical Support Services	Health Membership Schemes	Individuals	Health management services	We generate revenue from fees paid by the individuals and corporations for purchasing such schemes.
			Corporations (e.g. insurance companies, insurance brokerage companies, and other financial institutions)		
		Other Medical Support Services	Individuals	Remote medical consultation services	We generate revenue from fees paid by individuals for purchasing such services, netting off the payments that are made to physicians.
	Hospitals		Supportive services to hospital routine operations	We generate revenue from fees paid by hospitals for the personnel who are deployed onsite by us.	
	Value-based Medical Services	Healthcare Service Packages	Individuals	Health products and health membership schemes	We generate revenue from fees paid by individuals for purchasing such packages.
		Pharmaceutical Sales Business	Individuals, third-party pharmacies and pharmaceutical trading companies	Medicines and medical devices	We generate revenue from fees paid by individuals for purchasing medicines and medical devices from our pharmacies, and from third-party pharmacies and pharmaceutical trading companies for procuring medicines through our wholesale business.
Corporate and Digital Marketing Services	Corporate Services	Content Services	Internet platforms	Wellness content about diseases	We generate revenue from fees paid by Internet platforms for purchasing wellness content about a wide range of diseases.
			Pharmaceutical companies	Content about specific diseases requested by pharmaceutical companies	We generate revenue from fees paid by pharmaceutical companies for creation and dissemination of content about specific diseases, in order to influence patients. Those diseases can be treated by the drugs and medicines manufactured by the pharmaceutical companies.
				Real-world study reports about drugs	We generate revenue from fees paid by pharmaceutical companies for studying drugs and medicines in real-world setting.
	Information Technology Services	Other corporations and institutions	Pharmaceutical and healthcare companies	Software development and maintenance	We generate revenue from fees paid by pharmaceutical and healthcare companies, medical institutions and other corporations and institutions that request us to develop and maintain software, including but not limited to, systems, online platforms, mobile applications, WeChat public accounts, and mini-programs.
			Medical institutions		
			Other corporations and institutions		
	Digital Marketing Services	/	Advertisers	Online advertising services	We generate revenue from fees paid by advertisers that would like to promote services, products, and brands to potential customers via online media channels.

See “—Pricing” for details about the pricing of our services.

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The following table sets forth key operating data of our services as of the dates and for the years and periods indicated.

	As of December 31,			As of June 30,	
	2021	2022	2023	2023	2024
Registered individual users on our platform (in million)	156.3	171.2	185.7	178.6	195.0
Registered physicians (in thousands) ⁽¹⁾ . .	813.6	833.2	854.3	845.2	877.2
Hospitals connected to our platform ⁽²⁾ . .	11,333	11,524	11,660	11,601	11,727
Class III Grade A hospitals connected to our platform	1,460	1,464	1,483	1,471	1,494
	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
Health and medical services:					
– Individual customers (in million) ⁽³⁾	3.2	3.6	8.6	2.6	6.5
– Medical consultations arranged on our platform (in million)	10.2	5.9	4.0	2.0	1.8
– Online appointments on our platform (in million)	9.4	8.1	7.6	3.8	2.9 ⁽⁷⁾
– Monthly active users (in million) ⁽⁴⁾	10.1	8.1	7.8	4.0	3.5 ⁽⁷⁾
– Paying individual users (in million) ⁽⁵⁾	0.8	0.5	0.5	0.3	0.2
Corporate and digital marketing services:					
– Paying corporate and institutional customers ⁽⁶⁾	581	567	554 ⁽⁸⁾	450	513

(1) We establish connections with registered physicians and engage them onto our platform mainly through (i) formal business visit, (ii) introduction made by the local governments and medical associations, (iii) word-of-mouth marketing within the medical community, and (iv) our collaborative relationships with hospitals.

(2) Refer to hospitals (i) with which we have formally entered into collaboration agreements; or (ii) in which we can help individual customers with pick-up of medical reports and drugs, and hospital queue-up; or (iii) of which the physicians provide medical consultation services to individual customers on our platform. We establish connections with hospitals mainly through (i) formal business visit, (ii) introduction made by the local governments and medical associations, and (iii) word-of-mouth marketing within the medical community.

As more hospitals are connected to our platforms, more and more individual users would turn to our platform for our products and services. Therefore, in order to expand the coverage of hospitals to our platform so as to enlarge our user base, we provide mainly technology services to newly connected hospitals in order to facilitate the hospital operational efficiency free of charge, pursuant to the collaboration agreements between hospitals and us. Such technology services mainly include (i) provision of patient referral services between hospitals via digital platforms; (ii) build-up of appointment scheduling and consultation arrangement systems on our platform to connect to the hospitals' own systems; (iii) information guideline services to patients via Internet; (iv) patient management services via mobile applications provided by us; (v) build-up of social media accounts; (vi) dissemination of medical content on social media platforms; (vii) provision of other digital operational platforms or tools. We provide each of these technology services free of charge. We recognized the cost of such services under research and

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development costs during the Track Record Period. Given that these technology services do not require substantial investment of human or technological resources, and that we typically provide such services for only once when a hospital is newly connected to our platform, the cost of such services represented only an insignificant portion of our research and development costs each year during the Track Record Period.

- (3) Refer to individual customers who purchased our services or products under the business segment of health and medical services, including (i) individual customers who directly purchased health membership schemes from us, (ii) individual customers who purchased health membership schemes via our corporate customers, (iii) individual customers of our other medical support services, (iv) individual customers of our health service packages and (v) individual customers of our pharmaceutical retail business. Such number has excluded duplicates between (i) individual customers who directly purchased health membership schemes from us and (ii) individual customers who purchased health membership schemes via our corporate customers.
- (4) Refer to users who have viewed the services or products on our platform in one month. According to Frost & Sullivan, such definition for the monthly active users on our platform is in line with the industry practice.
- (5) Refer to individual customers who directly purchased our services and products under the business segment of health and medical services, including (i) individual customers who directly purchased health membership schemes from us, (ii) individual customers of our other medical support services, (iii) individual customers of our health service packages and (iv) individual customers of our pharmaceutical retail business.
- (6) Refer to number of paying corporate and institutional customers of our corporate and digital marketing services after excluding duplicates across business lines.
- (7) The number of online appointments on our platform decreased from the six months ended June 30, 2023 to the six months ended June 30, 2024, primarily because certain hospitals established their own Internet platforms to provide appointment scheduling services, thereby reducing the appointment slots on third-party platforms, including our platform. Given that we do not charge any fees for online appointment services, the decline in the number of online appointments on our platform does not affect our revenue.

The number of monthly active users decreased during the Track Record Period, primarily because (i) the decrease in the number of online appointments on our platform as certain hospitals established their own Internet platforms and reduced the appointment slots on our platform; and (ii) the decrease in the number of medical consultations arranged on our platform, which was due to the reduced user traffic directed from Baidu, as we collaborate with Baidu which promotes our medical consultation services on its online search platforms, and Baidu started to collaborate with physicians directly on its own platform since the second half of 2021.

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- (8) The decrease in number of paying corporate and institutional customers from 2021 to 2023 was mainly due to the decrease in number of corporate and institutional customers for information technology services caused by the disposal of Zhongjian Xinlian (Xiamen) and Zhiyi Technology in 2022. See “History, Reorganization and Corporate Structure—Major Shareholding Changes and Corporate History of our Company, Major Subsidiaries and Consolidated Affiliated Entities—8. Major Acquisitions and Disposals.” Before the disposals, the number of customers solely contracted with Zhongjian Xinlian (Xiamen) and Zhiyi Technology was 76 and 48, with average purchase amount per customer of RMB217,200 and RMB73,700 in 2021 and 2022, respectively.

Despite a decrease in number of paying corporate and institutional customers, our revenue generated from corporate and digital marketing services increased from RMB301.1 million in 2021 to RMB945.8 million in 2023, representing a CAGR of 77.2%. This growth was primarily due to (a) the expansion of our service offerings under information technology services to include marketing consulting services in 2022; (b) the introduction of RWS services in 2022; and (c) the long-term business relationships we have built with our existing customers. Notably, the average purchase amounts for information technology services and RWS services are inherently higher due to their business nature, and increased steadily from 2022 to 2023. Specifically, in 2022 and 2023, we provided marketing consulting services to 11 and 27 new corporate and institutional customers, with average purchase amount per customer of RMB3.7 million and RMB6.7 million, respectively. Similarly, in 2022 and 2023, we provided RWS to seven and 33 new corporate and institutional customers, with average purchase amount per customer of RMB7.8 million and RMB12.8 million, respectively.

In line with the expansion of our business operations during the Track Record Period, most of the key operating data above continued to grow, on an annual basis. The decrease in the number of medical consultation arranged on our platform was mainly the result of reduced user traffic directed from Baidu, as we collaborate with Baidu which promotes our medical consultation services on its online search platforms, and Baidu started to collaborate with physicians directly on its own platform since the second half of 2021. Nonetheless, we have expanded collaboration with more third parties in order to increase user traffic. See “Continuing Connected Transactions—Continuing Connected Transactions—A. Fully-Exempt Continuing Connected Transactions—2. Service Platform Cooperation Agreement—Historical Figures, Annual Cap and Basis of Annual Cap”.

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The following table sets forth a breakdown of our revenue by services, in both absolute amounts and as a percentage of our total revenue for the years indicated.

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(Unaudited)</i>									
Health and medical services										
Medical support services										
Health membership schemes	44,289	10.3	71,671	12.6	126,139	10.1	55,756	10.4	54,256	8.9
Other medical support services	21,767	5.0	19,706	3.5	11,428	0.9	3,666	0.7	2,949	0.5
Value-based medical services										
Healthcare service packages ⁽¹⁾	60,862	14.1	90,999	16.0	65,495	5.3	40,469	7.6	12,262	2.0
Pharmaceutical sales business	1,177	0.3	630	0.1	94,390	7.6	24,320	4.6	53,362	8.7
Subtotal	128,095	29.7	183,006	32.2	297,452	23.9	124,211	23.3	122,829	20.1
Corporate and digital marketing services										
Corporate services										
Content services	184,300	42.7	183,299	32.2	537,502	43.2	252,181	47.2	308,600	50.5
Information technology services	51,030	11.8	110,491	19.4	251,934	20.2	108,890	20.4	129,319	21.1
Digital marketing services	65,773	15.3	90,817	16.0	156,362	12.6	48,637	9.1	50,620	8.3
Subtotal	301,103	69.8	384,607	67.6	945,798	76.0	409,708	76.7	488,539	79.9
Others ⁽²⁾	2,107	0.5	1,455	0.2	1,208	0.1	94	0.0	117	0.0
Total⁽³⁾	431,305	100.0	569,068	100.0	1,244,458	100.0	534,013	100.0	611,485	100.0

Notes:

- (1) Including revenue generated from health products of RMB53.9 million, RMB31.0 million, RMB17.8 million, RMB5.8 million and RMB3.2 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively, and revenue generated from the health membership schemes included in healthcare service packages as a component of RMB7.0 million, RMB60.0 million, RMB47.7 million, RMB34.6 million and RMB9.0 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively.
- (2) Primarily including other sales of health services and products through various online and offline channels, such as service of visiting patients on behalf of our customers and sales of nutritional supplements.
- (3) RMB47.7 million, RMB121.9 million, RMB154.1 million, RMB84.7 million and RMB54.5 million, or 11.1%, 21.4%, 12.4%, 15.9% and 8.9% of our total revenue in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively, were breakage revenue. See “Business—Our Services—Health and Medical Services—Breakage.”

Health and Medical Services*Medical Support Services*

Our medical support services are designed to help individuals manage their everyday health and wellness. Medical support services comprise (i) health membership schemes and (ii) other medical support services.

Health Membership Schemes

Our health membership schemes are designed for both individual and corporate customers. Corporate customers mainly include insurance companies, insurance brokerage companies, other financial institutions, and other corporations, through which our health membership schemes eventually reach individual customers.

In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, we provided health membership schemes to 3.1 million, 3.6 million, 8.6 million, 2.6 million and 6.5 million individual customers, including both individual customers who directly purchased health membership schemes from us and individual customers who obtained health membership schemes via our corporate customers. In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, we provided health membership schemes to 211, 330, 278, 189 and 164 corporate customers, respectively.

Our revenue generated from health membership schemes was RMB44.3 million, RMB71.7 million, RMB126.1 million, RMB55.7 million and RMB54.3 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively, which included revenue generated from individual customers of RMB11.4 million, RMB10.8 million, RMB11.6 million, RMB5.1 million and RMB3.4 million, and revenue generated from corporate customers of RMB32.9 million, RMB60.9 million, RMB114.5 million, RMB50.6 million and RMB50.9 million, in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively.

Our health membership schemes are dedicated to providing one-stop health management services to different individual and corporate customers. We consistently develop our healthcare service portfolio in order to strengthen our service capabilities. We handpick healthcare services from our service portfolio and group them into different health membership schemes, in order to satisfy the diverse demands of individual and corporate customers. With reference to the industry level, we determine the value of each type of services assigned within the health membership schemes primarily based on the cost of services. We also consider the cost of services as a primary factor in determining our pricing strategies. See “—Pricing.”

For individual customers, we select the services to be included into the health membership schemes mainly based on (i) the historical experience, understanding, and insight into individuals’ medical-related demands and preferences; (ii) observation of market trend; and (iii) the expected cost of services of the portfolio. For corporate customers, we select the services to be included into the health membership schemes mainly based on (i) the budget of corporate customers; (ii) the demands of corporate customers;

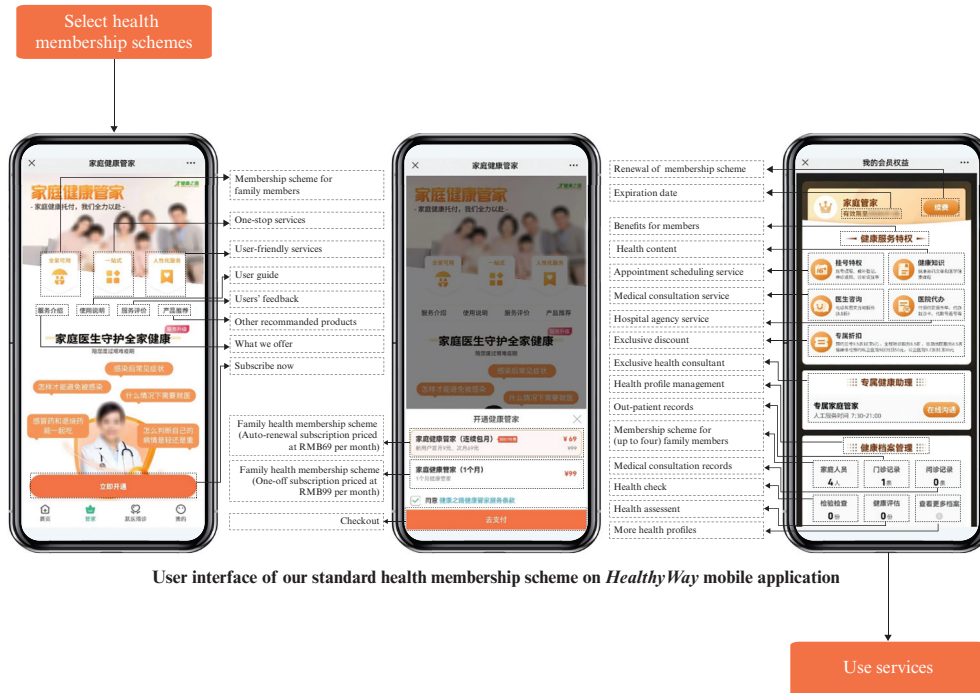
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and (iii) the expected cost of services of the portfolio. Major health and medical services provided by us or other third-party service providers in our service portfolio for individual and corporate customers, and details about respective services, are set forth below.

Provided by Our Online Platform		Consultation Guidance Our online health consultants provide customer services to individual customers who reach us with various health and medical needs, and direct them to appropriate healthcare services.
		Health Profile Management Individual customers can track and manage their health condition through their online health profile on our platform.
		Wellness Content We provide individual customers with unlimited access to wellness content published on our platform in order to facilitate their everyday health management.
Provided by Third Parties Offline and Booked on Our Online Platform		Appointment Scheduling We enable individual customers to make appointments with physicians from Class I/II/III hospitals and primary healthcare institutions in China through our platform. We provide such services to hospitals and individuals users free of charges in order to expand our individual user bases.
		Expert Appointment Scheduling Individual customers who have demand for more advanced medical services can make an appointment with medical experts from reputable hospitals in China through our platform.
		Physical Examination Appointment We enable individual customers to make physical examination appointments with hospitals or third-party medical institutions through our platform.
		Door-to-Door Medical Service Individual customers who have mobility problems can schedule physicians and nurses to provide medical services at designated places.
		Surgery Appointment and Scheduling We enable individual customers to schedule surgery arrangement with physicians from, usually reputable Class III Grade A hospitals in China, through our platform.
Provided by Us Offline and Booked on Our Online Platform		Medical Escorting Individual customers are provided with guidance by on-site health assistants during hospital visits.
		Medical Agency We provide a hassle-free hospital experience to individual customers in terms of pick-up of medical reports and drugs, and hospital queue-up.
		Advanced Payment for Hospitalization We help in-patient individual customers make advanced payment for their treatment at hospital.
Provided by Third Parties Online and Booked on Our Online Platform		Medical Consultation Individual customers are enabled to conveniently make consultations with physicians from Class I/II/III hospitals and primary healthcare institutions in China, through our platform.
		Second Opinion Individual customers can provide their medical records to different physicians in order to confirm or question the previous diagnosis and treatment plan, and potentially seek other treatment options through our platform.
		Multidisciplinary Team (MDT) We are able to coordinate medical resources on our platform and help individual customers arrange MDT diagnosis in case of sophisticated diseases or medical conditions.

We reach and introduce individual customers to different health membership schemes through diverse channels, including our *HealthyWay* mobile application, third-party social media platforms, and offline promotion channels. Our standard health membership scheme provides healthcare services to the individual customers and his/her family members (up to four). In particular, individual customers of our standard health membership schemes can access medical consultation services provided by physicians from 1,656 Class III hospitals in China twice a month without additional charges.

The following flowchart demonstrates the service flows for individual customers to subscribe to our standard health membership scheme on *HealthyWay* mobile application, including illustration of user interfaces.



User interface of our standard health membership scheme on *HealthyWay* mobile application

Our health membership schemes offer personalized one-stop healthcare services to individual customers. Set forth below are major features of our health membership schemes.

- One-on-one personalized service.** An online health consultant will be designated to each individual customers to provide one-on-one personalized support services. Individual customers may turn to their designated health consultants for information when they have any health-related queries. The designated health consultants offer practical information to individual customers based on their personal and/or family conditions. Our online health consultants are required to follow our internal policies to ensure that they only provide health consultation advice within our scope of business.
- Whole-process support service.** Individual customers of our health membership schemes benefit from the convenience provided by our medical agency services during the whole process of their medical care experience. Upon receiving instructions from individual customers, our healthcare consultants can facilitate their medical care experience with various services, such as appointment scheduling, consultation guidance and visit planning, and reminder services. Four designated family members of the individual customers may also use the same services in the health membership schemes.

- ***Advanced care coordination service.*** According to our individual customers' medical demands, we can coordinate all medical resources available on our platform, and connect individual customers to more advanced medical resources. For example, we are able to arrange hospital visits to Class III Grade A hospitals in Beijing, Shanghai, and Guangzhou for individual customers who live in lower-tier cities but wish to seek medical advice from experts regarding sophisticated diseases. We are also able to coordinate medical resources to meet individual customers' demands for advanced medical services such as second opinion, multidisciplinary team consultation, surgery arrangement, and even overseas hospital visit. Individual customers who plan to visit unfamiliar hospitals may request from us medical escort services that aim to create hassle-free in-hospital experience. We charge our individual customers separately for extra external cost of services incurred in provision of advanced care coordination services.
- ***Healthcare education.*** Individual customers of our health membership schemes could have unlimited access to a pool of health and medical education resources on our platform. Our healthcare education resources cover a wide range of topics such as child health, prenatal care and chronic disease management. Our healthcare content is delivered in diverse formats, including live streaming, video clips, audio clips, and articles. For instance, we have invited top experts practicing in different medical specialties to provide real-time exchange sessions, and lecture our individual customers on a variety of health topics. Individual customers can either join lectures live via our WeChat public accounts, or watch video recordings later.

In addition, our sales of health membership schemes to corporate customers enable us to provide services to more individual customers. According to the demands and budget of different corporate customers, we design different health membership schemes by selecting and grouping healthcare services from our service portfolio on a case-by-case basis. Among our corporate customers, some purchase health membership schemes from us as employee benefits. In case of insurance companies and insurance brokerage companies, they purchase health membership schemes from us in order to incorporate into their insurance products, or for other business purposes.

Our health membership schemes are demanded by insurance companies and insurance brokerage companies mainly because the relevant PRC laws and regulations encourage medical-related insurance products to incorporate more healthcare management services. For example, according to the Measures for the Administration of Health Insurance (《健康保險管理辦法》), insurance companies that operate medical-related insurance products shall cooperate with medical institutions, health management institutions, and health recovery institutions to provide the insured with quality and convenient healthcare services. The insurance products that incorporate our health membership schemes provide the insured with healthcare services underpinned by us. Such additional value makes the insurance products more appealing to potential customers of insurance companies and insurance brokerage companies.

To illustrate, with respect to our advanced payment service for hospitalization, the insured of insurance companies which purchased our health membership schemes can apply for such service when they are hospitalized. Upon receipt of the application, we will assess the insured's eligibility and calculate the portion of hospitalization fees we will pay based on documents including the hospital's diagnosis report, the hospitalization payment notice and the insured's insurance policy, among others. The total advanced payment for hospitalization we will pay is approximately equal to the estimated total hospitalization fees, deducting the deductible amount under the insurance policy and the amount claimable under China's social insurance. Once the payment amount is calculated, we will make the payment directly to the hospital. After the insured is discharged from hospital, we will help the insured settle the amount owed with the hospital, and then submit a claim to the insurance company on behalf of the insured for the relevant expenses. Once accepting the claim, the insurance company will reimburse us for the hospitalization fees we have paid for the insured. In particular, the number of insurance companies and insurance brokerage companies that purchased our health membership schemes was 135, 235, 192 and 104 in 2021, 2022 and 2023 and for the six months ended June 30, 2024, respectively. Our revenue generated from such business with insurance companies and insurance brokerage companies was RMB18.9 million, RMB37.5 million, RMB101.5 million, RMB42.5 million and RMB48.5 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively.

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Our health membership schemes are also included in our healthcare service packages as a component. See “—Our Services—Health and Medical Services—Value-based Medical Services—Healthcare Service Packages.” The following table sets forth the number of health membership schemes sold, revenue and average selling price of (i) health membership schemes sold directly to individual customers, (ii) health membership schemes sold to corporate customers, and (iii) health membership schemes included in healthcare service packages.

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
Number of health membership schemes sold					
– to direct individual customers (in thousand) ⁽¹⁾	252	211	267	114	81
– to corporate customers (in million) ⁽²⁾	2.9 ⁽⁶⁾	3.4 ⁽⁶⁾	4.6 ⁽⁶⁾	2.2 ⁽⁶⁾	2.7 ⁽⁶⁾
– through healthcare service packages (in thousand) ⁽³⁾	100	42	24	12	2.8
Revenue generated (RMB in thousands)⁽⁴⁾					
– from direct individual customers ⁽¹⁾	11,357	10,821	11,646	5,114	3,402
– from corporate customers ⁽²⁾	32,932 ⁽⁶⁾	60,850 ⁽⁶⁾	114,493 ⁽⁶⁾	50,642 ⁽⁶⁾	50,855 ⁽⁶⁾
– from health membership schemes included in healthcare service packages ⁽³⁾	6,967	59,973	47,694	34,649	9,039
Average selling price of health membership schemes sold (RMB)⁽⁵⁾					
– to direct individual customers ⁽¹⁾	45.0	51.3	54.5	44.9	45.7
– to corporate customers ⁽²⁾	7.1 ⁽⁶⁾	29.8 ⁽⁶⁾	22.1 ⁽⁶⁾	22.7 ⁽⁶⁾	19.1 ⁽⁶⁾
– through healthcare service packages ⁽³⁾	533.5 ⁽⁷⁾	1,210.2 ⁽⁷⁾	871.0 ⁽⁷⁾	1,203.3 ⁽⁷⁾	492.2 ⁽⁷⁾

Notes:

- (1) Related to health membership schemes sold directly to individual customers by us.
- (2) Related to health membership schemes sold to corporate customers. Some corporate customers purchase health membership schemes from us as employee benefits. In case of insurance companies and insurance brokerage companies, they purchase health membership schemes from us in order to incorporate into their insurance products, or for other business development purposes. Health membership schemes purchased by corporate customers will eventually reach individuals.
- (3) Related to health membership schemes included in healthcare service packages. See “—Our Services—Health and Medical Services—Value-based Medical Services—Healthcare Service Packages.”
- (4) In accordance with IFRSs. See Note 2(t)(i)(a) to the Accountants’ Report in Appendix I to this prospectus.
- (5) Calculated by dividing the sales value of health membership schemes sold by the number of health membership schemes sold in a particular year.
- (6) We collaborate with certain insurance companies and insurance brokerage companies, and develop certain health membership schemes priced, on average, under RMB2 (the “Affordable Schemes”), to contribute to their insurance

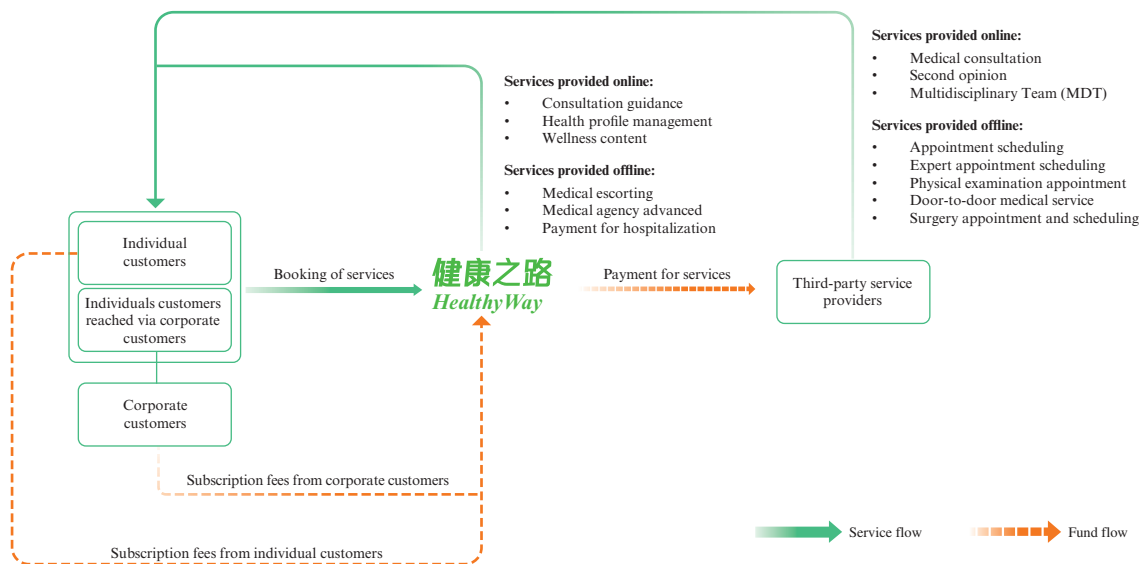
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products or to facilitate their, and potentially our customer acquisition. The Affordable Schemes accounted for a small portion of revenue generated from health membership schemes during the Track Record Period, but a large portion in terms of the number of health membership schemes sold during the Track Record Period. The number of the Affordable Schemes sold was 2.3 million, 1.3 million, 2.4 million, 1.2 million and 1.6 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively, but the revenue generated from the Affordable Schemes was RMB4.0 million, RMB2.4 million, RMB5.6 million, RMB0.4 million and RMB1.4 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively, in accordance with IFRSs. The average selling price of health membership schemes sold to corporate customers, excluding the Affordable Schemes, was RMB28.8, RMB47.1, RMB44.8, RMB50.6 and RMB45.7 in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively.

The Affordable Schemes mainly included (i) health membership schemes designed for insurance companies and insurance brokerage companies, to integrate into their own critical illness insurance products; and (ii) health membership schemes designed for insurance companies and insurance brokerage companies, for them to entertain and acquire new customers. Both (i) and (ii) mentioned above feature large sales volume and low average selling price, as a reflection of our efforts to address insurance companies' and insurance brokerage companies' diverse demands for business development. We provide the Affordable Schemes to certain insurance companies and insurance brokerage companies to orchestrate our overall collaboration with them.

- (7) During the Track Record Period, the average selling price of health membership schemes sold through healthcare service packages is generally higher than those sold to direct individual customers and corporate customers, primarily because customers of our healthcare service packages typically have higher health requirements, and therefore, we provide health membership schemes of relatively more value when sold through healthcare service package. Specifically, (i) the health membership schemes sold through healthcare service packages contain a wider range of service than other health membership schemes; and (ii) the health membership schemes sold through healthcare service packages typically grant unlimited usage of certain services, as compared to the limited number of times of usage for services contained in other health membership schemes.

The following chart demonstrates the flows of services in our health membership schemes, as well as the fund flows.



Our Directors confirm that there was no rebate or commission paid for user acquisition during the Track Record Period and up to Latest Practicable Date.

Other Medical Support Services

Other medical support services comprise (i) medical consultation services, and (ii) supporting services to hospitals.

Medical Consultation Services

We offer medical consultation services on a pay-per-use basis, allowing individual customers nationwide to access these services online, tailored to their personal medical requirements. Patients have the flexibility to engage with physicians via text message, phone call and video call. Patients may also request medical report interpretation and guidance services from physicians practicing on our platform. Physicians may provide medical advice and/or issue prescriptions to patients through our platform, depending on patients' health and medical conditions. We do not dispense any drug when we provide medical consultation services. After the physicians provide medical advice and/(or) issue prescriptions, patients could either obtain the prescribed drugs from a physical pharmacy or from an online pharmaceutical merchant.

In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, the number of online medical consultations arranged on our platform was 10.2 million, 5.9 million, 4.0 million, 2.0 million and 1.8 million, respectively. Our revenue generated from medical consultation services was RMB3.5 million, RMB2.1 million, RMB1.3 million, RMB0.6 million and RMB0.2 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively. The decreases were mainly the result of reduced user traffic directed from Baidu. For our medical consultation services, we collaborate with Baidu which promotes our services on its online search platforms, and it started to collaborate with physicians directly on its own platform since the second half of 2021. Nonetheless, we have expanded collaboration with more third parties in order to increase user traffic. See “Continuing Connected Transactions—Continuing Connected Transactions—A. Fully-Exempt Continuing Connected Transactions—2. Service Platform Cooperation Agreement—Historical Figures, Annual Cap and Basis of Annual Cap” for more information about our cooperation with Baidu in terms of medical consultation services.

Our medical consultation services are not covered by the PRC medical insurance scheme. We generate revenue directly from the service fees paid by patients online. We split such service fees with physicians on a pre-set basis, sharing 70.0% to 80.0% to physicians while keeping 20.0% to 30.0% as our own revenue. Such fee sharing model strikes a balance between physicians and us in terms of work contribution and risk exposure. According to Frost & Sullivan, our fee sharing model with the physicians is in line with the industry norm.

The physicians providing medical consultation on our platform are from hospitals nationwide. We enter into a service agreement with each of the physicians when they join our platform. Although physicians are not required by the PRC laws to obtain approval from their practicing hospitals before they provide medical services on third-party platforms, the service agreements provide that physicians shall not violate any contracts that they enter into with third parties when they provide services on our platform. In order to ensure service capacity and quality on our platform, physicians may set their available timeslots on *HealthyWay* mobile application (medical professional version) (健康之路醫務版), so that their services on our platform do not conflict with their work for hospitals. Given the vast number of physicians registered on our platform, there are generally enough

qualified physicians specializing in different major medical specialties available for our platform users.

The following flowchart illustrates the process of a patient’s journey after purchasing medical consultation services on *HealthyWay* mobile application.



User interfaces of our medical consultation services

With the support of a Class III Grade A hospital in Yinchuan, we obtained the Practice License for Medical Institutions (醫療機構執業許可證) in 2020, which ensured our eligibility to provide medical services to patients via our online platform. We operate our medical consultation services through Yinchuan Borderless. The physicians providing medical consultation on our platform are from hospitals nationwide and they all enter into the service agreement with Yinchuan Borderless.

As part of our collaboration with the Class III Grade A hospital in Yinchuan, we provide technical support to such hospital in terms of (i) dissemination of wellness content about chronic diseases to the general public in Ningxia Autonomous Region; (ii) brand-building of the hospitals and physicians on Internet platforms; (iii) patient guidance of mobile application users who would visit the hospital; and (iv) promotion of a community healthcare center affiliated to the hospital on an Internet platform. We did not generate revenue directly from such hospital during the Track Record Period.

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When we provide the medical consultation services, we are required to bear the potential liabilities towards patients and the health authorities arising from the diagnosis and treatment services provided by the physicians on our platform, and the practicing physicians are required to bear the professional liabilities mainly towards the local health authorities related thereto. Both we and physicians who issue prescriptions to patients on our platform have obtained relevant insurance to cover certain potential risks and liabilities, such as medical liability insurance for us and professional liability insurance for physicians. We have put strict internal control measures in place to ensure our medical consultation services are not provided to patients receiving initial diagnosis, in accordance with the relevant PRC laws and regulations. Before submitting a request for service, a patient must clearly confirm that he has already received diagnosis at a physical hospital. Before processing the request for service, a physician must examine the previous clinical records uploaded by the patients, including examination reports and prescriptions. If the patients have not received initial diagnosis at physical hospitals, the physicians on our platform would not provide any medical services to such patients. The physicians on our platform only provide subsequent visits for patients with common diseases and chronic diseases.

As of the Latest Practicable Date, physicians registered with our platform had sufficiently completed the relevant registrations as required by the competent PRC authorities, ensuring their eligibility to provide medical consultation services and/or issue prescriptions to patients on our platform.

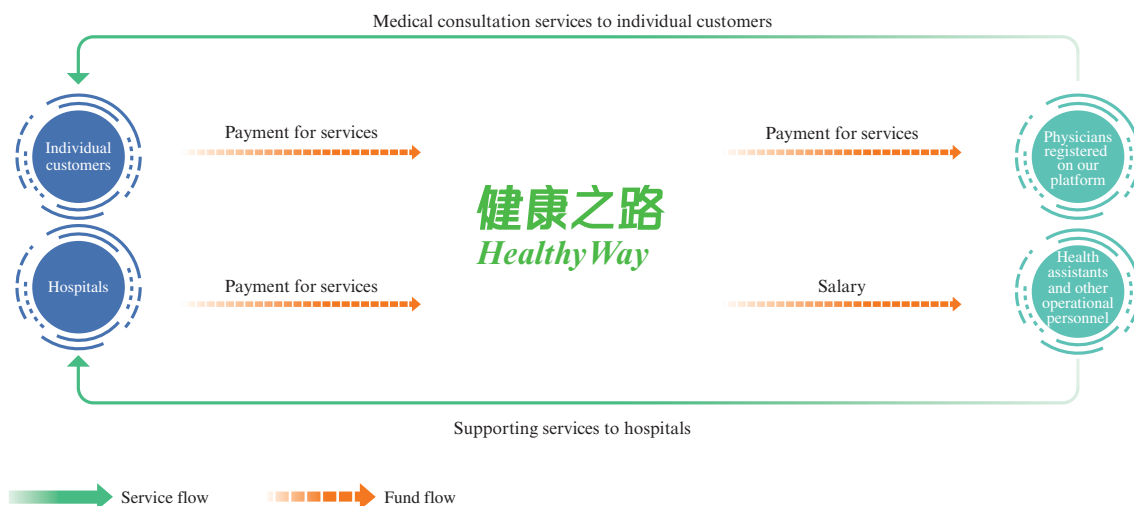
As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, Yinchuan Borderless, the entity operating our medical consultation services, was in compliance with the PRC laws and regulations governing the health and medical business in all material respects. As advised by our PRC Legal Advisor, our cooperations with the First People's Hospital of Yinchuan (銀川市第一人民醫院) complied with all applicable PRC laws and regulations in all material respects, in relation to our medical consultation services, during the Track Record Period, based on the consulting interview conducted with the Health Commission of Yinchuan on September 5, 2023. The government officer of the Health Commission of Yinchuan verbally confirmed that (i) the cooperation between the First People's Hospital of Yinchuan (銀川市第一人民醫院) and Yinchuan Borderless complied with all applicable PRC laws and regulations relating to our medical consultation services; and (ii) the business operations of Yinchuan Borderless complied with all applicable PRC laws and regulations in relation to our medical consultation services, since the incorporation of Yinchuan Borderless and up to the date of such interview.

During the Track Record Period and up to the Latest Practicable Date, we did not receive any medical liability claims against us. To our best knowledge, we were not aware of any medical liability claims against physicians registered on our platform for medical consultation services conducted on our platform during the Track Record Period and up to the Latest Practicable Date.

Supporting Services to Hospitals

We also help hospitals with various routine work with respect to patient services in their daily operations. Such patient services mainly include (i) guidance services to patients who are not familiar with hospitals; and (ii) patient satisfaction surveys. During the Track Record Period, such supporting services to hospitals were performed by on-site health assistants and operational personnel employed by us. During the Track Record Period, we strengthened our collaboration with hospitals and sent more on-site health assistants and operational personnel to hospitals. Our revenue generated from supporting services to hospitals was RMB1.8 million, RMB1.2 million, RMB4.1 million, RMB0.4 million and RMB0.3 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively.

The following chart demonstrates the flows of services in our other medical support services, as well as the fund flows.



Revenue in Relation to Inactive HealthyWay Mobile Application Accounts

We give individual customers the option to pay for certain health and medical services provided on our platform with deposit in their account on *HealthyWay* mobile application. In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, RMB16.5 million, RMB16.4 million, RMB6.0 million, RMB2.7 million and RMB2.5 million of our revenue was generated from inactive *HealthyWay* mobile application accounts, respectively. We recognize such revenue when the likelihood of individual customers using their deposit in their *HealthyWay* mobile application accounts becomes remote. See Note 2(t)(i)(a) to the Accountants' Report in Appendix I to this prospectus.

During a consulting interview conducted with the Department of Commerce of Fujian Province (福建省商務廳) in May 2023, the government officer verbally confirmed that the individual customers' deposits with our platform does not fall into the regime of Administrative Measures for Single-purpose Commercial Prepaid Cards (Trial) (《單用途商業預付卡管理辦法(試行)》) (the “**Administrative Measures**”). Therefore, for such business operation, we are neither required to make filings with the relevant government agency, nor are we subject to the validity period of single-purpose commercial prepaid cards, as set out by the Administrative Measures.

The contract that we enter into with individual users who use the top-up service of *HealthyWay* mobile application sets forth relevant terms and clauses that the remaining balance of inactive *HealthyWay* mobile application accounts will be reset to zero and may not be withdrawn, if the individual users are inactive for 36 consecutive months. As a result, the contract expires upon reaching such an inactive status, and the inactive user's contractual right to request (i) withdrawal or refund of their residual balances or (ii) service provision by us ceases simultaneously. However, as advised by our PRC Legal Advisor, customers are eligible to initiate claims against us in relation to the unexercised contractual rights of health membership schemes and remaining balance of inactive *HealthyWay* mobile application accounts, based on the relevant provisions set out in the Civil Procedure Law of the PRC.

Although customers are eligible to initiate claims against us as a matter of law, we have never received such claims, nor have we been ordered by regulatory bodies to make any refund to customers. Further, having considered that refund of unused balance to customers has never occurred in practice after the 36-month period in our past business operations, our Directors are of the view that the possibility that such refund will occur in the future is remote, primarily because (i) we are capable of handling potential customers' concerns about their unused balance, supported by our internal customer service guidelines that offer an option to provide equivalent worth of certain health and medical services to their forfeited remaining balance, in the event that the users were to make such a request after their contracts have expired; (ii) the average breakage amount per inactive individual user was only RMB44.6 during the Track Record Period, which indicates low possibility that customers may be willing to take legal action; and (iii) both the newly-deposited amount into *HealthyWay* mobile application accounts and the breakage amount generated from the unused remaining balance of inactive *HealthyWay* mobile application accounts continued to decrease during the Track Record Period, and are expected to further decrease in the future, as mobile payment methods prevail nowadays.

See “—Our Services—Health and Medical Services—Breakage—Breakage in Relation to Inactive *HealthyWay* Mobile Application Accounts.”

Value-based Medical Services

Our value-based medical services are designed to help patients and those in need manage specific diseases and medical challenges. Value-based medical services comprise (i) sale of healthcare service packages and (ii) pharmaceutical sales business.

Healthcare Service Packages

In 2021, we launched our healthcare service packages. Our ability to aggregate both pharmaceutical and non-pharmaceutical approaches is vital for us to address the increasing demand for quality health and medical services. Leveraging our insights into management of diseases and sophisticated medical conditions, we have developed and introduced individual customers to healthcare service packages. A healthcare service package comprises (i) one or several health products and (ii) **one or several health membership schemes**. See “—Our Services—Health and Medical Services—Medical Support Services—Health Membership Schemes.”

We introduced healthcare service packages to individual customers in 2021. In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, we provided healthcare service packages to 22.8 thousand, 17.2 thousand, 10.4 thousand, 5.0 thousand and 0.9 thousand individual customers, respectively. The healthcare service packages sold in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024 included 99.6 thousand, 42.0 thousand, 24.3 thousand, 11.7 thousand and 2.8 thousand health membership schemes, respectively.

Our revenue generated from healthcare service packages was RMB60.9 million, RMB91.0 million, RMB65.5 million, RMB40.5 million and RMB12.3 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively. See “Management’s Discussion and Analysis of Results of Operations—Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023—Revenue—Health and Medical Services” and “Management’s Discussion and Analysis of Results of Operations—Year Ended December 31, 2023 Compared to Year Ended December 31, 2022—Revenue—Health and Medical Services” for more on the fluctuated revenue generated by healthcare service packages.

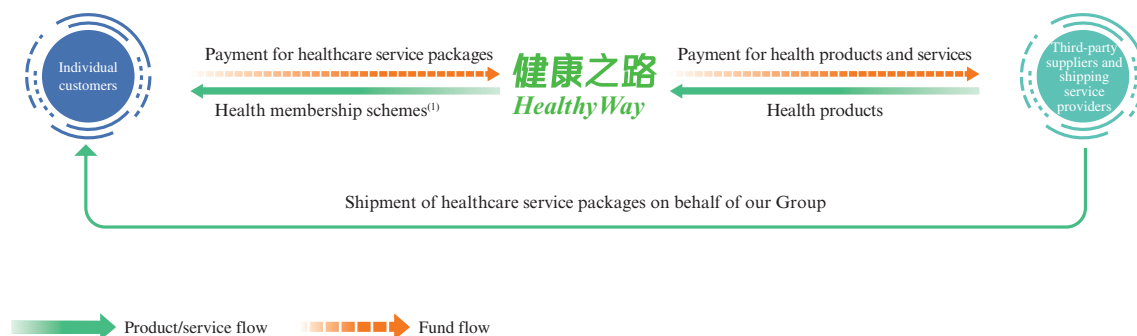
We design different healthcare service packages to address different diseases and medical conditions by incorporating suitable health products into our healthcare service packages. Individual customers are usually introduced to our healthcare service packages through online third-party social media platforms, and offline promotion channels. During the Track Record Period, our revenue generated from this business line was primarily from sales of three healthcare service packages related to (i) joint pain, (ii) sleep disorder, and (iii) nutrition problem.

Health products provided to individual customers were mostly nutritional supplements and topical medical products. We procure health products from selected third-party suppliers, of whom we conduct strict onboarding inspection mainly regarding qualifications, brand, reputation, experience, and safety and effectiveness of their products. We take into account various aspects to verify potential suppliers’ production capacity, research and development capabilities and quality control systems. In particular, we follow a cross-departmental collaboration mechanism to evaluate potential suppliers regarding product quality and effectiveness, as well as compliance record. During the Track Record Period and up to the Latest Practicable Date, we did not experience (i) any product recall incidents related to our healthcare service packages; and (ii) any product return

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incidents related to our healthcare service packages that would cause material adverse impact on our business, results of operations, and financial condition.

The following chart demonstrates the flows of products and services in our healthcare service packages as well as the fund flows.



Note:

- (1) Services included in the health membership schemes are either provided by us or third parties. See “Our Services—Health and Medical Services—Medical Support Services—Health Membership Schemes” for the chart demonstrating the flows of services in our health membership schemes.

Pharmaceutical Sales Business

Pharmaceutical retail business

For our pharmaceutical retail business, we mainly sell medicines and medical devices to patients and those in need through our own pharmacies. According to Frost & Sullivan, pharmacies can be generally categorized into (i) specialty pharmacies and (ii) traditional pharmacies. Specialty pharmacies are pharmacies that sell specialty medicines for the treatment of specialty diseases, such as diabetes, hypertension and oncology. According to Frost & Sullivan, the term “specialty pharmacy” is commonly used in the pharmaceutical sales industry. We started to operate a community pharmacy, which was a traditional pharmacy, in 2017. In December 2022, we completed the acquisition of six specialty pharmacies from Jianmingtang, a chain pharmacies mainly operating in Fujian Province, in order to strengthen the service capabilities of our self-owned pharmacy network. For more information about the acquisition, see “History, Reorganization and Corporate Structure—Major Shareholding Changes and Corporate History of our Company, Major Subsidiaries and Consolidated Affiliated Entities—8. Major Acquisitions and Disposals—Acquisition of Jianmingtang.” As of June 30, 2024, we operated six specialty pharmacies and one community pharmacy in Fujian Province.

Although we provide medicines and medical devices to individual customers mainly through offline pharmacies, we provide an option for customers to place orders on Jianming Intelligent Pharmacy (健明智慧醫藥), our WeChat mini-program. We have implemented a practical guidance for our employees to follow in order to ensure the quality of our online services. Upon receipt of orders, two pharmacists in the pharmacies are

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separately responsible for reviewing the orders, and its affiliated prescriptions in case of prescribed drugs. They will then direct the orders to other pharmacy staff, who will prepare the drugs before pick-up by the logistics service providers.

As of the Latest Practicable Date, we had obtained all material licenses required by the PRC laws and regulations for such online business. Our PRC Legal Advisor is of the view that, Jianmingtang, the subsidiary operating our online pharmaceutical retail business, had not been in violation of the PRC laws and regulations governing the online pharmaceutical retail business in material aspects during the Track Record Period, on the bases that (i) Jianmingtang had obtained all the relevant licenses and permits in relation to such business; (ii) our Group confirmed the fact that no administrative penalty or investigation had been imposed or launched by the competent authorities against us in relation to such business; and (iii) we have received a special credit report from Fujian Provincial Economic Information Center (福建省經濟信息中心) and written confirmations issued by Fuzhou Market Supervision and Administration Bureau confirming that no record of legal violation associated with drug supervision was found during the Track Record Period.

Pharmaceutical wholesale business

In November 2023, we began our pharmaceutical wholesale business to complement our pharmaceutical retail business and to further strengthen our medical service capability and deepen our collaboration with pharmaceutical manufacturers and retailers. We were authorized by Fujian Kangcheng Pharmaceutical Co., Ltd., one of our largest suppliers in 2023, to be the sales agent covering the national market of one drug commonly used to treat Influenza A and B viruses, which is made by a Jiangsu Province-based pharmaceutical manufacturer listed on the Shanghai Stock Exchange Science and Technology Innovation Board (the “**STAR Market**”). Fujian Kangcheng is allowed to authorize us as the sales agent covering the national market. Fujian Kangcheng did not continue to sell the drug that is commonly used to treat Influenza A and B viruses after authorizing us as sales agent covering the national market. In September 2024, we were authorized by another large-size listed pharmaceutical company to be the sales agent covering regional markets of two drugs commonly used to treat cerebrovascular and cardiovascular diseases. In 2023 and for the six months ended June 30, 2024, our revenue generated from pharmaceutical wholesale business was RMB48.8 million and RMB31.6 million, respectively, representing 3.9% and 5.2% of our total revenue during the same period, respectively.

As a sales agent, we sell medicines to various third-party pharmacies and pharmaceutical trading companies. According to Frost & Sullivan, it is an industry norm for pharmaceutical sales agents like our Company to sell medicines to third-party pharmacies and pharmaceutical trading companies. Our pharmaceutical wholesale business contemplates a buyer/seller relationship rather than a principal/agent relationship. As of the Latest Practicable Date, we had engaged more than 150 customers for such business, which, to our best knowledge, are all Independent Third Parties.

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We do not set any minimum purchase amount or a minimum sales target for our pharmaceutical wholesale business customers, including both third-party pharmacies and pharmaceutical trading companies. The drug that we sell are typically non-refundable upon delivery except for quality reasons. Such return policy is in line with the industry practice, according to Frost & Sullivan. See “—Material Clauses and Terms of Agreements—Health and Medical Services—Value-based Medical Services” for a summary of the major clauses and terms of the sales agreements that we enter into with pharmaceutical wholesale business customers.

We have no control over the business operation of any of our pharmaceutical wholesale business customers. According to Frost & Sullivan, the business model we adopted for our transaction with our pharmaceutical wholesale business customers are not deemed as distributorship in the pharmaceutical sales industry, and it is in line with the industry practice not to have control over the business operation of such customers. In particular, regarding our business arrangements with the pharmaceutical trading companies, (i) we do not enter into any distribution agreements with such customers; (ii) we have no control over the business operation of any of such pharmaceutical trading companies or their sales, pricing policies or marketing activities; (iii) we have no restrictions or requirements on such pharmaceutical trading companies regarding their geographical coverage, sales target, minimum purchase amount, target customers or avoidance of competition policies; and (iv) such pharmaceutical trading companies are not required to provide us with, any information regarding their sales, inventory levels, whether they are reselling our products to their customers, and if so, the identity of the end-users of the products, and their customers’ demand for our products. According to Frost & Sullivan, such business arrangements with those pharmaceutical trading companies are in line with the industry norm.

Our PRC Legal Advisor is of the view that, Fujian Jianchen, the subsidiary operating our pharmaceutical wholesale business, had not been in violation of the PRC laws and regulations governing the wholesale of drugs in material aspects during the Track Record Period, on the bases that (i) Fujian Jianchen had obtained all the relevant licenses and permits; (ii) our Group confirmed the fact that no administrative penalty or investigation had been imposed or launched by the competent authorities against us in relation to pharmaceutical wholesale business; and (iii) we have received a special credit report from Fujian Provincial Economic Information Center (福建省經濟信息中心) confirming that there was no record of legal violation associated with drug supervision during the Track Record Period.

We recognize revenue from pharmaceutical wholesale business when the customer takes possession of and accepts the product. Our revenue generated from pharmaceutical wholesale business is recognized on a gross basis. We expect that our pharmaceutical wholesale business would continue to expand as we plan to become the agent of more drugs in the foreseeable future.

The following chart demonstrates the flows of products in our pharmaceutical wholesale business, as well as the fund flows.



Competition

Our pharmaceutical retail business face competition from other pharmacies in terms of store location, service quality, breadth of product categories and stability and variety of supply chains, among others. Our pharmaceutical wholesale business mainly compete with other pharmaceutical wholesale distributors in terms of the ability to obtain the sales agency rights for drugs, the extensiveness of sales channels, financial resources and the capability of operation teams, among others. See “— Competition” for details. However, we believe that we possess a strong competitive edge in the pharmaceutical sales market, which stems from our capacity to integrate connections with both upstream medical suppliers and downstream end consumers. Through our corporate and digital marketing services, we have established robust connections with pharmaceutical companies. These connections enable us to maintain strong collaborations with a wide range of upstream medical suppliers, including large-size pharmaceutical manufacturers and pharmaceutical companies. Such partnerships help us obtain a stable and reliable supply of high-quality pharmaceutical products. Moreover, we have also forged enduring connections with physicians and patients through our multi-dimensional services such as medical support services. By combining upstream collaborations and downstream engagement, we have accumulated valuable resources to further penetrate into the pharmaceutical sales market in China.

Breakage

During the Track Record Period, we recognized breakage amount as revenue mainly from (i) unexercised contractual rights of health membership schemes, **including the health membership schemes included in the healthcare service packages**, and (ii) the remaining balance of inactive *HealthyWay* mobile application accounts. Frost & Sullivan is of the view, and the Sole Sponsor concurs, that it is in line with the industry norm to incur breakage and recognize as revenue in the course of such business operations.

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The following table sets forth breakage revenue by business line, for the years and periods indicated.

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Health membership schemes (excluding those in the healthcare service packages)	24,444	53,425	107,444	48,451	44,936
Health membership schemes in the healthcare service packages	6,726	52,122	40,654	33,564	7,099
Unused balance of inactive <i>HealthyWay</i> mobile application accounts	<u>16,479</u>	<u>16,403</u>	<u>6,007</u>	<u>2,718</u>	<u>2,462</u>
Total	<u>47,649</u>	<u>121,950</u>	<u>154,105</u>	<u>84,733</u>	<u>54,497</u>

(Unaudited)

Breakage in Relation to Health Membership Schemes

Our health membership schemes aim to help individuals better cope with future uncertainty—sickness or health. Therefore, there is uncertainty regarding whether, and to what extent, individual customers will exercise the contractual rights of the health membership schemes. As a health membership scheme may offer one or several health and medical services, some customers may fully utilize those services within the validity period, while some may not exercise all such contractual rights, or at all, depending on when or whether they might develop any illness or health problems after their purchase, or due to other reasons beyond our control.

Customers of the health membership schemes (including the health membership schemes in the healthcare service packages) pay us in advance for the contractual services that would be provided to them later, as and when they request, within the validity period. We recognize such payment (corresponding to all services under the health membership schemes)—which is non-refundable—as “contract liabilities” in our consolidated statements of financial position. See Note 2(k) to the Accountants’ Report in Appendix I to this prospectus. When we perform our contractual obligation and deliver the relevant health and medical services, we recognize revenue out of the balance of contract liabilities. In the event that the health membership schemes expires and the customers have not utilized in full the contractual rights, the breakage amount generated from (i) the unutilized contractual rights of health membership schemes, and (ii) the partially unutilized contractual rights of health membership schemes, would be recognized as revenue. See Note 2(t)(i)(a) to the Accountants’ Report in Appendix I to this prospectus.

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For example, an individual customer bought a health membership schemes, which included five types of healthcare services, for RMB500. Each of the five healthcare services was worth RMB100. Upon receipt of payment, we recognized RMB500 as contract liabilities. The individual customer decided to utilize three of the five healthcare services one day within the validity period, and then we performed our contractual obligation and delivered the relevant services accordingly. At the same time, we recognized revenue of RMB300 out of contract liabilities. We would recognize the remaining RMB200 contract liabilities as revenue when the individual customer utilizes the other two healthcare services, or upon expiration of his health membership scheme.

Our Directors are of the view that breakage amount is regarded as revenue generated in the ordinary and usual course of our principal business operations, primarily after taking into account the following:

- (a) health membership schemes were first launched in 2017, with an operating history of over seven years;
- (b) according to Frost & Sullivan: (i) it is commercially common to sell health management service packages similar to our health membership schemes and healthcare service packages in the digital health and medical service market in China; and (ii) it is in line with the industry norm to incur breakage amount and recognize as revenue in the course of such business operations;
- (c) such amount is recognized as revenue according to accounting policies set out in Note 2(t)(i)(a) to the Accountants' Report in Appendix I to this prospectus, in a consistent manner during the Track Record Period;
- (d) the timing of recognizing such amount as revenue is neither arbitrary nor at our Directors' discretion, but is determined with reference to the expiry dates of health membership schemes;
- (e) such amount is generated by major two business lines, health membership schemes and healthcare service packages, that are integral parts of our continuing principal business;
- (f) substantial investments and resources have been made in our health membership schemes in respect of portfolio design, sales and marketing channels, and customer base development; and
- (g) continuous enhancements have been made to, and improved service components have gradually been included into, health membership schemes, in order to increase the utilization rate, so that our health membership schemes can be beneficial to more users.

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Details of Health Membership Schemes Giving Rise to Breakage

- (a) We launched health membership schemes in 2017.
- (b) In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, the breakage amount from unexercised contractual rights of health membership schemes, including the health membership schemes in healthcare service packages, was RMB31.2 million, RMB105.5 million, RMB148.1 million, RMB82.0 million and RMB52.0 million, respectively. In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, our revenue generated from health membership schemes, including the health membership schemes in the healthcare service packages (together, the “**Health Membership Business**”), was RMB51.3 million, RMB131.6 million, RMB173.8 million, RMB90.4 million and RMB63.3 million, respectively. Such breakage amount accounted for 60.8%, 80.2%, 85.2%, 90.7% and 82.1% of our revenue generated from the Health Membership Business in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively.
- (c) The health membership schemes typically have a validity period ranging from three months to one year. The length of the validity period depends on (i) the kinds of services included in the health membership schemes and (ii) the price of the health membership schemes. The validity period may not be extended.
- (d) During the Track Record Period and up to the Latest Practicable Date, we were not aware of any material complaints or claims related to our health membership schemes or healthcare service packages, that would cause material adverse impact on our business, results of operations, and financial condition.
- (e) The following table sets forth repurchase rates related to the health membership schemes, including the health membership schemes in the healthcare service packages, for the years indicated.

	Year ended December 31,			Six months ended	
	June 30,				
	2021	2022	2023	2023	2024
	%	%	%	%	%
Repurchase rate					
– of direct individual customers ⁽¹⁾⁽⁴⁾	26.6	26.1	28.4	28.6	33.0
– of corporate customers ⁽²⁾⁽⁴⁾	44.0	54.8	65.1	46.1	57.9
– of individual customers who purchase healthcare service packages ⁽³⁾⁽⁴⁾	–	24.1	31.1	26.5	43.1

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Notes:

- (1) Refer to the repurchase rate of individual customers who purchase health membership schemes directly from us. Such repurchase rate is calculated by dividing the number of individual customers who purchase the health membership schemes more than once in the current year and/or the immediate preceding year, by the total number of individual customers of the health membership schemes in the current year. According to Frost & Sullivan, the calculation methodology of such repurchase rate is in line with the industry standard.
- (2) Refer to the repurchase rate of corporate customers that purchase our health membership schemes. Such repurchase rate is calculated by dividing the number of corporate customers who purchase the health membership schemes more than once in the current year and/or the immediate preceding year, by the total number of corporate customers of the health membership schemes in the current year. According to Frost & Sullivan, the calculation methodology of such repurchase rate is in line with the industry standard.
- (3) Refer to the repurchase rate of individual customers who purchase healthcare service packages that integrate our health membership schemes. See “—Our Services—Health and Medical Services—Value-based Medical Services—Healthcare Service Packages.” Such repurchase rate is calculated by dividing the number of individual customers who purchase the healthcare services packages more than once in the current year and/or the immediate preceding year, by the total number of individual customers of the healthcare services packages in the current year. According to Frost & Sullivan, the calculation methodology of such repurchase rate is in line with the industry standard.
- (4) Customers who are satisfied with the health membership schemes are likely to make purchases again after the validity period rather than within the validity period. Given the validity period of health membership schemes typically ranges from three months to one year, a large number of existing customers in a year often make repeat purchases in the succeeding year. Therefore, when we calculate the customer repurchase rate, we set the numerator of the formula as “the number of individual customers who purchase the health membership schemes more than once in the current year and/or the immediate preceding year.”

The average industry repurchase rate of digital health management packages similar to our health membership schemes directly sold to individual customers, typically ranges from approximately 20% to 40%, according to Frost & Sullivan. Such average industry repurchase rate is also calculated by dividing the number of individual customers who purchase digital health management packages more than once in the current year and/or the immediate preceding year, by the total number of individual customers of the health membership schemes in the current year.

The average industry repurchase rate of digital health management packages similar to our health membership schemes sold to corporate customers, typically ranges from approximately 40% to 50%, according to Frost & Sullivan. Such average industry repurchase rate is also calculated by dividing the number of corporate customers who purchase the health membership schemes more than once in the current year and/or the immediate preceding year, by the total number of corporate customers of the health membership schemes in the current year.

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- (f) The following table sets forth utilization rates related to the health membership schemes, including the health membership schemes in the healthcare service packages, for the years indicated.

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	%	%	%	%	%
Utilization rate of health membership schemes sold					
– to direct individual customers ⁽¹⁾	82.6	91.7	87.7	74.4	98.2
– to corporate customers ⁽²⁾	1.5	2.5	2.1	1.5	4.1
– to individual customers who purchase healthcare service packages ⁽³⁾	4.6 ⁽⁴⁾	46.3 ⁽⁴⁾	41.8	80.6	45.5

Notes:

- (1) Refer to the utilization rate of health membership schemes sold directly to individual customers by us. Such utilization rate is calculated by the number of utilized health membership schemes (i.e. at least one service has been used by individual customers) sold directly to individual customers in a year, divided by the total number of health membership schemes sold directly to individual customers in a year.

According to Frost & Sullivan, our calculation methodology of the utilization rate is fair, reasonable and in line with the industry norm. Utilization rate of health membership schemes sold to direct individual customers increased from 74.4% for the six months ended June 30, 2023 to 98.2% for the six months ended June 30, 2024, primarily because we included health and medical services with higher utilization rate, such as medical agency, into more health membership schemes. Such adjustment enhanced customer engagement and commitment with our platform, contributing to the increase in repurchase rate during the same period.

- (2) Refer to the utilization rate of health membership schemes sold to corporate customers. Such utilization rate is calculated by the number of utilized health membership schemes (i.e. at least one service has been used by individual customers) sold to corporate customers in a year, divided by the total number of health membership schemes sold to corporate customers in a year. Some corporate customers purchase health membership schemes from us as employee benefits. In case of insurance companies and insurance brokerage companies, they purchase health membership schemes from us in order to incorporate into their insurance products, or for other business development purposes. Such health membership schemes purchased by corporate customers will eventually reach individuals.

Utilization rate of health membership schemes sold to corporate customers increased from 1.5% for the six months ended June 30, 2023 to 4.1% for the six months ended June 30, 2024, primarily because we included more valuable services, such as physical examination appointments, into more health membership schemes. Consequently, more users were inclined to make better use of their health membership schemes, which also contributed to our long-term engagement with corporate customers and the increase in repurchase rate during the same period.

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We collaborate with certain insurance companies and insurance brokerage companies, and develop certain health membership schemes priced, on average, under RMB2 (the “Affordable Schemes”), to contribute to their insurance products or to facilitate their, and potentially our, customer acquisition. The services covered in the Affordable Schemes typically include advanced payment service, medical escorting services, second opinion and expert appointment scheduling services, among others. The Affordable Schemes accounted for a small portion of revenue generated from health membership schemes during the Track Record Period, but a significant portion in terms of the number of health membership schemes sold during the Track Record Period. The number of the Affordable Schemes sold was 2.3 million, 1.3 million, 2.4 million, 1.2 million and 1.6 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively, but the revenue generated from the Affordable Schemes was RMB4.0 million, RMB2.4 million, RMB5.6 million, RMB0.4 million and RMB1.4 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively, in accordance with IFRSs.

The Affordable Schemes mainly included (i) health membership schemes designed for insurance companies and insurance brokerage companies, to integrate into their own critical illness insurance products; and (ii) health membership schemes designed for insurance companies and insurance brokerage companies, for them to entertain and acquire new customers. Both (i) and (ii) mentioned above feature large sales volume and low average selling price, as a reflection of our efforts to address insurance companies’ and insurance brokerage companies’ diverse demands for business development. We provide the Affordable Schemes to certain insurance companies and insurance brokerage companies to orchestrate our overall collaboration with them. The utilization rate of the Affordable Schemes is usually low, due to the business nature of such health membership schemes.

- (3) Refer to the utilization rate of health membership schemes included in healthcare service packages. Such utilization rate is calculated by dividing the number of healthcare service packages (in which one or several health membership schemes are utilized) sold in a year, by the total number of healthcare service packages sold in a year.
- (4) We started to provide healthcare service packages to individual customers in 2021. The majority of our revenue generated from the healthcare service packages in 2021, was generated in the second half of 2021. We gradually improved the service components of health membership schemes included in the healthcare service packages based on the initial market feedback, leading to the increased utilization rate in 2022.

The average industry utilization rate of digital health management packages similar to our health membership schemes directly sold to individual customers, typically ranges from approximately 80% to 95%, according to Frost & Sullivan. The average industry utilization rate of digital health management packages similar to our health membership schemes sold to corporate customers, is typically below 10%, according to Frost & Sullivan.

Quality Control Measures

Our internal policy strictly prohibits unfair, unlawful, and unethical trade practices, such as harassment, coercion, and undue influence to impair customers’ freedom of choice, in our business operations. We believe our internal policies would properly incentivize our employees, and duly protect the interests of our customers and guarantee the quality of our services at the same time. We have the below quality control measures:

- (a) individual customers can request refund in full within seven calendar days after subscription of health membership schemes or receipt of health products in the healthcare service packages. In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, the refunded amount represented a very insignificant portion of our revenue generated from health membership schemes;

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- (b) our commission payments made to third-party promotion agencies for selling our health membership schemes and healthcare service packages are in line with normal industry level;
- (c) feedback and complaints (if any) filed to our customer services are required to be registered and handled in a timely and proper manner;
- (d) references are made to the applicable best practice guidelines issued by China Consumers' Association (中國消費者協會) and Administration for Market Regulation when we design the health membership schemes and healthcare service packages; and
- (e) unscrupulous sales practices are strictly prohibited.

In addition, we rigorously monitor our balance of contract liabilities in order to meet individual customers' needs to exercise the contractual rights in health membership schemes. We believe that we have sufficient cash and cash equivalents and adequate capacity to provide such services during peak periods under normal circumstances, primarily after taking into account the following:

- (a) any disease has a relatively stable incidence rate among the general public during a particular period, and our individual customers are likely to exercise their contractual rights that would lead to relatively significant costs of sales for us, only when they develop diseases or medical conditions;
- (b) we refer to actuarial methodology and historical operating data (such as utilization rate) when we design the service components of different health membership schemes, so that we can better estimate and manage the possible cost of services thereof; and
- (c) our banking facilities and other financial resources available to us as of July 31, 2024. See "Financial Information—Discussion of Selected Consolidated Statements of Financial Position Items—Working Capital Sufficiency."

Breakage in Relation to Inactive HealthyWay Mobile Application Accounts

Some individual customers top up their accounts on *HealthyWay* mobile application and use their balance to purchase health and medical services provided on our platform. When there is a balance in a *HealthyWay* mobile application account, we recognize it as "receipts in advance" in our consolidated statements of financial position. See Note 24 to the Accountants' Report in Appendix I to this prospectus.

Our historical business operations have suggested that individual users who have not made any purchases on *HealthyWay* mobile application for 36 consecutive months are very unlikely to use or withdraw their account balance. Our management has therefore adopted a revenue recognition policy, in a consistent manner, to recognize such unused remaining balance as revenue. See Note 2(t)(i)(a) to the Accountants' Report in Appendix I to this prospectus.

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We continuously track the user activity on our platform and identify inactive users who do not place any order on *HealthyWay* mobile application. At the end of each month, we label those who remain inactive on *HealthyWay* mobile application for a whole month as “inactive individual users,” from our back-end system. We send in-app messages to every inactive individual user at least three times a year, so that they are reminded to use or withdraw their account balance. Whenever inactive individual users become active again on *HealthyWay* mobile application, we remove their labels. We recognize the unused remaining balance as revenue (i.e. breakage amount), only when an individual user is given 36 labels in a row—being inactive for 36 consecutive months. The contracts we enter into with individual users who use the top-up service of *HealthyWay* mobile application set forth relevant terms and clauses that underpin such revenue recognition policy.

We introduced top-up service on *HealthyWay* mobile application in 2015, in order to provide a convenient payment option for individual users, who would like to manage their wellbeing through our platform. In recent years, as mobile payment methods have gradually prevailed across industries, individual users are relying less upon top-up service of mobile applications to make further online payment.

During the Track Record Period, our receipt in advance predominantly represented the unused remaining balance in *HealthyWay* mobile application accounts. As of December 31, 2021, 2022 and 2023 and June 30, 2024, our receipts in advance was RMB45.2 million, RMB26.7 million, RMB20.9 million and RMB18.8 million, respectively. During the Track Record Period, the newly-deposited amount into *HealthyWay* mobile application accounts also continued to decrease, being RMB21.0 million, RMB16.0 million and RMB8.6 million in 2021, 2022 and 2023, and RMB5.1 million and RMB3.5 million for the six months ended June 30, 2023 and 2024, respectively. In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, the breakage amount generated from the unused remaining balance of inactive *HealthyWay* mobile application accounts was RMB16.5 million, RMB16.4 million, RMB6.0 million, RMB2.7 million and RMB2.5 million, respectively. As of December 31, 2021, 2022 and 2023 and June 30, 2024, the number of inactive individual users on *HealthyWay* mobile application was 367.3 thousand, 380.7 thousand, 129.8 thousand and 49.3 thousand, respectively. The average breakage amount per inactive individual user (defined as the total breakage amount generated from the unused remaining balance of inactive *HealthyWay* mobile application accounts in 2021, 2022, 2023 and for the six months ended June 30, 2024 divided by the total number of inactive individual users on *HealthyWay* mobile application as of December 31, 2021, 2022 and 2023 and June 30, 2024) was approximately RMB44.6 during the Track Record Period. In addition, the inactive individual users from whom we recognized breakage amount during the Track Record Period were very diverse, and to the best knowledge of our Directors, unrelated to us.

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We continuously incur system maintenance cost and other operating expenses, in order to protect and manage data related to inactive *HealthyWay* mobile application accounts. We continue to maintain the top-up service on *HealthyWay* mobile application to meet the diverse payment demands of individual customers, as some regular individual customers are accustomed to top-up payment. We expect that both (i) our receipt in advance related thereto, and (ii) the newly-deposited amount into *HealthyWay* mobile application accounts, will continue to decrease in the future. During the Track Record Period and up to the Latest Practicable Date, we had not placed any of our receipts in advance from customers' top-up payment in any kind of time deposits or investments.

Despite our revenue recognition policy related to the unused remaining balance, we have set certain internal customer service guidelines, in order to build and maintain good reputation and relationships with the users, in the event that the users were to make a request for services or compensation, after their contracts have expired. Our internal customer service guidelines offer an option to provide inactive individual users with equivalent worth of certain health and medical services to their remaining balance, in case that they happen to request, after being inactive for 36 consecutive months. Such internal customer service guidelines do not contradict with our revenue recognition policy. That is because (i) we are not bound by such internal customer service guidelines and have the sole discretion to decide whether to provide inactive individual users with equivalent worth of services upon request, or change or abolish the existing guidelines or determine whether it is commercially beneficial to retain the inactive users as customers by offering some bonus services; (ii) in practice, we did not receive such request after we recognized the unused remaining balance as breakage revenue during the Track Record Period and up to the Latest Practicable Date; and (iii) we have never publicized this customer caring initiative to create any valid expectations among users. Therefore, the possibility of either providing bonus services or reversing breakage revenue recognized is remote upon the end of the 36-month period. The Reporting Accountants have performed their work on the Group's Historical Financial Information in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 "Accountants' Report on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. The Reporting Accountants' opinion on the Historical Financial Information of the Group for the Track Record Period as a whole is set out on pages I-1 to I-3 of Appendix I to this prospectus.

Our Directors are of the view that such breakage amount is regarded as revenue generated in the ordinary and usual course of our principal business operations, primarily after taking into account the following:

- (a) such top-up service was introduced onto *HealthyWay* mobile application in 2015, with an operating history of over eight years;
- (b) according to Frost & Sullivan, (i) it is commercially common for Internet service platforms (including Internet healthcare platforms similar to us) to introduce top-up service on their mobile applications in China; and (ii) it is in line with the industry norm to incur breakage and recognize as revenue in the course of such business operations;

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- (c) such amount is recognized as revenue according to accounting policies set out in Note 2(t)(i)(a) to the Accountants' Report in Appendix I to this prospectus, in a consistent manner during the Track Record Period;
- (d) the timing of recognizing such amount as revenue is neither arbitrary nor at our Directors' discretion, but is determined with reference to the contracts we enter into with individual customers, who use the top-up service on *HealthyWay* mobile application;
- (e) such breakage amount is generated in relation to medical support services, an integral part of our continuing principal business; and
- (f) equivalent worth of health and medical services to their balance in *HealthyWay* mobile application accounts are provided to individual customers after we recognize such revenue, according to our customer service guidelines.

Details of Inactive HealthyWay Mobile Application Accounts Giving Rise to Breakage

- (a) We introduced top-up service onto *HealthyWay* mobile application in 2015.
- (b) In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, the breakage amount generated from the remaining balance of inactive *HealthyWay* mobile application accounts was RMB16.5 million, RMB16.4 million, RMB6.0 million, RMB2.7 million and RMB2.5 million, respectively. In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, our revenue generated from the relevant business, medical support services, was RMB66.1 million, RMB91.4 million, RMB137.6 million, RMB59.4 million and RMB57.2 million, respectively. Such breakage amount accounted for 25.0%, 17.9%, 4.4%, 4.5% and 4.4% of our revenue generated from the relevant business in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively.
- (c) During the Track Record Period and up to the Latest Practicable Date, we were not aware of any material complaints or claims related to inactive *HealthyWay* accounts, that would cause material adverse impact on our business, results of operations, and financial condition.
- (d) Neither repurchase rate nor utilization rate are applicable to this kind of breakage amount.

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Quality Control Measures

We ensure individual customers are kept informed of our revenue recognition policy related to their account balance before entering into contracts with us, to top-up their *HealthyWay* mobile application accounts. We also remind individual customers to use or withdraw their balance in time. We have in place the below quality control measures:

- (a) in-app messages are sent to inactive individual users at least three times a year, to remind them to use or withdraw their balance;
- (b) unused remaining balance can be withdrawn anytime before we recognize such revenue;
- (c) unused remaining balance may not be withdrawn, but we provide individual customers with equivalent worth of certain health and medical services to their balance in *HealthyWay* mobile application accounts, after we recognize such unused remaining balance as revenue; and
- (d) feedback and complaints (if any) filed to our customer services are required to be registered and handled in a timely and proper manner.

The revenue recognition policy related to breakage revenue is determined with reference to the expiry date of the health membership schemes and the remaining balance of inactive *HealthyWay* mobile application. We expect that the breakage amount to be recognized as revenue for the year ending December 31, 2024 will be generally similar to the breakage amounts, in proportion to our revenue in the respective years during the Track Record Period.

Our PRC Legal Advisor is of the view that:

- (i) In terms of the health membership schemes, (a) such business had not been in violation of the PRC laws and regulations in any material respects during the Track Record Period and up to the Latest Practicable Date, on the bases that (1) the subsidiaries operating the business of health membership schemes have obtained all the relevant licenses and permits; and (2) our Group confirmed the fact that no administrative penalty or order to rectify had been imposed by the competent authorities against us in relation to such business; (b) upon the expiry of contracts that we enter into with customers, customers are not entitled to exercise the unexercised contractual rights of the health membership schemes in accordance with the relevant contracts; and

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- (ii) In terms of top-up services of *HealthyWay* mobile application, (a) such business had not been in violation of the applicable PRC laws and regulations in any material respects during the Track Record Period and up to the Latest Practicable Date, based on a consultation interview with the Department of Commerce of Fujian Province (福建省商務廳) in May 2023, in addition to the fact that we have obtained all requisite licenses, approvals and permits that are material to such business; and (b) after being inactive for 36 consecutive months, customers are still eligible to initiate the claims for their remaining balance pursuant to the PRC Civil Procedure Law.

Our PRC Legal Advisor is also of the view that the non-extension of health membership scheme's validity period does not violate the applicable provisions of the Consumer Protection Law of the PRC regarding validity period, because (i) the Consumer Protection Law of the PRC does not explicitly prohibit non-extension provision in service contracts; and (ii) our Group has confirmed the fact that, with reference to the Consumer Protection Law of the PRC, (a) the validity period provision has been included in service contracts of the health membership schemes; (b) we have indicated the validity period provision to customers in a notable manner; and (c) we have duly provided the services to the customers within the validity period.

According to a consultation interview with the Department of Commerce of Fujian Province (福建省商務廳) in May 2023, there are currently no explicit laws or regulations regulating our top-up services. Our PRC Legal Advisor is of the view that our breakage revenue in relation to inactive *HealthyWay* mobile application accounts had not been in violation of the prohibitive provisions of all applicable PRC laws in relation to such business during the Track Record Period and up to the Latest Practicable Date, provided that our individual users are fully informed and have voluntarily executed the contract regarding top-up service of *HealthyWay* mobile application. The contract stipulates, among other things, that the remaining balance of inactive *HealthyWay* mobile application accounts will be forfeited and set to zero. For more information about the contract we enter into with individual users who use the top-up service of *HealthyWay* mobile application, see “—Breakage in Relation to Inactive *HealthyWay* Mobile Application Accounts.”

Based on the above, among others, our Directors believe that it is in line with the industry norm to recognize breakage revenue from our business operations.

Details of the accounting policies over revenue recognition (including breakage revenue) are disclosed in Note 2(t) to the Accountants' Report included in Appendix I to this prospectus issued by the Reporting Accountants in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 “Accountants' Report on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants. The Reporting Accountants' opinion on the Historical Financial Information of our Group (as defined in Appendix I to this prospectus) for the Track Record Period as a whole is set out on pages I-1 to I-3 of Appendix I to this prospectus.

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Corporate and Digital Marketing Services

Corporate Services

Our corporate services provide (i) content services and (ii) information technology services to corporate and institutional customers.

Content Services

We work with external physicians and medical experts to address corporate demand in digital health corporate service market for quality medical content. Our content services comprise (i) wellness content services, (ii) precision content services and (iii) RWS support services.

The table below sets forth each line of business under content services and the respective representative corporate customers.

	Line of Business	Representative Corporate Customer(s)
Content services	Wellness content services	Baidu
	Precision content services	Pharmaceutical companies
	RWS support services	Pharmaceutical companies

Wellness Content Services

We share the same vision with Baidu, one of our major shareholders, of empowering the general public to effectively manage their health at all stages of life. We believe that easy access to wellness content is the key to materializing such vision.

During the Track Record Period, we primarily provided Baidu with evidence-based and physician-vetted wellness content in text or multimedia formats. General public may access this wellness content on the Internet via mobile and desktop devices. In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, we published 3.0 million, 2.4 million, 2.2 million, 1.1 million and around 640 new pieces of wellness content through our wellness content services, and we also regularly updated and refined existing pieces during the Track Record Period to reflect latest research development and align with the evolving needs of the readers. The relatively low number of new pieces published in the six months ended June 30, 2024 was mainly due to our increased focus on updating and refining existing content during that period. As of June 30, 2024, there were 12.4 million pieces of wellness content in total published on the Internet through our wellness content services.

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The revenue of our wellness content services is primarily driven by the number of page view of such wellness content. In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, such wellness content had page views of 2.2 billion, 1.0 billion, 0.8 billion, 0.4 billion and 0.4 billion, respectively. Our revenue generated from wellness content services was RMB47.7 million, RMB18.4 million, RMB12.8 million, RMB5.8 million and RMB6.1 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively. Such revenue was predominantly from Baidu during the Track Record Period.

We work with external medical experts and physicians to create the wellness content. According to the standard form letter of authorization entered into between external medical experts or physicians and us, any ownership of intellectual property rights that they may claim in those works are assigned to us, and we are authorized to apply further edits, designs, and re-production on top of their works. The following illustrates the key steps of wellness content creation:

- discuss and analyze customers' demands internally upon receiving request;
- specify the details and requirements regarding wellness content, and find within our physician network a qualified external medical experts or physician, and assign him/her with the task;
- receive the content contribution from the external medical expert or physician and perform quality check on the content; and
- make compensation to the external medical expert or physician within 30 days after the delivery of the content.

Leveraging our physician network nationwide and our industry insights, we are able to create and deliver a stable supply of high-quality wellness content at a reasonable cost consistently. Meanwhile, we also attract and retain more medical experts and physicians to our platform, as we provide them with opportunities to generate continuous, stable sources of supplemental income, by utilizing their own medical knowledge.

Our wellness content covers a variety of medical topics such as gynecology, obstetrics, pediatrics, otolaryngology, dermatology, oncology, orthopedics, and gastroenterology. To best display different topics to target audiences, we create and design wellness content within multimedia formats, which usually include (i) articles, (ii) audio clips, (iii) videos/short video clips, and (iv) Q&A.

The wellness content that we provide to Baidu is seamlessly connected to and displayed on the search result pages of various platforms of Baidu, including Baidu.com, as well as Baidu mobile application and/or other applications in Baidu’s ecosystem. Set forth below are screenshots illustrating our wellness content created for Baidu.



Wellness content provided to Baidu

Our content production team implements a strict quality control protocol to ensure that the content delivered by us meets Baidu’s standard. There are over 30 full-time content reviewers in our content production team for wellness content services. On average, our content reviewers have over ten years of experience in the healthcare industry, with over 60% holding bachelor’s degrees or above. Under our quality control protocol, our content reviewers select and assign medical topics to external medical experts and physicians, who then submit drafts of wellness content for initial screening. Our screening process employs advanced algorithms to filter out drafts that do not meet our drafting standards or contain controversial and inappropriate contents. The remaining drafts undergo a secondary review by our content reviewers to ensure the accuracy, integrity and reliability of our wellness content.

We also require such content to comply with relevant laws and regulations. All wellness content must be reviewed and checked by us before they are delivered to Baidu. The content we delivered in wellness content services is regulated by the State Administration of Market Regulation (the “SAMR”) and local market supervision and administration departments, and (ii) the National Health Commission (the “NHC”) and local health commissions. During the Track Record Period and up to the Latest Practicable Date, we had obtained all material licenses required by the PRC laws and regulations for such business.

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We primarily deliver our wellness content services through our PRC subsidiaries, Fujian Health Road and Fuzhou Kangzhi. On the bases that (i) our Group confirmed the fact that no administrative penalty or investigation had been imposed or launched by the competent authorities against us in relation to such business; and (ii) we have received a special credit report from Fujian Provincial Economic Information Center (福建省經濟信息中心) confirming that there are no record of legal violations associated with marketing supervision field was found during the Track Record Period, our PRC Legal Advisor is not aware of any violations of PRC laws in material aspects by the related entities regarding wellness content in such field during the Track Record Period.

The following chart demonstrates the flows of services in our wellness content solution, as well as the fund flows.



Precision Content Services

We have developed one-stop, integrated precision content services mainly for pharmaceutical companies, covering the whole process of their marketing campaigns from content creation to advertisement distribution, to performance analysis.

In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, we provided precision content services to one, 13, 15, 14 and nine pharmaceutical companies, respectively. We also provided precision content services to nil, three, two, two and nil other entities in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively, which mainly included medical foundations and optometry companies. The increase in the number of pharmaceutical company customers for precision content services from 2021 to 2023 was primarily due to (i) the increasing demand of pharmaceutical companies that would like to adopt technology-driven marketing services to diversify from traditional marketing channels; (ii) the continuously improving service offerings provided by precision content services to contribute to the business operations of pharmaceutical companies; (iii) our endeavor to promote the precision content solutions to more pharmaceutical companies; and (iv) word-of-mouth marketing in the pharmaceutical industry, as a majority of our customers are large, leading, and reputable domestic pharmaceutical companies.

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Our revenue generated from precision content services was RMB136.6 million, RMB110.5 million, RMB102.7 million, RMB75.4 million and RMB34.4 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively. The decrease in our revenue from precision content services during the Track Record Period was primarily because we allocated more resources to expand our RWS support services. The target pharmaceutical companies of our RWS support services and that of our precision content services generally overlap. Among the one, 13, 15, 14 and nine pharmaceutical companies to which we provided precision content services in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, nil, four, 13, 11 and seven were simultaneously customers of our RWS support services, respectively. As our RWS support services generally have a relatively higher gross profit margin and a higher market demand by pharmaceutical companies, we prioritize the offering of RWS support services to the pharmaceutical companies and utilize precision content services as a complementary offering.

As the laws and regulations on healthcare industry tighten in China, pharmaceutical companies have shifted their marketing campaigns from market-oriented approaches to patient-oriented and academic-driven approaches, compelling pharmaceutical companies to weigh more on generation of evidence-based medical content to promote their drugs and medical products. Digital promotional campaigns on the Internet provide new channels for pharmaceutical companies to reach potential patients or people demanding quality medical content.

To launch precision content marketing campaigns, our customers need to enter into a framework contract with us first. The framework contract usually sets out our service scope as well as information regarding price, type and format of content/services. When we receive specific promotional requests from our customers, we would normally contact them to learn about their business objectives and the expected results to be delivered.

We collaborate with external physicians to create medical content about specific diseases that can be treated by their drugs and medical products, and promote such medical content to target audiences. Patients and those in need can access such medical content through online disease treatment centers on *HealthyWay* mobile application and our WeChat public accounts. We do not advertise or promote any drugs directly via such medical content to target audiences, nor do we mention the brand name of the products or our customers. However, most of the pharmaceutical companies that we provide precision content services to account for a significant market share in the respective drug markets of certain diseases or medical conditions in China. The target audiences (e.g. patients and their families) who would like to get further treatment are likely to be exposed to medical solutions and treatment plans potentially provided by our customers, after they read and learn about the medical content that we create for our customers.

To better engage patients' attention and make the marketing campaigns more effective, we engage external physicians to create and design precision marketing content with multimedia formats, which usually includes (i) articles, (ii) audio clips, (iii) videos/short video clips, and (iv) Q&A. Screenshots illustrating marketing campaigns of precision content services are set forth below.



Precision content displayed on *HealthyWay* mobile application

To ensure that content we deliver to our customers meet their expectations, a strict quality control protocol is in place and implemented by our content production team. There are 25 full-time content reviewers in our content production team for precision content services. Among the 25 content reviewers, five are licensed physicians while the others have relevant backgrounds in medicine, pharmacy and nursing. Led by the licensed physicians, our content production team reviews drafts submitted by external physicians pursuant to strict selection standards. Our selection standards mandate accuracy, relevance, objectivity, accessibility and integrity in the submitted drafts to ensure the quality of precision content services we deliver to our customers. Although we do not participate in creation of precision marketing content, we would require such content to comply with relevant laws and regulations as well as our advertising and promotion guidelines. All precision marketing content must be reviewed before they reach target audiences.

BUSINESS

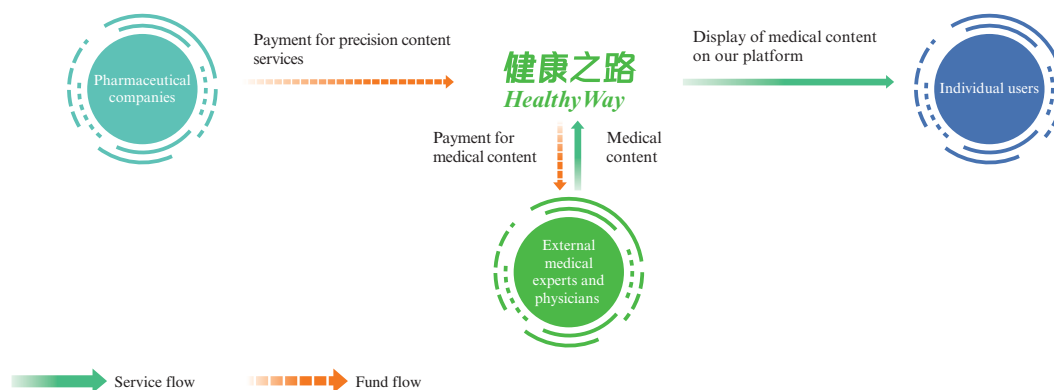
Under the PRC laws, we are required to monitor our websites and mobile interfaces for items or content deemed to be factually incorrect, obscene, superstitious or defamatory, as well as content, products or services that are illegal to sell online, and promptly take appropriate actions with respect to such content, products or services. We may also be subject to potential liabilities for any unlawful actions that are conducted by our customers or any users on our platform. See “Risk Factors—We may be subject to liability for content available on our platform that is alleged to be factually incorrect, obscene, defamatory, libelous, plagiarized or otherwise unlawful.” The content we delivered in precision content services is regulated by (i) the SAMR and local market supervision and administration departments, (ii) the NHC and local health commissions, and (iii) the Ministry of Industry and Information Technology (the “MIIT”) and local communication administrations. As of the Latest Practicable Date, we had not received any material claims or complaints on the content of information posted on our platform, and had obtained all material licenses required by the PRC laws and regulations for such business.

We primarily deliver our precision content services through our PRC subsidiaries, Fujian Health Road and Fujian Health MedTech. Based on that (i) our Group confirmed the fact that no administrative penalty or investigation had been imposed or launched by the competent authorities against us in relation to such business; and (ii) we have received a special credit report from Fujian Provincial Economic Information Center (福建省經濟信息中心) confirming that there are no record of legal violations associated with marketing supervision field was found during the Track Record Period, our PRC Legal Advisor is not aware of any violations of PRC laws in material aspects by the related entities regarding precision content in such field during the Track Record Period.

In 2019, the Chinese Medical Association introduced us to Jilin Jinkang An Pharmaceutical Co. Ltd. (“**Jinkang An**”). Our collaboration with Jinkang An commenced in the fourth quarter of 2020. Jinkang An contributed 100.0%, 77.0%, 53.3%, 54.7% and 8.4% of our revenue generated from precision content services in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively. Although we used to derive a significant portion of revenue of precision content services from Jinkang An in 2021, 2022 and 2023, we had been diversifying our customer base during the Track Record Period. Jinkang An’s contribution of revenue from precision content services decreased from 54.7% for the six months ended June 30, 2023 to 8.4% for the six months ended June 30, 2024, primarily because Jinkang An adjusted its business needs for precision content services in the second half of 2023. Specifically, Jinkang An’s needs have shifted from general educational content about childhood to more specialized materials focusing on childhood growth and development disorders, presented in the form of precision content supplemented with clinical anecdotes. In addition, Jinkang An has also been seeking to broaden the platforms for disseminating such precision content. As a result, they decreased the amount of precision content services purchased from us. Since then, we have been exploring new precision content programs in collaboration with Jinkang An to address its evolving needs. In July 2024, we assisted Jinkang An in launching a new precision content marketing campaign which focused on childhood growth and developmental disorders.

Jinkang An is a subsidiary of a leading pharmaceutical company accounting for a market share of over 85% in the respective drug markets of stunted growth and precocious puberty among children in China. We engage external physicians to create medical content about these two diseases, and disseminate to target audiences on *HealthyWay* mobile application and our WeChat public accounts. Such medical content provides knowledge to target audiences about these two diseases, so that the patients and their families will look for medical advice and treatment accordingly. The prevailing medical solutions and treatment plans could be potentially provided by Jinkang An, considering its significant market share. Jinkang An continued its purchase from us during the Track Record Period mainly because (i) it planned to further penetrate the market by leveraging our capability to acquire and monetize Internet traffic in the digital health and medical service market; and (ii) we can inform target audiences on our platform—average people who suffer from precocious puberty and stunted growth due to lack of professional medical knowledge—of professional medical solutions potentially provided by Jinkang An. To the best knowledge of our Directors, we do not have any other past or present relationships with Jinkang An.

The following chart demonstrates the flows of services in our precision content services, as well as the fund flows.



RWS Support Services

Our real-world study support services are primarily dedicated to helping pharmaceutical companies study and evaluate post-market drugs in real-world settings, in terms of indication, effectiveness and safety and efficacy. We support pharmaceutical companies and other entities, which mainly include medical foundations and biotech companies, in their studies of drugs and other medical products through (i) collecting real-world clinical data; and (ii) performing observation and analysis of clinical evidence-based conditions.



In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, we provided RWS support services to nil, six, 30, 18 and 33 pharmaceutical companies, and nil, one, three, two and nine other entities, respectively. During the same period, we delivered nil, two, 450, 55 and 312 real world study reports, respectively.

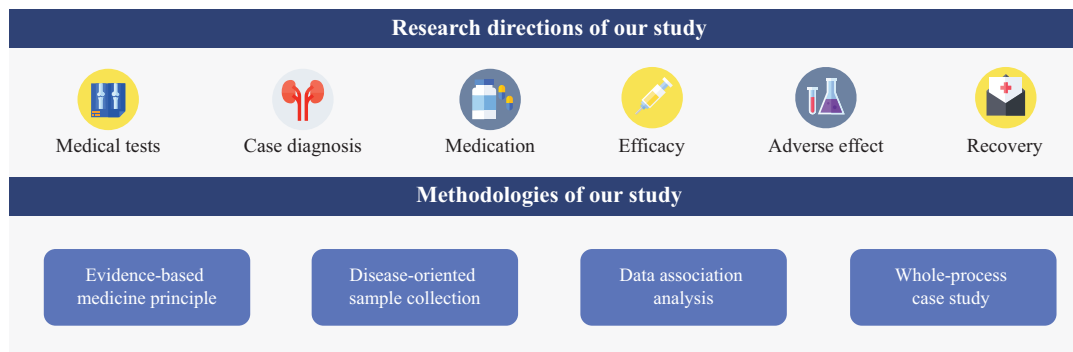
BUSINESS

Our revenue generated from RWS support services was nil, RMB54.5 million, RMB421.9 million, RMB170.9 million and RMB268.1 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively. Our RWS support services generally had a relatively higher gross profit margin during the Track Record Period, as compared to that of precision content services during the same period. In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, our gross profit margin for RWS support services was nil, 18.1%, 23.9%, 17.9% and 29.4%, respectively, while our gross profit margin for precision content services was 3.8%, 14.8%, 18.4%, 19.9% and 18.6% for the respective periods.

The market of RWS support services in China had rapid growth in recent years. According to Frost & Sullivan, the RWS market in China grew rapidly from RMB0.06 billion in 2018 to RMB1.1 billion in 2023, with a CAGR of 76.4% from 2018 to 2023; and it is expected to further increase from RMB1.1 billion in 2023 to RMB6.8 billion in 2027, representing an estimated CAGR of 70.0% from 2024 to 2027. According to Frost & Sullivan, the market size of RWS support services in China is expected to reach RMB23.6 billion in 2030, representing an estimated CAGR of 51.1% from 2027 to 2030. To capture such market demand, we intend to further expand our cooperation with more physicians, thereby broadening our access to a more extensive range of real-world clinical data covering more diseases and medical conditions. We also intend to recruit more medical experts to conduct more advanced analysis and provide more value-added services to pharmaceutical companies. Leveraging such capabilities, we expect to generate more valuable insights for pharmaceutical companies for the study of their drugs in real-world setting. See “—Our Strategies—Drive Physician Engagement and Expand Cooperation with More Physicians to Prioritize the Growth of Related Business Lines” and “Future Plans and Use of Proceeds” for details.

Set forth below is an illustration of the service offerings and key features about our RWS support services.

Areas of study	Service models
<ul style="list-style-type: none">• Clinically-oriented real-world study: Providing real-world evidence for etiological study, diagnosis study, treatment study, and prognosis study.• Western medicine-oriented real-world study: Providing real-world evidence for registration of new medicines and re-evaluation of medicines post-commercialization, as well as pharmacoconomics study.• Chinese medicine-oriented real-world study: Converting traditional medical experience into real-world evidence by providing real-world evidence for modern evaluation of traditional Chinese medicines and polypill with Chinese medicine components.	 Collection of real-world disease data
	 Delivery of research report



Our RWS support services contribute to drug development of companies and institutions in the following respects:

- ***Indication study.*** We support our customers with real-world evidence about their drugs or medical products, in order to potentially identify and verify new indications beyond the originally approved scope. For example, we were engaged by a pharmaceutical company to study a topical medication in a real-world setting during the Track Record Period. Leveraging our physician network, we collaborated with physicians to conduct research in order to discover new indications. We have collected and provided such pharmaceutical company with more than 10,000 desensitized samples. After collecting and processing mass real-world data, we eventually provided our evidence-based findings in the form of reports to the pharmaceutical company. We believe the evidence can support such pharmaceutical company to further develop strategies for obtaining regulatory approval of new indications.
- ***Effectiveness and safety study.*** We support our customers with real-world evidence about their drugs or medical products, in order to test and verify the effectiveness and safety of drugs in a real-world setting. For example, we were engaged by a pharmaceutical company to conduct a post-market real-world study on the effectiveness and safety of levosimendan, a calcium sensitizer used in the management of acutely decompensated congestive heart failure during the Track Record Period. Such real-world study required us to collect and analyze 3,000 desensitized samples in order to support the clinical application of levosimendan. We provided evidence-based conclusions in the form of reports to the pharmaceutical company, further supporting the effectiveness and safety of such medicine post commercialization.

- ***Efficacy study.*** We also support our customers with real-world evidence about their drugs or medical products, in order to learn more about efficacy of certain drugs or treatment plans in a real-world setting. For example, we were engaged by a pharmaceutical company to gather feedback on different treatment plans for several cancers, such as ovarian cancer, breast cancer, lymphoma, and osteosarcoma, during the Track Record Period. We designed surveys focusing on various aspects regarding different treatment plans for such cancers, including duration of treatment, acute medical conditions, use of drugs, use of immunotherapy, outcome of treatment, and adverse effect. We collected and provided over 38,000 desensitized samples to such pharmaceutical company during the Track Record Period. We believe our support to this pharmaceutical company provided real-world evidence to further improve and develop the treatment plans for these cancers.

We use evidence obtained from real world data, which is observational data sourced from a number of real-world settings, such as patient surveys and physician surveys. Our internal RWS support service team, consisting of 25 staff members, participate in and oversee the entire process of providing RWS services. Among our RWS support service team, five are licensed physicians while the others have relevant backgrounds in medicine, pharmacy and nursing. Our internal RWS support service team design the real-world study protocol, prepare survey questions tailored to the needs of our customers and select qualified potential participants. Third-party agencies and physicians then collect clinical data based on our survey questions within selected pool of participants. Our internal RWS support service team then conduct a preliminary review of collected clinical data utilizing non-parametric statistical tests, such as the Mann-Whitney U test and the Kruskal-Wallis H test. This helps us to examine how factors such as age, gender, treatment methods, and disease duration impact the distribution of specific disease effect indicators and safety metrics.

By performing hypothesis testing and employing statistical tests, our internal RWS support team gain insights into the actual distribution of collected clinical data. Following this, we engage external physicians to conduct a secondary review of collected clinical data. Guided by evidence-based medicine principles, external physicians perform a thorough review by integrating various descriptive statistics and validation standards to better understand how the data aligns with clinical statistics. Such secondary review covers common statistical ratios such as clinical effectiveness rate (CER), risk difference (RD), and relative risk (RR). External physicians provide review opinions based on specific clinical issues and context. Finally, our internal RWS support service team summarize the findings from review of clinical data and compile the RWS report.

We primarily engage third-party agencies and, to a lesser extent, collaborate with physicians to collect clinical data for real-world study. We specifically request that third-party agencies and physicians must (i) inform patients of the type, purpose, and processing methods of the collected data; (ii) obtain approvals from the participating patients before collection; (iii) collect data strictly within the scope agreed by the participating patients; (iv) store, transmit and maintain the collected data with secure encryption; and (v) provide desensitized real-world clinical data to us. We set out strict credentials for selecting third parties who would like to participate in our real-world data collection, including the national or regional service scope, responsiveness, professional know-how, and registered capital. The third-party agencies that provide real-world clinical data collection services are mainly clinical trial and study service providers, and professional market research companies.

Real-world evidence is used when clinical trials cannot account for the entire patient population regarding a particular disease. As use of drugs in a clinical trials setting is conducted in a strictly controlled and optimal research environment, it is difficult to determine the generalizability of the trial results in real-world clinical practice. Our RWS support services are very useful tools for our customers to verify indication, safety and effectiveness, and efficacy of drugs in real-world settings. We do not interfere in data collection and set no limitation in respect of patients' age, medicine intake or health conditions, in order to simulate conditions closest to real-world setting. We provide real-world study basis to verify clinical research on drugs. We believe our RWS support services provide evidence-based value to our customers in terms of drug development, in addition to clinical trials.

The following chart demonstrates the flows of services in our RWS support services, as well as the fund flows.



Information Technology Services

We leverage DevOps tool, micro-service architecture, big data analytics, payment gateway, and log service system to help corporate and institutional customers with business operations, administrative management, and marketing decision-making. The DevOps tool contributes to efficient allocation of computing and storage resources, which is crucial to the reliability, stability and scalability of our technology infrastructure. The micro-service architecture is an architectural and organizational approach to software development where software is composed of small independent services, which makes applications easier to scale and faster to develop. The big data analytics is the use of advanced analytic techniques against large, diverse big data sets, in order to uncover information, such as hidden

patterns, correlations, market trends and customer preferences, so that we can make informed business decisions. The payment gateway was developed to help us securely accept payments from customers online. The log service system records events or activities that occur within our technology infrastructure, which is helpful in troubleshooting problems or investigating security incidents. These major self-developed technologies play an important role in developing, maintaining and enhancing the information technology services that we provide to customers.

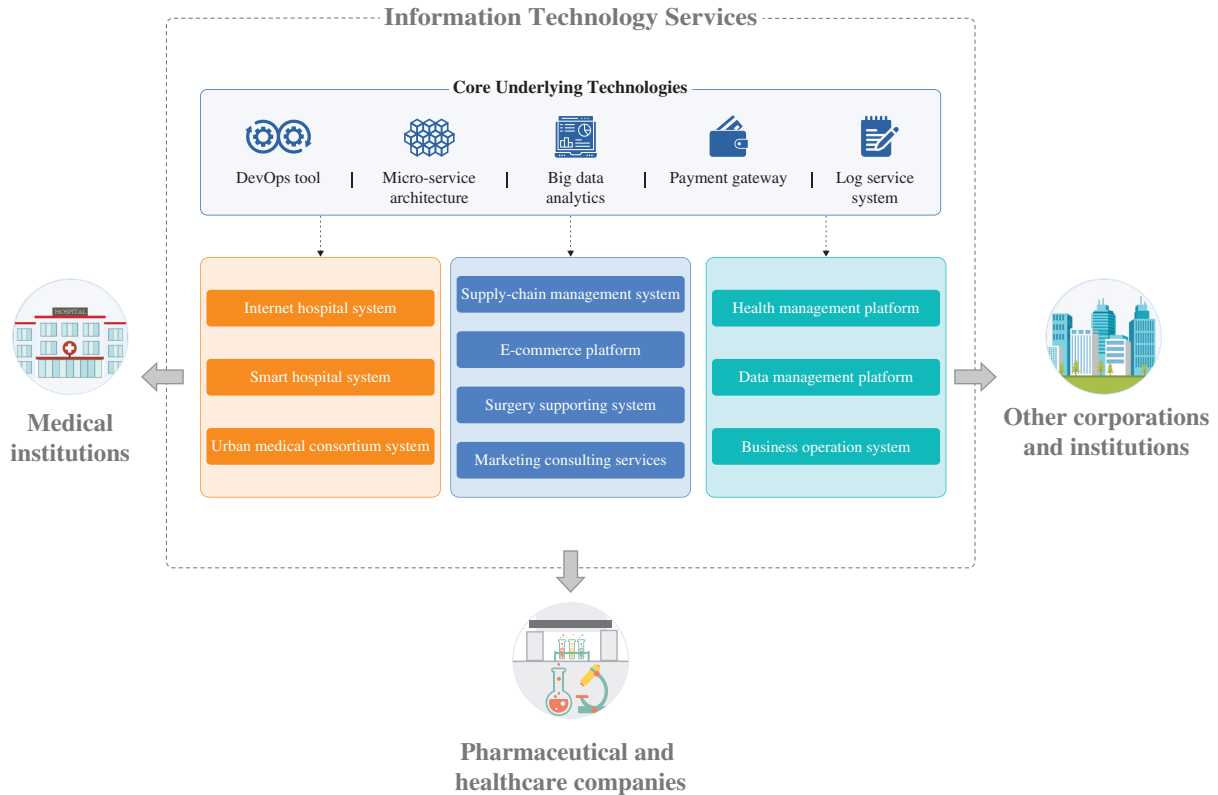
Our in-house technology specialists play a leading role in the development of our major technologies, with the technological support from third-party software development companies. We subcontract some parts of our development modules or assignments to such software development companies, which are Independent Third Parties, because of (i) the flexibility of engaging software development companies on an as-needed basis; (ii) the relatively lower cost compared to our own research and development team and (iii) the convenience of simultaneously developing multiple software development projects as supported by these software development companies. These software development companies mainly contribute to us in terms of (i) development of a proprietary health and medical platform, which potentially could provide physicians with assistance in the medical practice and provides patients with assistance in the daily health management; and (ii) other operational technologies such as cloud services and computing services, in order to support our business and enhance operational efficiency.

We also provide marketing consulting services to corporate and institutional customers to help with their marketing decision-making. We have accumulated abundant experience and strength in this field, primarily because (i) with years of operations in the medical industry, we had obtained valuable industry experience and data that support our marketing consulting services; (ii) our experienced team supports our online and offline operations to provide integrated medical services, and our big data analytics, AI and other digital technologies enable us to interpret the comprehensive patient data and enhance decision-making process; (iii) utilizing big data and AI, we have also developed AI engines to automate responses and enhance customer's experience on our platform; and (iv) our cloud platform offers robust network and storage capabilities to enhance and accelerate service delivery across different infrastructures catered to the customers of our marketing consulting services.

In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, we provided information technology services to 477, 438, 430, 364 and 428 corporate and institutional customers, respectively. Our revenue generated from information technology services was RMB51.0 million, RMB110.5 million, RMB251.9 million, RMB108.9 million and RMB129.3 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively.

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The following diagram provides an overview of our information technology services.



Our information technology services address the operational needs of mainly (i) pharmaceutical and healthcare companies and (ii) medical institutions, in terms of technology infrastructure building and/or marketing consulting services. Details about our information technology services provided to different customers are set forth below:

- **Pharmaceutical and healthcare companies.** Our information technology services contribute to pharmaceutical and healthcare companies in terms of operational efficiency, as we help them digitalize business activities and management approaches. Healthcare companies primarily include (i) health management companies which focus on providing health management services, and (ii) health consultation companies which focus on providing advice, guidance and recommendation to individuals on health-related matters such as health improvement, nutritional counseling and disease prevention, among others. We mainly develop and maintain systems, software, online platforms, mobile applications, WeChat public accounts, and mini-programs that are designed for diverse business scenarios according to the specific needs of our pharmaceutical and healthcare customers. To deliver customer-oriented solutions, we require our product managers and software engineers to thoroughly learn about the pain points and business objectives of our pharmaceutical and healthcare customers immediately after we are engaged. During the Track Record Period, we entered into contracts with pharmaceutical and healthcare companies to develop,

typically, (i) supply-chain management systems, (ii) e-commerce platforms, and (iii) surgery support systems.

Based on the technology infrastructure we develop for pharmaceutical and healthcare companies, we are also engaged to further provide marketing consulting services since 2022 regarding big data analysis and user behavior analysis in order to help them accurately identify target customers. We generated a portion of revenue under information technology services from marketing consulting services since 2022. Although marketing consulting service market in China is highly competitive, we have been leveraging our expanding database of healthcare industry and capitalizing on our data processing and analytics capabilities, to help pharmaceutical and healthcare companies track and observe trending business opportunities in the health and wellness industry. We mainly conduct behavioral pattern analyses and provide detailed patient demographic insights, treatment pattern analyses, and follow-up studies. Our insightful advice on marketing initiatives is primarily based on the methods of relevance analysis. We adopt strict internal control measures to safeguard the user data and privacy on our platform. In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, we provided information technology services to 30, 33, 24, 14 and 17 pharmaceutical and healthcare companies, respectively.

- ***Medical institutions.*** Our information technology services contribute to medical institutions in terms of operational efficiency and transparency. Those medical institutions mainly include hospitals and health centers. We help medical institutions upgrade existing technology infrastructure in the event that their existing technology infrastructure does not have enough capacity to meet the growing demand of patients and the general public. We help medical institutions develop new technology infrastructure in order to (i) resolve pain points related to inefficient everyday management approaches; and (ii) support their new business models. We charge customers for a fee for each of our information technology services. Unlike the technology services which we provide free of charge to newly connected hospitals primarily to facilitate their connection to our platform, the services we provide under the business line of information technology services involve more complicated technological tasks and engage with customers' operations in a more holistic manner. Specifically, these services primarily include building various IT systems to support the business operations, administrative management and market decisions of medical institutions. According to their specific operational needs of medical institutions, we may deliver solutions in the form of systems, software, online platforms, mobile applications, WeChat public accounts, and mini-programs or as simple as digital modules or tools. In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, we provided information technology services to 359, 323, 310, 276 and 347 medical institutions, respectively.

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- Other corporations and institutions.** Our information technology services also provide mainly health-related technology infrastructure to other corporate and institutional customers, such as human resource management companies and local health authorities. For example, we were engaged by (i) a state-owned human resource company to develop a health management platform as part of its employee benefits program, through which the company's employees will have access to a wide range of features and tools tailored to support their health and wellness needs, and (ii) the local government of a city in Fujian Province to build a public health management system and to provide system maintenance services. In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, we provided information technology services to 88, 82, 96, 74 and 64 other corporations and institutions, respectively.

The following table set forth the breakdown of our revenue generated from information technology services by type of customers for the years and periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(Unaudited)</i>									
Pharmaceutical and healthcare companies . . .	9,679	19.0	69,736	63.1	157,183	62.4	49,377	63.8	101,383	78.4
Medical institutions	12,902	25.3	12,169	11.0	9,578	3.8	7,324	6.8	4,635	3.6
Other corporations and institutions	28,449	55.7	28,586	25.9	85,173	33.8	52,189	29.5	23,301	18.0
Total	51,030	100.0	110,491	100.0	251,934	100.0	108,890	100.0	129,319	100.0

Digital Marketing Services

We provide one-stop, integrated digital marketing services that are convenient, affordable, and efficient for advertisers, enabling them to choose media channels and content formats, identify target audiences, build brand images, create social promotion plans, and utilize other powerful tools for marketing and promotion campaigns to acquire, convert, and retain customers.

In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, we provided digital marketing services to 126, 139, 121, 73 and 50 advertisers through publishing and posting 762, 642, 755, 274 and 318 original marketing articles or brand-building advertisements. Our revenue generated from digital marketing services was RMB65.8 million, RMB90.8 million, RMB156.4 million, RMB48.6 million and RMB50.6 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively.

During the Track Record Period, the customers of our digital marketing services mainly included pharmaceutical companies, insurance companies, medical institutions, and other corporations. In 2021, 2022 and 2023 and for the six months ended June 30, 2024, one, three, 11 and nine customers of our digital marketing services were simultaneously customers of our content services, primarily including Baidu and certain large pharmaceutical companies. The number of overlapping customers between the two

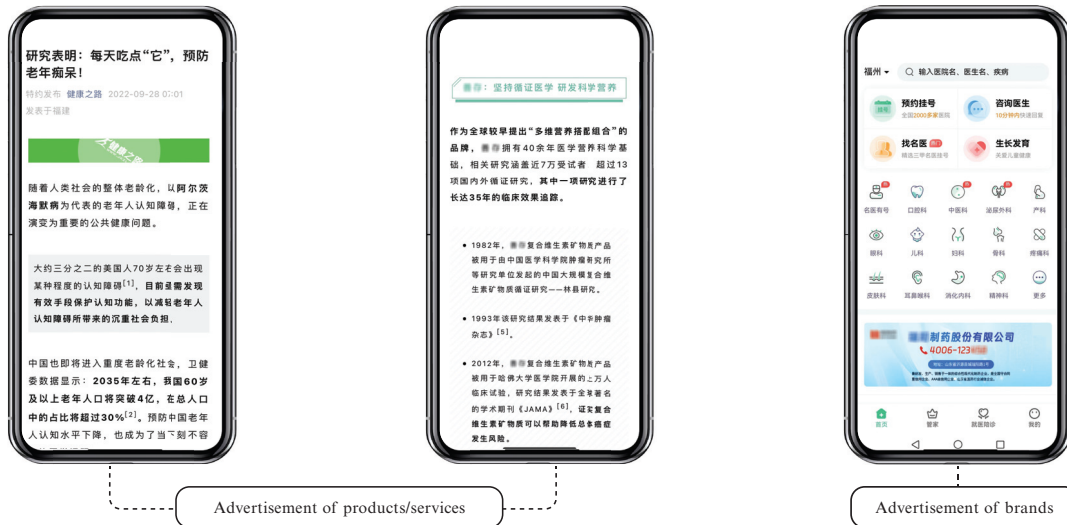
business lines increased steadily during the Track Record Period, primarily because by leveraging our capability to provide a wide range of corporate and digital marketing services, we were able to address the diverse needs of our corporate customers, in particular large companies, prompting an increasing number of our existing customers to explore and utilize our multiple business lines.

We proactively optimize advertisers' return on marketing investment by utilizing our big data analytic capabilities, intelligent algorithms, search engine optimization strategies, and marketing automation tools to help advertisers increase opportunities to convert social media attention into paying customers. We are able to present multi-dimensional marketing effectiveness analytics and real-time reporting, enabling advertisers to continuously monitor the performance of their marketing campaigns. We believe our analytics and optimization technology could help advertisers improve the effectiveness of their marketing and promotion campaigns, and accomplish their business objectives.

We mainly offer two types of digital marketing services:

- **Content display.** Content display services generally refer to advertisement of products, services or brand images through visuals, such as texts, images, and videos on our platform and other third-party advertising service providers.

The following screenshots illustrate our content display service.



- **Sponsored story.** Sponsored story aims at delivering fast-loading, engaging and search engine-friendly advertising that drives more traffic and increases conversions. We create marketing and promotional content in the form of articles, for products and services that advertisers would like to promote. Compared to content display, the immersive experience generated by sponsored stories is designed with the purpose of facilitating target audiences' understanding of the marketed products' functions and benefits, which potentially converts social media attention into paying customers more effectively.

The following screenshots illustrate our sponsored story service.



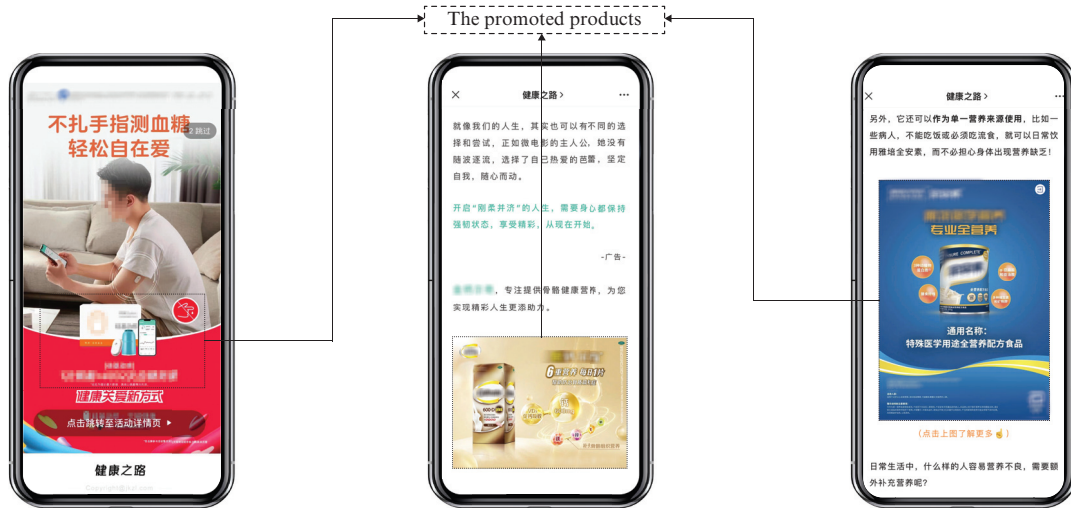
Media channels that we use to provide digital marketing services mainly comprise (i) *HealthyWay* mobile application, (ii) our WeChat public accounts, and (iii) third-party advertising service providers. We engaged two, five, eight, six and five third-party advertising service providers in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively. Headquartered in China, such third-party advertising service providers provide promotional and marketing service on the Internet. We do not participate in the bidding process of advertisement inventories on third-party advertisement platforms.

To the best knowledge of our Directors, there are no other past or present relationships (including, without limitation, business, employment, family, trust, financing fund flow or otherwise) between such third-party advertising service providers and our Company, subsidiaries, shareholders, directors, or associates.

Features about digital marketing services through different media channels are set forth below:

- Advertising via *HealthyWay* mobile application is a marketing format where ads are displayed to individual users who are browsing content. Interested users may be directed to third parties, by clicking the displayed ads.
- Advertising via WeChat public accounts is a marketing format where marketing content appears in articles of our WeChat public accounts. Our WeChat public accounts provide marketing activities in multiple forms, such as text, video, and cartoons. Interested users may be directed to third parties, by clicking the displayed ads.
- Advertising via third-party advertising service providers provides an alternative media channel and supplemental Internet traffic, which contributes to achievement of marketing objectives. Upon receiving marketing materials and our instructions on marketing objectives and campaign schedules, third-party advertising service providers launch advertisement campaigns through their traffic channels.

The following screenshots illustrate marketing campaigns on *HealthyWay* mobile application and our WeChat public account in relation to our digital marketing services.



Digital marketing content displayed on *HealthyWay* mobile application and our WeChat public account

Our digital marketing services have the following features:

- ***Vertical expertise to bring data-driven network effects.*** We believe we can add more value to advertisers in specific industry verticals as we attract more advertisers in those industry verticals and accumulate more data relating to these industries to further optimize marketing performance. Our vertical expertise in the health and medical industry provides us with a competitive advantage in terms of data accumulation, marketing performance optimization, and operational efficiency.
- ***Algorithms and big data analytic capabilities to support precise marketing for advertisers.*** With the aim of optimizing advertisers' return on marketing investment, we apply algorithms, data analytic technologies and search engine optimization strategies to effectively understand customer behavior and transaction data. Our algorithms use data from multiple sources and our own data assets to optimize advertisers' marketing content, marketing campaigns, and promotion activities. We provide audience profiling analysis on their ability to pay, interests, age, gender, and behavior to allow advertisers to precisely target and market to their prospective customers.
- ***High-quality media channels to attract and engage customers.*** We adopt a multi-channel strategy and provide advertisers with marketing and promotion services on *HealthyWay* mobile application, our WeChat public accounts, and certain third-party advertising service providers. Advertisers can capitalize on the user traffic of these media to expose and promote their products and services. Advertisers can also choose other third-party advertising service providers to launch marketing and promotion campaigns.

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To verify and agree with our customers for calculating revenue, or with our suppliers for calculating costs, we would provide or request advertisement tracking data, advertisement screenshots and billing documents, and settle the payments with customers and suppliers upon mutual agreement. For customers, we offer both performance-based pricing models (i.e. CPC) and non-performance-based pricing models (i.e. CPM and CPT). See “—Pricing.” For suppliers, we determine the service fees primarily based on CPC model.

As of the Latest Practicable Date, we had obtained all material licenses required by the PRC laws and regulations for our digital marketing services. We primarily conduct our digital marketing services through our PRC subsidiaries, Fujian Health Road, Fujian Health MedTech and Health Road HealthTech. Our PRC Legal Advisor is of the view that the digital marketing services of the relevant entities had not been in violation of applicable advertisement laws in material aspects during the Track Record Period, on the basis that (i) during consultation interviews, both Administration for Market Supervision General Administrative Enforcement Brigade of Gulou District, Fuzhou (福州市鼓樓區市場監督管理局綜合行政執法大隊) and Administration for Market Supervision General Administrative Enforcement Brigade of Gaoxin District, Fuzhou (福州市高新區市場監督管理局綜合行政執法大隊) confirmed that, (a) our digital marketing services had been in compliance with applicable laws and regulations on advertising and (b) we had not been penalized or investigated due to any violation or non-compliance incident under the aforementioned laws and regulations up; and (ii) Fuzhou Administration for Market Supervision (福州市市場監督管理局) has issued confirmations stating that it has not noticed any record of violations by such entities concerning applicable market supervision laws and regulations during the Track Record Period.

PRICING

We take into account a variety of factors in determining our pricing strategies, such as staff costs, procurement cost from suppliers, market demand, anticipated market trends, utilization rate, prices of our competitors’ products, and research and development costs. The table below set forth details about our pricing policies.

Service Fees and Pricing Policies			
Business Segments	Business Lines	Sub-Business Lines	
Health and medical services	Medical support services	Health membership schemes	For individual customers, we mainly adopt a subscription-based payment model and charge them on a regular basis. Subscription fees are generally non-refundable. The price of different health membership schemes may vary, based on the anticipated utilization rate and cost of services of different schemes. For corporate customers, we generally charge a fixed service fee based on the services they choose from our portfolio and the number of subscriptions. The price of our health membership schemes typically ranges from RMB20 to RMB200, in terms of revenue contribution.
		Other medical support services	With respect to medical consultation services, we charge our customers a flat service fee for each consultation session or service request, which is determined based on the scope and standards of services and service fees used to pay the registered physicians who provide the relevant services.
			With respect to hospital guidance services and patient satisfaction surveys, we charge medical institutions a fixed service fee on a monthly basis or based on the volume of surveys collected.
	Value-based medical services	Healthcare service packages	We price our healthcare service packages based on the cost of health products and the anticipated utilization rate and cost of services of our health membership schemes. We also take into consideration market demand, competition and our marketing strategy. The price of our healthcare service packages typically range from RMB2,000 to RMB10,000, in terms of revenue contribution.
		Pharmaceutical sales business	We price our products or services by taking into consideration various factors, including our procurement price, marketing strategy, market demand, and pricing policy in the pharmaceutical industry.
			With respect to wellness content services, we charge Baidu service fees primarily based on CPM model.
		Content services	With respect to precision content services, we charge our customers a flat fee for each piece of content delivered, which is determined based on the form and standard of such customized content and service fees used to pay our content creators.
	Corporate services		With respect to RWS support services, we charge our customers a service fee based on the scope of data to follow and collect as well as the complexity of services including the time required to finish the project.
Corporate and digital marketing services		Information technology services	With regard to technology infrastructure building, we provide customized technology infrastructure tailored to the specific needs of our corporate and institutional customers. We generally charge a project-based service fee based on the project's complexity, the time required, and the labor involved, while also taking into account the industry pricing range on a case-by-case basis.
	Digital marketing services	N/A	With regard to marketing consulting services, we provide customized big data analysis reports tailored to the specific needs of pharmaceutical and healthcare companies. We generally charge a report-based service fee based on the sample size of requested, the time required, the labor involved, while also taking into account the industry pricing range on a case-by-case basis.
			We take into account a variety of factors in determining our pricing strategies, such as market demand, anticipated market trends, scope of service, and popularity of the marketing channels. We acknowledge the diverse demands of our advertisers from many industry backgrounds, and maintain flexible pricing policies. We offer both performance-based pricing models (i.e. CPC) and non-performance-based pricing models (i.e. CPM and CPT) to our customers.

MATERIAL CLAUSES AND TERMS OF AGREEMENTS

Set forth below is a summary of the major clauses and terms of major agreements between us and our customers/suppliers.

Health and Medical Services

Medical Support Services

Set forth below is a summary of typical service agreements that we enter into with individual and corporate customers in respect of health membership schemes.

- *Term.* Our service agreements may have varied terms in respect of different health membership schemes. Typically, the term ranges from three months to a year.
- *Termination.* Termination is generally conditioned upon mutual consents, breach of contract, or force majeure.
- *Payment.* Our customers typically pay us prior to the start of our services.

Set forth below is a summary of typical service agreements that we enter into with individual customers who use the top-up service in *HealthyWay* mobile application.

- *Term.* The balance in *HealthyWay* mobile application is valid as long as users remain active.
- *Scope of services.* The balance can be used for purchasing medical consultation services, health membership schemes and certain other health and medical services.
- *Refund policy.* Refundable within 36 months.
- *Termination.* Termination is generally conditioned upon breach of contract, breach of law, government order, security reasons, or force majeure.

Value-based Medical Services

Set forth below is a summary of typical service agreements in respect of healthcare service packages.

- *Term.* Typically three months to six months.
- *Termination.* Termination is generally conditioned upon mutual consents, breach of contract, or force majeure.
- *Payment.* Our customers typically pay us prior to the start of our services.

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Set forth below is a summary of typical sales agreements that we enter into with third-party pharmacies and pharmaceutical trading companies in respect of pharmaceutical wholesale business.

- *Terms.* We generally enter into a one-off sales agreement for each order with our customers with no specified term.
- *Minimum sales or purchase amount.* We generally do not set any minimum purchase or sales amounts for our customers.
- *Sales restriction.* We typically do not impose geographical restriction or other sales restriction on our customers.
- *Pricing.* We sell products to our customers at an agreed price, and do not mandate selling price to end-customers.
- *Payment.* We grant the credit term on a case-by-case basis based on our assessment of customer's procurement amount, credibility and business scale. Typically, the credit term is no more than 30 days.
- *Return/Refund.* We generally do not accept product return or refund except for quality reasons.

Corporate and Digital Marketing Services

Corporate Services

Set forth below are the summaries of typical service agreements that we enter into with corporate customers in respect of our content services, including wellness content services, precision content services and RWS support services.

- *Term.* Typically one year.
- *Termination.* Termination is generally conditioned upon mutual consents, breach of contract, or force majeure.
- *Payment.* Our customers typically pay us mainly on a monthly basis.

Set forth below are the summaries of typical service agreements that we enter into with corporate and institutional customers in respect of information technology services.

- *Term.* Typically one year to two years.
- *Termination.* Termination is generally conditioned upon mutual consents, breach of contract, or force majeure.
- *Payment.* Our customers typically make installment payment according to project schedule or prior to our performance of services.

BUSINESS

Digital Marketing Services

Set forth below is a summary of typical sales agreement that we enter into with advertisers.

- *Term.* Typically six months to one year.
- *Termination.* Termination is generally conditioned upon mutual consents, breach of contract, or force majeure.
- *Payment.* Our customers pay us advertising fees according to project schedule, either prior to or after our performance of services, depending on the agreement that we enter into with different customers.

OUR CUSTOMERS

Our customers primarily consist of pharmaceutical companies, information technology companies, insurance companies, insurance brokerage companies, and pharmaceutical retailers. In 2021, 2022 and 2023 and for the six months ended June 30, 2024, revenue generated from our top five customers in each of those years accounted for 52.2%, 41.5%, 33.7% and 36.2% of our total revenue, respectively, while revenue generated from our largest customer in each of those years alone accounted for 31.9%, 14.9%, 9.4% and 12.9% of our total revenue during 2021, 2022 and 2023 and for the six months ended June 30, 2024, respectively.

All of our five largest customers in each year/period during the Track Record Period are Independent Third Parties, except Baidu (and its joint ventures and associates). For more information about our transactions with Baidu (and its joint ventures and associates), see “Continuing Connected Transactions”, “Financial Information—Material Related Party Transactions,” and Note 30 to the Accountants’ Report in Appendix I to this prospectus. Our Directors are of the view that the transactions with Baidu (and its joint ventures and associates) were conducted on an arm’s length basis, and in the ordinary course of business under normal commercial terms. None of our Directors, their respective associates or any Shareholder holding more than 5% of our issued share capital had any interest in any of our top five customers in each year during the Track Record Period and as of the Latest Practicable Date.

The tables below set out the details of our top five customers in each year/period during the Track Record Period.

BUSINESS

Year Ended December 31, 2021

Customer	Revenue contribution <i>RMB'000</i>	Percentage of total revenue %	Business relationship since	Principal business	Registered capital <i>RMB'000</i>	Services/Products provided by us
Jilin Jinkang An Pharmaceutical Co. Ltd. (吉林省金康安醫藥有限責任公司)	137,526	31.9	2020	Pharmaceutical wholesale and retail business	10,000	Precision content services
Baidu	50,584	11.7	2014	Technology promotion and application services	N/A	Wellness content services
Customer A ⁽¹⁾	21,733	5.0	2021	Information technology consulting services	312,500	Digital marketing services
Xiang'an Online Insurance Broker (Guangdong) Co., Ltd. (享安在線保險經紀(廣東)有限公司)	8,167	1.9	2019	Insurance brokerage services	50,000	Health membership schemes
Customer B ⁽²⁾	7,547	1.7	2021	Information technology consulting services	384,427	Digital marketing services

Year Ended December 31, 2022

Customer	Revenue contribution <i>RMB'000</i>	Percentage of total revenue %	Business relationship since	Principal business	Registered capital <i>RMB'000</i>	Services/Products provided by us
Jilin Jinkang An Pharmaceutical Co. Ltd. (吉林省金康安醫藥有限責任公司)	85,041	14.9	2020	Pharmaceutical wholesale and retail business	10,000	Precision content services
Customer C ⁽³⁾	54,786	9.6	2022	Pharmaceutical manufacturing, and wholesale and retail business	298,000	Precision content services and RWS support services
Fujian Jianming Pharmaceutical Technology Group Co. Ltd. (福建健明醫藥科技集團有限公司)	46,405	8.2	2021	Pharmaceutical wholesale and retail business	50,000	Information technology services
Baidu	24,932	4.4	2014	Technology promotion and application services	N/A	Wellness content services
Fujian Youyao Butler Technology Co., Ltd. (福建有藥管家科技有限公司)	24,783	4.4	2022	Pharmaceutical wholesale and retail business	12,500	Health membership schemes and digital marketing services

BUSINESS

Year Ended December 31, 2023

Customer	Revenue contribution <i>RMB'000</i>	Percentage of total revenue %	Business relationship since	Principal business	Registered capital <i>RMB'000</i>	Services/Products provided by us
Customer C ⁽³⁾	117,571	9.4	2022	Pharmaceutical manufacturing, and wholesale and retail business	298,000	Precision content services and RWS support services
Fujian Kangcheng Pharmaceutical Co., Ltd. (福建康成醫藥有限公司)	95,488	7.7	2023	Pharmaceutical wholesale and distribution	20,000	RWS support services
Customer D ⁽⁴⁾	92,329	7.4	2023	Pharmaceutical wholesale and distribution	10,000	Information technology services and digital marketing services
Xiang'an Online Insurance Broker (Guangdong) Co., Ltd. (享安在線保險經紀(廣東)有限公司)	60,236	4.8	2019	Insurance brokerage services	50,000	Health membership schemes
Jilin Jinkang An Pharmaceutical Co. Ltd. (吉林省金康安醫藥有限責任公司)	54,770	4.4	2020	Pharmaceutical wholesale and retail business	10,000	Precision content services

Six Months Ended June 30, 2024

Customer	Revenue contribution <i>RMB'000</i>	Percentage of total revenue %	Business relationship since	Principal business	Registered capital <i>RMB'000</i>	Services/Products provided by us
Customer D ⁽⁴⁾	78,600	12.9	2023	Pharmaceutical wholesale and distribution	10,000	Information technology services and digital marketing services
Customer C ⁽³⁾	55,934	9.1	2022	Pharmaceutical manufacturing, and wholesale and retail business	298,000	Precision content solutions and RWS support services
Fujian Kangcheng Pharmaceutical Co., Ltd. (福建康成醫藥有限公司)	29,322	4.8	2023	Pharmaceutical wholesale and distribution	20,000	RWS support services and digital marketing services
Fujian Xinfukang Pharmaceutical Co., Ltd. (福建鑫福康醫藥有限公司) ⁽⁵⁾	29,245	4.8	2023	Pharmaceutical distribution and retail	20,000	RWS support services and digital marketing services
Customer F ⁽⁶⁾	28,066	4.6	2023	Chemical preparation manufacturing	366,740	RWS support and digital marketing services

BUSINESS

Notes:

- (1) Headquartered in Shanghai, customer A is an information technology company that operates online video content platforms. Customer A is ultimately controlled and owned by a major state-owned telecommunications operator in China.
- (2) Headquartered in Shanghai, customer B is an information technology company that offers legal solutions via digital platform.
- (3) Headquartered in Shijiazhuang, Hebei Province, customer C is a manufacturer and retailer of pharmaceutical products. The ultimate parent company of customer C is a public company listed on the Main Board of the Stock Exchange.
- (4) Headquartered in Jinan, Shandong Province and established in 2018, customer D is a privately owned small-size wholesaler and distributor of pharmaceutical products, medical devices and disinfection supplies. We established connections with customer D in 2023 through business visit. Customer D became one of our five largest customers in the same year, primarily because it engaged us as its principal service provisioner to help promote two of their major pharmaceutical products. The information technology services we provided to customer D primarily included big data analytics, whereby we helped it analyze its product positioning and customer data in terms of patient flows, patient concentration, expenditures, geographical distribution and purchasing behaviors, among others, and we further prepared industry research reports for the relevant products. The digital marketing services provided to customer D primarily included online advertising, door-to-door marketing and the preparation of advertising materials, among others. Saved as otherwise disclosed, there is not any past or present relationship (including business, employment, family, trust, financing fund flow or otherwise) between our Group and Customer D, their respective substantial shareholders, directors or senior management, or any of their respective associates.
- (5) Headquartered in Longyan, Fujian Province, Fujian Xinfukang Pharmaceutical Co., Ltd. is a retailer and distributor of pharmaceutical products.
- (6) Headquartered in Yiyuan, Shandong Province, customer F is a large-size pharmaceutical manufacturer.

BUSINESS

The following table summarizes how we solicit individual and corporate customers of different services.

Business Segments	Business Lines	Sub-Business Lines	Solicitation Methods
Health and Medical Services	Medical Support Services	Health Membership Schemes	We solicit individual customers mainly through (i) the WeChat public accounts; (ii) <i>HealthyWay</i> mobile application; (iii) third-party social media platforms; and (iv) offline promotion channels. We solicit corporate customers by (i) paying customer visits; (ii) participating in tender processes; and (iii) having business negotiations. Corporate customers mainly include insurance companies, insurance brokerage companies, other financial institutions, and other corporations.
		Other Medical Support Services	We solicit individual customers mainly through (i) our WeChat public accounts; and (ii) <i>HealthyWay</i> mobile application, in respect of medical consultation services. We solicit hospitals mainly through business negotiations, by (i) paying customer visits; and (ii) having business negotiations
	Value-based Medical Services	Healthcare Service Packages	We solicit individual customers mainly through (i) third-party social media platforms; and (ii) offline promotion channels.
		Pharmaceutical Sales Business	We operate physical pharmacies offline as a way to bring in individual customers. We bring in third-party pharmacies and pharmaceutical trading companies for our pharmaceutical wholesale business by making customer visits and leveraging our brand, reputation and existing business resources.
	Corporate and Digital Marketing Services	Corporate Services	Content Services
Information Technology Services			We solicit (i) pharmaceutical and healthcare companies and (ii) medical institutions mainly by making customer visits and leveraging brand and reputation.
Digital Marketing Services		/	We solicit advertisers mainly by making customer visits, or by converting existing customers of our corporate services. Our technical expertise and experience, in terms of reaching and monetizing Internet traffic, play an important role in solicitation of advertisers.

OUR SUPPLIERS

Our suppliers primarily consist of providers of advertising and marketing services, human resource services, offline promotion services, payment processing services, information technology and software development services, and health products. In 2021, 2022 and 2023 and for the six months ended June 30, 2024, purchases from our five largest suppliers in each of those years in aggregate accounted for 21.9%, 36.7%, 42.3% and 39.6% of our total purchases, respectively, and purchases from our largest supplier in each of those years alone accounted for 9.9%, 19.2%, 18.2% and 11.5% of our total purchases during 2021, 2022 and 2023 and for the six months ended June 30, 2024, respectively.

All of these suppliers are located in China. We believe we have sufficient alternative suppliers for our business that can provide us with substitutes of comparable quality and prices. During the Track Record Period, we did not experience any disruption to our business as a result of any significant shortage or delay in supply of the products we sourced from our suppliers.

To the best of our knowledge, all of our five largest suppliers in each year during the Track Record Period are Independent Third Parties. None of our Directors and, to the knowledge of our Directors, their respective close associates or any Shareholders holding more than 5% of our issued share capital had any interests in any of our five largest suppliers in each year during the Track Record Period as of the Latest Practicable Date. The tables below set out the details of our top five suppliers in each year/period during the Track Record Period.

BUSINESS

Year Ended December 31, 2021

Supplier	Purchase amount <i>RMB'000</i>	Percentage of total purchase %	Business relationship since	Principal business	Services/Products provided to us
Supplier A	25,547	9.9	2020	Information technology and software development services	Advertising and marketing services
Hunan Haolv Information Technology Co., Ltd (湖南皓旅信息技術有限公司)	9,676	3.8	2021	Sale of health products	Health products
Supplier B	8,507	3.3	2018	Human resource management services	Payment processing services
Supplier C	8,371	3.2	2021	Sale of health products	Health products
Fuzhou Kexun Network Technology Co. Ltd (福州市科訊網絡科技有限公司)	4,344	1.7	2020	Healthcare consultation and management services, and promotion services	Human resource services and promotion services

Year Ended December 31, 2022

Supplier	Purchase amount <i>RMB'000</i>	Percentage of total purchase %	Business relationship since	Principal business	Services/Products provided to us
Supplier A	62,135	19.2	2020	Information technology and software development services	Advertising and marketing services
Fuzhou Kexun Network Technology Co. Ltd (福州市科訊網絡科技有限公司)	27,934	8.6	2020	Healthcare consultation and management services, and promotion services	Human resource services and promotion services
Hunan Haolv Information Technology Co., Ltd (湖南皓旅信息技術有限公司)	11,906	3.7	2021	Sale of health products	Health products
Supplier D	9,654	3.0	2022	Information technology and software development services	Information technology services
Supplier E	7,239	2.2	2021	Information technology and software development services	Software and technology development

BUSINESS

Year Ended December 31, 2023

Supplier	Purchase amount <i>RMB'000</i>	Percentage of total purchase %	Business relationship since	Principal business	Services/Products provided to us
Jiangsu Beimle e-commerce Co., Ltd. (江蘇貝姆樂電子商務有限公司) ⁽¹⁾	153,838	18.2	2022	Internet information services	Content development
Hangzhou Zhenqu Network Technology Co., Ltd (杭州真趣網絡科技有限公司) ⁽²⁾	67,310	8.0	2023	Internet information services	Advertising and marketing services
Fuzhou Kexun Network Technology Co. Ltd (福州市科訊網絡科技有限公司)	63,962	7.6	2020	Healthcare consultation and management services, and promotion services	Human resource services and promotion services
Zhijian (Shanghai) E-commerce Co., Ltd (智見(上海)電子商務有限公司) ⁽³⁾	37,631	4.4	2023	Market research services and promotion services	Content development
Fujian Kangcheng Pharmaceutical Co., Ltd. (福建康成醫藥有限公司)	34,599	4.1	2023	Pharmaceutical wholesale and retail business	Drug

Six Months Ended June 30, 2024

Supplier	Purchase amount <i>RMB'000</i>	Percentage of total purchase %	Business relationship since	Principal business	Services/Products provided to us
Fujian Crestv Information Co., Ltd. (福建凱盈資訊有限公司) ⁽⁴⁾	49,194	11.5	2023	Information technology consulting services	Content development
Zhijian (Shanghai) E-commerce Co., Ltd (智見(上海)電子商務有限公司) ⁽³⁾	32,446	7.6	2023	Other wholesale businesses not listed	Content development
Hangzhou Zhenqu Network Technology Co., Ltd (杭州真趣網絡科技有限公司) ⁽²⁾	30,666	7.2	2023	Other science and technology extension services	Advertising and marketing services
Fuzhou Dalu Network Technology Co., Ltd. (福州市大呂網絡科技有限公司)	29,004	6.8	2022	Engineering and technology research and experimental development	Technology support services
Jiangsu Beimle e-commerce Co., Ltd. (江蘇貝姆樂電子商務有限公司) ⁽¹⁾	28,022	6.5	2022	Pharmaceutical and medical equipment wholesale	Content development

BUSINESS

Notes:

- (1) Headquartered in Yancheng, Jiangsu Province and established in 2019, Jiangsu Beimle e-commerce Co., Ltd. (“**Jiangsu Beimle**”) is a small-size Internet information service company that primarily engages in software development, advertising design, data processing and market search. It has registered capital of RMB10,000 thousand and its ultimate beneficial owner is Li Chao. We established connections with Jiangsu Beimle in 2022 through peer referral. The content development services Jiangsu Beimle provided in 2023 and the six months ended June 30, 2024 primarily included collecting cases and data through offline surveys in support of our RWS support services and posting advertisements on platforms such as Sina Weibo in support of our digital marketing services. It became one of the our five largest suppliers in 2023, primarily because with access to ample resources in the healthcare industry and possesses a vast database that extends from patients to healthcare professionals, it was able to efficiently meet our requirements, including RWS support services and digital marketing services. Saved as otherwise disclosed, there is not any past or present relationship (including business, employment, family, trust, financing fund flow or otherwise) between our Group and Jiangsu Beimle, their respective substantial shareholders, directors or senior management, or any of their respective associates.
- (2) Headquartered in Hangzhou, Zhejiang Province and established in 2011, Hangzhou Zhenqu Network Technology Co., Ltd (“**Hangzhou Zhenqu**”) is a small-size Internet information service company that primarily engages in Internet marketing services. It has registered capital of RMB18,182 thousand and its ultimate beneficial owner is Zhao Xiaoqiang. We established connections with Hangzhou Zhenqu in 2023 through customer referral. We engaged Hangzhou Zhenqu in support of our digital marketing services, who helped advertising products of our customers through visuals on the major Internet platforms. It became one of our five largest suppliers in 2023, primarily because (i) Hangzhou Zhenqu was able to efficiently collect and analyze the key data we needed and actively reported on their marketing activities to us; (ii) it utilized multi-channels for promotion and was able to select promotion channels based on target audience and market dynamics, thus helping maximize the customers’ brand influence in an efficient manner; and (iii) it demonstrated an adequate understanding of our business model and objectives and was able to provide prompt service support to meet our specific needs during our collaboration. Saved as otherwise disclosed, there is not any past or present relationship (including business, employment, family, trust, financing fund flow or otherwise) between our Group and Hangzhou Zhenqu, their respective substantial shareholders, directors or senior management, or any of their respective associates.
- (3) Headquartered in Shanghai and established in 2020, Zhijian (Shanghai) E-commerce Co., Ltd (“**Zhijian Shanghai**”) is a small-size market research and promotion service company that primarily engages in digital services and online sale. It has registered capital of RMB26,000 thousand and its ultimate beneficial owner is Guo Wei. We established connections with Zhijian Shanghai in 2023 through customer referral. The content development services Zhijian Shanghai provided in 2023 and the six months ended June 30, 2024 primarily included collecting cases and data for us through offline channels in support of our RWS support services. It became one of the our five largest suppliers in 2023, primarily because (i) it showed us strong capability for data collection and optimization, and was able to provide prompt service support to meet our specific needs during our collaboration; (ii) we could benefit from its extensive industry resources as it has forged strategic partnership with multiple leading Internet platforms; and (iii) it owns a professional consultant team consisting of physicians and medical experts, enabling to deliver high-quality services. Saved as otherwise disclosed, there is not any past or present relationship (including business, employment, family, trust, financing fund flow or otherwise) between our Group and Zhijian Shanghai, their respective substantial shareholders, directors or senior management, or any of their respective associates.

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- (4) Headquartered in Fuzhou, Fujian Province and established in 2012, Fujian Crestv Information Co., Ltd. (“**Fujian Crestv**”) is a digital solution provider that mainly engages in providing smart finance and taxation payment services to enterprises. It has registered capital of RMB20,000 thousand. We established connections with Fujian Crestv in 2023 through a business exchange meeting in Fuzhou. The content development services Fujian Crestv provided in the six months ended June 30, 2024 primarily included collecting cases and data for us through both online and offline channels in support of our RWS support and services and providing data analysis and market research in support of our digital marketing services. It became one of our five largest suppliers in the six months ended June 30, 2024, primarily because (i) we could benefit from Fujian Crestv’s extensive customer base as it has developed business collaboration with numerous large enterprises; (ii) as a smart finance company, Fujian Crestv possesses an intelligent platform system which could efficiently collect and analyze pertinent data; and (iii) Fujian Crestv demonstrated proficient data analytical capabilities that facilitated targeting the relevant audience. Save as otherwise disclosed, there is not any past or present relationship (including business, employment, family, trust, financing fund flow or otherwise) between our Group and Fujian Crestv, their respective substantial shareholders, directors or senior management, or any of their respective associates.

OVERLAPPING OF CUSTOMER AND SUPPLIER

During the Track Record Period, one of our major customers, Fujian Kangcheng Pharmaceutical Co., Ltd. (“**Fujian Kangcheng**”), was also a major supplier. Established in 2006 with registered capital of RMB20,000 thousand and headquartered in Longyan, Fujian Province, Fujian Kangcheng is a small-size enterprise that principally operates pharmaceutical wholesale and retail business. Its ultimate beneficial owner is Luo Cheng.

We established connections with Fujian Kangcheng in 2023 through business exchange activities. In 2023, we provided RWS support services to Fujian Kangcheng, and procured from Fujian Kangcheng a drug that is commonly used to treat Influenza A and B viruses in connection with the expansion of our pharmaceutical sales business. Fujian Kangcheng became one of our five largest customers in 2023, primarily because, as the national agent for multiple drugs, it collaborates with pharmaceutical manufacturers in collecting real-word data and generating study reports for post-market drugs in order to help these pharmaceutical manufacturers assess the effectiveness and safety of the drugs, and therefore, it has a large demand for RWS support services. As such, Fujian Kangcheng has engaged us as the principal service provider for RWS support services.

Additionally, Fujian Kangcheng simultaneously became one of our five largest suppliers in 2023, primarily because (i) the market demands for drugs treating Influenza A and B viruses soared in 2023 due to the frequent outbreaks of influenza, which led to a substantial increase in our procurement volume of the drug from Fujian Kangcheng; and (ii) the familiarity formed through our business collaboration on RWS support services has facilitated further business cooperation between us.

Fujian Kangcheng continued to be one of our five largest customers in the six months ended June 30, 2024 as a result of the RWS support services and digital marketing services we provided to it. Saved as otherwise disclosed, there is not any past or present relationship (including business, employment, family, trust, financing fund flow or otherwise) between our Group and Fujian Kangcheng, their respective substantial shareholders, directors or senior management, or any of their respective associates.

BUSINESS

The negotiation of the terms of arrangements with Fujian Kangcheng were conducted separately, and the sales and purchases were neither inter-connected nor inter-conditional with each other. Our Directors confirm that (i) all of our sales to and purchase from Fujian Kangcheng were carried out in the ordinary course of business under normal commercial terms and on arm's length basis; and (ii) the salient terms of the transactions that we entered into with Fujian Kangcheng were similar to those that we entered into with other customers or suppliers. In 2023, the revenue generated from Fujian Kangcheng represented 7.7% of our total revenue, and the procurement amount attributable to Fujian Kangcheng represented approximately 4.1% of our total purchases in the same year.

SALES AND MARKETING

We believe that the most effective form of sales and marketing initiatives is to continually enhance our user satisfaction, which will engender word-of-mouth referrals and more uses of our services. At the core of our sales and marketing strategy is to devote relentless effort to improving brand recognition, building strong user loyalty and increasing user traffic on our platform.

Sales

Our services are mainly promoted by an experienced business development team that consists of both our employees and part-time health assistants. Our sales force is primarily organized by types of end-customer, and is further organized into multiple regional teams covering different regions across China. We incentivize our business development teams by setting specific key performance goals for each team and by adopting a commission-based reward mechanism linked to the sales personnel's performance.

Marketing

We run a marketing team responsible for increasing the awareness of our brand, promoting our services and solution offerings, maintaining our relationship with business partners, and managing public relations. One core function of our marketing team primarily focuses on branding, including hosting online and offline seminars to promote our brand, and another core function of our marketing team, employees of which are located in different provinces, mainly specializes in maintaining regional business relationships and exploring new business opportunities. Our marketing approach focuses first and foremost on individual and corporate customers, large hospitals and medical institutions, and physician network. On top of these key customers, we seek to expand our customer base to more medical institutions, medical companies, and other types of institutions or entities.

We deploy various means for our marketing efforts, including offline events and online channels. We host and participate in various events, such as industry conferences, forums and seminars, to increase our exposure and develop and maintain relationships with various industry stakeholders. We also utilize online channels, such as webinars and online forums, to deepen our interaction with industry stakeholders, engage physicians and patients in our online communities and create more traffic for our follow-up marketing attempts.

TECHNOLOGY AND INFRASTRUCTURE

The future growth of our business and the sustainability of our platform largely depends on our technological competence and the stability of our technology infrastructure. We have invested heavily to improve our technology infrastructure, strengthen our data processing and analytic capabilities, and develop new solutions that are complementary to existing ones. We innovate through technological advancement in order to better serve users, physicians, medical institutions, pharmaceutical companies, insurance companies, other financial institutions, local health authorities, and other corporations.

Our Technology Infrastructure

We have built a reliable network infrastructure featuring high availability and a low risk of downtime. Our self-developed DevOps tool is a distributed, enterprise-level, and multi-tenant, automatic development and operations platform capable of allocating computing and storage resources. We focus on maintaining and enhancing the reliability, stability and scalability of our technology infrastructure. Requiring minimum human-computer interaction only, our DevOps tool provides multi-cluster management, micro-service governance, application management and other functions. It also enables us to quickly build, operate, and maintain container architectures on heterogeneous infrastructures such as cloud, virtualization and physical machines, realizing agile development and whole-lifecycle management of applications. Our DevOps tool enables us to accommodate large amounts of user traffic during peak periods while maintaining speed and quality consistency, as well as powering operational visibility and control.

Our Analytics Technologies

Our solutions connect major stakeholders along the industry value chain, thereby enabling us to gain substantial data from our day-to-day operations, and accumulate valuable insights. Leveraging machine learning and other technologies, our platform aggregates and processes these data and insights in order to extract actionable business plans that serve a variety of customers in the industry.

Powered by our proprietary technology, we are able to conduct our business and serve our users in a more cost-effective way. We have integrated our proprietary technology into our information technology services in order to empower hospitals and other medical institutions with advanced services, including but not limited to, tracking specific diseases or postoperative care. In addition, our BI database makes the decision-making process more efficient. It is capable of mining, collecting and classifying our operational data, providing easy-to-digest reports such as user behavior analysis and financial operation analysis.

RESEARCH AND DEVELOPMENT

We invest substantial resources in research and development, focusing primarily on improving information technologies, developing new products and services, and enhancing customer support and user experience. We incurred research and development costs of RMB14.1 million, RMB54.4 million, RMB103.4 million, RMB36.4 million and RMB54.0 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively, accounting for 3.3%, 9.6%, 8.3%, 6.8% and 8.8% of our total revenue in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024.

In-house Research and Development Team

Our research and development personnel primarily consists of platform architects, front-end developers, middle-office developers, data engineers, test engineers, application engineers, and user interface (UI) designers. We have a dedicated team of data engineers who focus on business data model building, data analysis, and interface development, and maintain and upgrade our healthcare data processing capabilities.

Research and Development Mechanism

Our research and development mechanism enables effective interaction across departments. Aligning with our overall business strategies, the research and development department is dedicated to technological advancement and technical service support by closely studying the latest Internet technologies. Powered by our research and development mechanism, we have built the technological structure of our platform, enabled medical institutions to provide better services, and further enhanced our Internet-based health and medical service offerings both online and offline. In addition, our research and development department formulates new plans for technological advancement and innovation every year, in order to execute our business growth strategies.

DATA PRIVACY AND PROTECTION

We are committed to protecting data privacy and security. We have established and maintained a strict platform-wide policy on data collection, processing and usage. We sometimes collect data from our platform users, which is strictly limited to personal information and other data that are necessary for us to provide services. We obtain prior consent from users for data we directly collect. We have adopted stringent policies to ensure that our collection and usage of data is in compliance with the relevant PRC laws and regulations. The registration processes require users to provide consent to allow us to collect, process and use data necessary for providing our services.

We comply with the relevant PRC laws and regulations to protect our user data integrity. We can only access data generated from our platform and store them properly through granting limited access to our data protection professionals. In particular, the types of data generated mainly include personal information of (i) registered individual users; and (ii) registered physicians. The types of data collected and processed by us are disclosed to individual users, mainly including (i) name and contact information of the registered users; (ii) the professional practice license of physicians and other relevant information; and (iii)

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the basic personal identity information, health information, and consultation record of patients, which are necessary for providing consultation and prescription services.

To ensure the confidentiality and integrity of our data, we maintain a rigorous data security program. We back up our data on a regular basis in separate and various secured data back-up systems offline, to minimize the risk of data loss. We also conduct frequent reviews of our back-up systems to ensure that they function properly and are well maintained. We have detailed protocol for maintenance management, risk alert and monitor, network security management and disaster recovery, to ensure our operating continuity. We have also established a business continuity plan in case of catastrophic events, including natural or unnatural disasters that could lead to various business interruptions, such as network and data security incidents, network failures, or physical server room malfunction. In addition, our maintenance team closely monitors common technical issues and the usage of resources. In addition, we have set up an emergency response team to conduct disaster recovery drills on important systems, and improve our systems. Our back-end security system is capable of handling malicious attacks, safeguarding the security of our platform, and protecting the privacy of our users.

In general, we will either delete or perform de-identification on our user data promptly (i) when the purpose of collecting the data has been fulfilled or the purpose no longer exists, (ii) when we have ceased to provide the relevant products or services; (iii) when our platform users have withdrawn their consent for the collection or use of their data; or (iv) when we are aware of any incompliance with the relevant laws and regulations or any breach of agreements with our users. We have implemented technical measures to ensure that once the user data is deleted, they cannot be restored.

We have a strict data collection policy to ensure that our collection of user data is in compliance with the relevant laws and regulations. All our data is stored in China. We have also established stringent internal protocols under which we grant access to confidential personal data only to limited employees within strictly defined and layered access authority. We conduct data de-identification in compliance with the PRC Cybersecurity Law (《中華人民共和國網絡安全法》). Our de-identification technologies help our customers detect, encrypt or remove personal identifiers, including the patient's name, address, telephone number, identity card number, social security number, email address, home address, name of contact person, registered permanent residence and any other information that can identify a patient pursuant to the PRC Cybersecurity Law (《中華人民共和國網絡安全法》) and other applicable PRC laws and regulations.

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We have adopted and implemented a robust internal control system focusing on data security and personal information protection. Our internal control protocols cover the full lifecycle of data processing, including data collection, data encryption and transportation, data storage security, data backup and recovery, data processing and analytics, proper use of data, data destruction and disposition. We require all our employees and registered physicians to protect privacy and personal information of individual users. We strictly prohibit unauthorized, improper collection or use of personal data or information. We prohibit our employees from storing any work-related documents, files or data on unauthorized servers or personal computers. Moreover, we require our employees to acknowledge and sign confidentiality agreements, which set out their confidentiality obligations upon their employment with us. We have implemented stringent data security monitoring and alert systems for sensitive data.

As the regulatory regime is developing very quickly, we will continue to monitor the legislative developments in the field of data security. To mitigate the potential impact of any regulatory changes, we have conducted a thorough review of the status of our network security, data compliance and personal data protection, and measures have already been taken to ensure compliance with currently effective laws and regulations in all material aspects, including internal control policies and procedures.

During the Track Record Period, we were ordered by relevant competent authorities to rectify certain non-compliance incidents in relation to network security vulnerabilities and user information protection. As of the Latest Practicable Date, we had made rectification as required by the competent authorities in full, and we had not received any administrative penalties or fines from the competent authorities. As advised by our PRC Legal Advisor in respect of PRC data compliance law, the risks that we will be subject to further administrative penalties, fines or investigations for such non-compliance incidents, after we made rectification, are remote, but such risks cannot be completely ruled out.

Our PRC Legal Advisor in respect of PRC data compliance law is of the view that, there are no fundamental flaws in our data compliance measures which may lead to the interruption of its business operations due to potential violation, or non-compliance of laws and regulations related to data privacy, personal information protection and cybersecurity in China. Our Company had no leak or loss of data during the Track Record Period and up to the Latest Practicable Date. In general, we have complied with the legal requirements in material aspects of data privacy and personal data protection, and we are not subject to material risks in data compliance.

CYBERSECURITY

On July 10, 2021, the Cyberspace Administration of China (國家互聯網信息辦公室) (the “CAC”) published the Measures for Cybersecurity Review (Revised Draft for Comments) (《網絡安全審查辦法(修訂草案徵求意見)》) (the “**Cybersecurity Review Measures Revised Draft**”), which stipulates that data processors which possess personal information of over one million users and intend for a “foreign” listing must apply for a cybersecurity review. On November 14, 2021, the CAC published the Administration Regulations on Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the “**Cyber Data Security Draft**”), further expanding the scope of application of cybersecurity review, stipulating that data processing entities seeking a listing in Hong Kong that will influence or may influence national security must apply for a cybersecurity review. On December 28, 2021, the CAC promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the “**Cybersecurity Review Measures**”), which came into effect on February 15, 2022. According to the Cybersecurity Review Measures, there are two mechanisms for cybersecurity review.

- *Voluntary declaration.* Voluntary declaration shall be made if (i) a critical information infrastructure operator intends to purchase network products and services; (ii) a network platform operator that processes the personal information of more than one million people intends to be listed overseas (國外上市).
- *Mandatory declaration.* The competent governmental authorities may initiate a cybersecurity review against the operators if the authorities believe that the network product or service or data processing activities of such operators affect or may affect national security.

As advised by our PRC Legal Advisor in respect of PRC data compliance law, we do not need to apply for cybersecurity reviews under the current regulatory regime as of the Latest Practicable Date, given that (i) we have not received any notice or determination from competent PRC government authorities identifying us as a critical information infrastructure operator; (ii) we had possessed personal information of over one million users, but we intend to be listed in Hong Kong, which do not fall within the scope of “listed overseas;” and (iii) we have not been involved in any investigation on cybersecurity review made by PRC government authorities or received any inquiry, notice, warning or sanctions from PRC government authorities. However, it cannot be ruled out that the competent PRC government authorities may initiate cybersecurity reviews on us.

Based on the above opinion of our PRC Legal Advisor in respect of PRC data compliance law, our Directors believe that, under the regulatory regime as of the Latest Practicable Date, the Cybersecurity Review Measures Revised Draft, the Cyber Data Security Draft and the Cybersecurity Review Measures will not have any material adverse impact on our business operations and the proposed Listing.

Taking into account the above and based on the independent due diligence conducted by the Sole Sponsor, nothing has come to the Sole Sponsor’s attention that would cause the Sole Sponsor to disagree with our Directors’ view.

COMPETITION

We are confronting intense competition in each of the business segments we operate, including but not limited to medical support services, pharmaceutical sales business and digital marketing services:

- ***Health and medical services.*** The online health and medical service market in China is highly fragmented. According to Frost & Sullivan, none of the leading market players reached a 5.0% market share in the online health and medical service market in terms of revenue in 2023. We face competition from numerous other online health and medical service providers who offer similar services. According to Frost & Sullivan, several leading companies in the health and medical service market also provide health membership schemes and other medical support services. We face competition based on several factors, including quality and breadth of services, ability to protect our customers' confidential information, timeliness of delivery and price, among others. In addition, the pharmaceutical sales market, is also competitive. With respect to the pharmaceutical retail business, according to Frost & Sullivan, there were 5,496 chain pharmacies and 7,450 retail pharmacies operating in Fujian Province in 2023. We primarily compete with other pharmacies in Fujian Province in terms of store location, service quality, breadth of product categories and stability and variety of supply chains, among others. Further, the competitors of our pharmaceutical wholesale business mainly include other pharmaceutical whole distributors. We face competition with them in terms of the ability to obtain the sales agency rights for drugs, the extensiveness of sales channels, financial resources and the capability of operation teams, among others.
- ***Corporate and digital marketing services.*** The corporate and digital marketing service market in China is highly fragmented. According to Frost & Sullivan, numerous digital health companies across China offer corporate and digital marketing services to help corporate customers establish corporate brands or enhance product recognition, by utilizing personal public accounts, web portal health channels and professional health platforms. The competitors of our corporate services mainly include information technology companies and medical research companies, which compete with us in terms of connections with various hospitals and other medical institutions, coverage of diseases and patients, structure of target audience including physicians and patients, information technology infrastructures, service quality, timeliness of delivery and price of services, among others. In addition, we mainly compete with other advertising companies in our digital marketing services. We face competition in our digital marketing services primarily based on factors such as structure of target audience including both physicians and patients, service quality, timeliness of delivery price of services and commercial value one can bring to its customers.

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We believe that our services empower many stakeholders in the industry value chain. Our ability to compete effectively depends on whether our health and medical services can continuously generate value for key industry stakeholders. A number of factors may contribute to our competitiveness. These factors include our insightful industry experience in health and wellness market, sound understanding of the healthcare demands and industry pain points, synergies created by our business segments, compassionate customer service culture, robust technological capabilities, awareness and recognition of our brand.

Furthermore, as our business expansion continues, we confront increasingly fierce competition for highly skilled personnel, including management, engineers, physicians and marketing talent. The success of our growth strategy depends partly on our ability to retain existing talent and attract new skilled workforce.

For more information about the competitive landscape of the industry in which we operate, see “Industry Overview.” For risks relating to our competitiveness in the industry, see “Risk Factors—Risks Relating to Our Business and Industry—We face intense competition in each of the business segments we operate, including but not limited to medical support services, pharmaceutical sales business and digital marketing services.”

AWARDS AND RECOGNITION

The table below sets forth a summary of the major awards and recognitions as of the Latest Practicable Date.

<u>Award/Recognition</u>	<u>Awarding Year</u>	<u>Awarding Institution/Authority</u>
Top 100 Medical Services Companies on China Future Healthcare Rankings (未來醫療 — 中國醫療與創新服務榜100強)	2024	VBDATA.cn (動脈網)
Future Unicorn Innovative Enterprises of Digital Economy in Fujian Province (福建省數字經濟領域未來「獨角獸」企業)	2024	Office of the Leading Group for Digital Fujian Construction in Fujian Province (福建省數字福建建設領導小組辦公室)
Leading Enterprise in Software Industry of Fuzhou City (福州市軟件業龍頭企業)	2024	Bureau of Industry and Information Technology of Fuzhou City (福州市工業和信息化局)
High-tech Enterprise (高新技術企業)	2023	Science and Technology Department of Fujian Province (福建省科學技術廳)

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<u>Award/Recognition</u>	<u>Awarding Year</u>	<u>Awarding Institution/Authority</u>
Future Unicorn Innovative Enterprises of Digital Economy in Fujian Province (福建省數字經濟領域未來「獨角獸」企業)	2023	Office of the Leading Group for Digital Fujian Construction in Fujian Province (福建省數字福建建設領導小組辦公室)
Top 20 Internet Growth Enterprises in China (中國互聯網成長型前二十家企業)	2022	Internet Society of China (中國互聯網協會)
Top 100 Software and Information Technology Services Enterprises in terms of Competitiveness (軟件和信息技術服務競爭力百強企業)	2022	China Federation of Electronics and Information Industry (中國電子信息行業聯合會)
Top 50 Internet Enterprises in Fujian Province in terms of Overall Strengths (福建省互聯網企業綜合實力評價50強)	2021	Internet Society of Fujian (福建省互聯網協會)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

We are committed to being a responsible corporate citizen, abiding by all applicable laws and generally accepted ethical principles, and promoting corporate social responsibility and sustainable development in all major aspects of our business operations. We strive to contribute meaningfully to environmentally friendly operations, socially responsible projects, and improvement of corporate governance in order to have a positive social impact on the communities in which we operate.

Given the nature of our business, we do not believe our business is subject to significant ESG-related risks, as we do not operate any production facilities. Nevertheless, we are fully aware that ESG and corporate sustainability are rooted in the aspiration for a better future for human society, which is closely intertwined with the development direction of our business. For this reason, we attach great importance to the implementation of ESG principles in our operations and management.

ESG Governance

We have established and improved our ESG governance framework, including:

- (1) The Board of Directors serves as the ultimate responsible body for ESG management and information disclosure. It is responsible for reviewing and approving our strategic ESG plans and goals, the ESG governance structure and important policies, ESG reports and related information disclosures. By ensuring that we establish appropriate and effective ESG risk management systems, the Board enhances oversight of ESG matters and improves major ESG-related decisions and planning.

The ESG Committee under the Board of Directors is the main committee responsible for supervising ESG matters. It is composed of three members: Chairman Zhang Wanneng, Executive Director Chen Jing and Independent Director Xu Jing. The main responsibilities of the committee include:

- Providing guidance for and reviews of the formulation of strategies and policies related to ESG matters, and reporting to the Board of Directors;
 - Holding a meeting every six months to determine, evaluate and manage the progress of key ESG objectives;
 - Assessing and determining risks related to environment, society and governance;
 - Ensuring the establishment of appropriate and effective environmental, social and governance risk management and internal monitoring systems; and
 - Reviewing externally disclosed ESG-related reports (after going public), reporting to the Board of Directors and providing recommendations.
- (2) At the management level, an ESG Working Group has been formed, consisting of the Finance Centre, the Administrative Department and the Legal Department, among other units. The leader of the ESG Working Group is selected from personnel above the company director level based on their past experience and areas of responsibility, and the position is appointed by the chairman. The responsibilities of the ESG Working Group include:
 - Staying informed of the latest ESG-related laws and regulations, including applicable provisions of listing rules; keeping the ESG Committee apprised of any changes to relevant laws and regulations; and updating our ESG policies in accordance with the latest regulatory requirements;
 - Identifying key stakeholders based on our business operations and responding to their concerns regarding ESG matters;

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- Each principal responsible for ESG work within their respective function is responsible for risk assessment and risk management related to ESG matters under their purview, and regularly reports to the leader of the ESG Working Group;
- Determining our management principles, strategies, materiality and goals related to environmental, social and governance matters;
- Formulating our Group's ESG policy, evaluating its effectiveness and ensuring its implementation, and regularly providing the ESG Committee with confirmation of whether the relevant policies and management measures are effective;
- Preparing externally disclosed ESG-related reports and reporting them to the ESG Committee; and
- Continuously monitoring other ESG-related matters that may impact our development.

We have implemented the strategic ESG guidelines from top to bottom across all departments and subsidiary companies, relying on the ESG Working Group to drive execution. By integrating ESG into the daily business management and operations of each department, we are continuously enhancing the effectiveness of our ESG efforts.

We have also established diverse communication channels to engage with governments, shareholders, customers and consumers, suppliers, communities, industry organisations, media outlets and stakeholders in the health and healthcare industry. This allows us to understand the expectations and demands of all parties and continuously improve our Group's ESG efforts.

By benchmarking against industry standards and the requirements outlined in listing rules, our Group has identified ESG issues that are highly relevant to our corporate sustainability, including product responsibility, employee training and development, anti-corruption, customer safety, and privacy protection, as well as quality and safety assurance for products and services. We have formulated and implemented specific systems, management processes and detailed measures based on our business characteristics and operational features. These include the Anti-Bribery and Anti-Corruption Management Regulations, Recruitment Management Regulations and Employee Information Security Handbook, among others.

Environmental Matters

We strive to minimize negative impact on the environment by helping our employees develop a mindset of environmental protection and sustainability. We have implemented various internal policies and measures in the workplace, that aim to reduce our water consumption, energy consumption, and our overall carbon footprint. From time to time, our management launches different campaigns to increase environmental awareness among our employees in everyday life.

Use of Resources

We do not own any properties. Our leased properties in China are primarily used for office, pharmacy, business and warehousing purpose. All of our offices are located in well-equipped industrial parks or office buildings. As a result, electricity is the main source of our offices' energy consumption. Each of our offices is also equipped with a vehicle that uses gasoline. For our Group, water consumption mainly comes from domestic water use. Therefore, we have formulated the Water and Energy Management Measures to promote group-wide energy conservation, reduce emissions and lower costs. For the years ended December 31, 2021, 2022, and 2023, and for the period ended June 30, 2024, our expenditures on purchased water and energy amounted to RMB176,300, RMB209,900, RMB347,900 and RMB204,000, accounting for 0.041%, 0.037%, 0.028% and 0.034% of total operating revenue for each respective period.

As part of our effort to promote green office concepts, we have taken the following measures:

- (1) Conducted environmental education and campaigns to encourage employees to adopt a pro-environment and sustainability mindset and minimise their negative impacts on the environment;
- (2) Implemented internal policies and measures in the workplace that are designed to reduce water consumption, energy consumption and our overall carbon footprint;
- (3) Carried out activities from time to time to enhance staff awareness of the importance of protecting the environment in their day-to-day life;
- (4) Continued to explore new ways to conduct business as well as new technologies to enable us to operate in an environmentally friendly manner; and
- (5) Enhanced our water management, with notices about the importance of saving water posted in every washroom.

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The following table sets out our total energy and water consumption during the Track Record Period:

<u>Metric</u>	<u>Unit of measure</u>	<u>Year ended December 31,</u>			<u>Six months ended</u>
		<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>June 30, 2024</u>
Gasoline	Litres (L)	1,039.28	903.45	908.56	264.29
Electricity consumed . . .	Megawatt hours (MWh)	255	250	250	95 ¹
Electricity intensity	Megawatt hours (MWh)/person	0.62	0.63	0.63	0.47
Total comprehensive energy consumed	Megawatt hours (MWh)	267.44	260.82	260.88	98.16
Total comprehensive energy intensity	Megawatt hours (MWh)/person	0.64	0.65	0.66	0.49
Total water consumed . .	Metric tons (t)	2,300	2,200	2,300	1,000
Water intensity	Metric tons (t)/person	5.61	5.51	5.81	4.98

In 2023, our Group recorded an electricity intensity of 0.63 MWh per capita, which, according to Frost & Sullivan, was generally at average level compared with our industry peers.

In 2023, our Group recorded a total comprehensive energy intensity of 0.66 MWh per capita, which, according to Frost & Sullivan, was generally lower than our industry peers.

In 2023, our Group recorded a water intensity of 5.81t per capita, which, according to Frost & Sullivan, was generally at average level compared with our industry peers. We have set targets for energy and water consumption over the next three years not exceeding the total energy and water consumed in 2023/2024 under the condition of stable operations.

To further improve energy and water efficiency, we will take the following actions:

- Encourage green travel;
- Choose new energy vehicles over other types when purchasing new vehicles for business;
- Keep lights and other lighting devices clean to maximise their energy efficiency;

¹ For the period ended June 30, 2024, total energy consumed is relatively low. This is because air conditioners, as a major source of our Group's total energy consumption, are used mostly from June to September; and our offices are mainly in Fujian province, which is located in the subtropical region.

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- Adopt or replace existing lamps on our premises with more energy-efficient ones, such as LED lights; and
- Replace existing sanitary wares and faucets with more water-efficient ones.

As a strict policy, air conditioners, as the major energy-consuming facilities, are required to be set at not lower than 26 degrees in the summer, and people are required to turn off the air conditioners when they leave after work or are away for more than half an hour. Meanwhile, leaving an air conditioner unattended is strictly prohibited and we encourage the use of natural ventilation, where possible, to cool down.

Waste Discharge

For our Group, waste mainly includes expired drugs and other hazardous and non-hazardous waste. We have formulated the Solid Waste Management Measures to ensure that the solid waste we generate is being handled appropriately to meet our environmental targets. According to these measures, hazardous waste in our offices is put in a designated place for recycling, which is undertaken by an engaged qualified waste treatment entity, and non-hazardous waste is collected regularly by property management services and sent for treatment by the local sanitation department.

We carry out strict garbage classification measures at each operating site, with relevant notices posted and campaigns carried out from time to time.

The following table sets out a breakdown of the waste discharged by our Group during the Track Record Period:

<u>Metric</u>	<u>Unit of measure</u>	<u>Year ended December 31,</u>			<u>Six months ended</u>
		<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>June 30, 2024</u>
Non-hazardous waste . . .	Metric tons (t)	37.5	37	38	15
Non-hazardous waste intensity	Metric tons (t)/person	0.09	0.09	0.10	0.04
Total expired medicines disposed of	Kilogrammes (kg)	36	481 ¹	42	18
Intensity of expired medicines disposed of	Kilogrammes (kg)/person	0.09	1.21	0.11	0.04
Hazardous waste	Kilogrammes (kg)	50	48	49	22
Hazardous waste intensity	Kilogrammes (kg)/person	0.12	0.12	0.12	0.11

¹ In 2022, quantities of expired medicines disposed of increased significantly, as we disposed of a large quantity of alcohol.

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In 2023, We recorded a non-hazardous waste intensity of 0.1t per capita, which, according to Frost & Sullivan, was generally lower than our industry peers. We have set a target for non-hazardous waste discharge intensity per capita not exceeding that in 2023 for the next three years.

Going forward, we will continue to strengthen drug control and apply expiration prompts on packages to prevent people from taking expired drugs.

In 2023, we recorded a hazardous waste intensity of 0.12 kg per capita, which, according to Frost & Sullivan, was generally lower than our industry peers.

We have set a target for hazardous waste discharge intensity per capita not exceeding that in 2023 for the next three years.

Greenhouse Gas (GHG) Emissions

We actively take actions to conserve energy and reduce emissions, such as formulating emission management plans to reduce GHG emissions and waste generated by offices and operational sites. Since electricity is the main energy source of our Group, its GHG emissions are classified as indirect GHG emissions (Scope 2). For more information about measures taken to reduce GHG emissions, see “—Use of Resources.”

The following table shows GHG emissions in the Track Record Period:

<u>Metric</u>	<u>Unit of measure</u>	<u>Year ended December 31,</u>			<u>Six months</u>
		<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>ended</u>
					<u>June 30,</u>
					<u>2024</u>
GHG emissions (Scope 1 and Scope 2).	tCO ₂ e	148.55	145.29	145.31	54.97
GHG emissions (Scope 1) ⁽¹⁾	tCO ₂ e	3.12	2.71	2.73	0.79
GHG emissions (Scope 2) ⁽²⁾	tCO ₂ e	145.43	142.58	142.58	54.18
GHG emissions (Scope 1 and Scope 2) intensity	tCO ₂ e/person	0.36	0.36	0.37	0.27
GHG emissions (Scope 3) ⁽³⁾	tCO ₂ e	801.21	810.76	763.06	405.37

Notes:

- (1) GHG emissions (Scope 1) refer to direct emissions from operations that are owned or controlled by our Group.
- (2) GHG emissions (Scope 2) refer to indirect emissions resulting from the generation of purchase or acquired electricity, heating, cooling and steam consumed within our Group.
- (3) GHG emissions (Scope 3) refers specifically to emissions from an off-site data center in Fuzhou used to store our sensitive user information and other data. We own the equipment and facilities of the data center, and our on-site employees manage and maintain the daily operation of the data center.

However, the premise of such data center is not owned by us and we pay a fixed monthly management fee to a third party for the use of the premises, electricity, internet, among others. Data centers are GHG-intensive in nature. The GHG emissions (Scope 3) of the data center is calculated by multiplying the rated power of equipment, the estimated usage time each period and the power usage effectiveness (PUE) of the data center we used at each respective period.

In 2023, Our GHG emissions intensity was 0.37 tCO₂e/person, which, according to Frost & Sullivan, was relatively low compared with our industry peers. We have set a target for GHG emissions not exceeding that in 2023 for the next three years.

Social Responsibilities

Leveraging our unique capabilities as a digital health and medical service platform, we have been constantly contributing to the local communities in terms of public health by promoting healthy lifestyles, donating healthcare supplies, and offering free clinical services.

We regularly arrange free clinical services for senior citizens. We also invite reputable physicians from Class III Grade A hospitals to give free lectures to senior citizens on different health topics from time to time. We specifically choose health topics addressing common wellness issues among senior citizens, such as hypertension and diabetes.

In particular, during the Track Record Period, we actively participated in China's fight against the COVID-19 pandemic and made recognizable contributions. For example, we collaborated with the local government in Fuzhou and safeguarded the health of citizens by donating medical supplies to local communities. We also developed an online healthcare service platform and integrated it into a government WeChat public account. This online healthcare service platform provided the general public with a range of contactless medical services, such as fever clinics, medical consultation, online tracking service for infected patients, and self-quarantine guidance. Our efforts relieved the enormous pressure on public medical resources when Fuzhou was hit hard by the COVID-19 pandemic.

In 2022, we also donated microscopes and other equipment to schools for students' experiments usage.

Occupational Health and Safety

Although we do not believe that we are subject to any significant risks related to occupational health and safety, we are committed to a safe and healthy working environment for our employees. During the COVID-19 pandemic, we provided masks, medicines, and other medical supplies to our employees for free, in order to protect them and their family from infection. We also adopted a "work-from-home" policy for our employees to help them minimize exposure to the viruses. To ensure compliance with applicable laws and regulations, from time to time, our human resources department would, if necessary and after consultation with our legal advisors, adjust our human resources policies to accommodate material changes to relevant labor and work safety laws and regulations.

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During the Track Record Period, we made various efforts to ensure occupational health and safety. We held fire drills twice a year in the headquarters offices and all staff who were working that day participated. In addition, we held a total of three health lectures with the themes of healthcare and healthy living, staff mental health and stress management, and cardiopulmonary resuscitation first-aid measures.

Employee Care

We are committed to creating a fair and nurturing working environment for our employees. We offer equal opportunities to our employees, regardless of their race, gender, religion, age, social origin or other factors, to enable them to thrive with a rewarding career path. We make investment in the personal development of our employees, and routinely provide training sessions that cover wide-ranging topics such as corporate culture, professional competency, general skills and leadership development. To support the wellbeing of our employees mentally and physically, we also provide them with welfare and benefits, including but not limited to complimentary physical examination, team-building activities, holiday and/or birthday gifts.

In addition, we also enhanced our internal-use infrastructure to further protect the rights and interests of employees. Nursing rooms have been established in our office areas and in the parks where our offices are located and we have set up a chairman's mailbox to solicit staff's opinions and suggestions at the group level. We have also set up reading corners to enrich employees' lives and create a cozy reading atmosphere.

Gender Equality

We highly value the contribution made by all employees to our business and society, and strive to create a fair and equal workplace for all employees regardless of their gender. As of June 30, 2024, we employed 270 female employees, representing approximately 67.2% of our total number of employees as of the same date. In addition, both our Board and senior management team include one female member, respectively. We provide special welfare, such as paid leave and/or free gifts, to our female employees to celebrate their outstanding achievements on International Women's Day. At the end of 2023, we had 27 female employees with STEM backgrounds and 194 female employees engaging in income generating business, accounting for 75% of total female employees.

INTELLECTUAL PROPERTY

Intellectual property is fundamental to our success and competitiveness, and we devote significant time and resources to their development and protection. We have formulated the Intellectual Property Protection and Management System to encourage employees' passion for invention and creation. As of the Latest Practicable Date, we had been issued with 128 software copyrights, eight patents, 212 registered trademarks in China. As of the Latest Practicable Date, we had also registered 30 domain names in China, including, among others, yihu.com.

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We rely upon a combination of various measures, including but not limited to patent, trade secret, copyright and trademark laws, license agreements, nondisclosure agreements with employees and customers, and technical measures, to protect intellectual property used in our businesses. In addition, our employees must enter into a standard employment contract, which includes a clause acknowledging that all inventions, trade secrets, developments and other processes generated by them during their employment with us would be our properties, and that any ownership rights that they may claim in those works are assigned to us. We vigorously protect our technology and proprietary rights. We have employed internal policies, confidentiality agreements, encryption and data security measures to protect our proprietary rights. However, there can be no assurance that our efforts will be successful. Even if our efforts are successful, we may incur significant costs in defending our rights. From time to time, third parties may initiate litigation against us alleging infringement of their proprietary rights or declaring their non-infringement of our intellectual property rights. See “Risk Factors—Risks Related to Our Business and Industry—We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position” and “Risk Factors—Risks Related to Our Business and Industry—We may be subject to intellectual property infringement claims, which may be expensive to defend and may disrupt our business and operations.”

For more information about material intellectual property rights, see “Appendix IV—Statutory and General Information—B. Further Information about Our Business—2. Intellectual Property Rights of Our Group.”

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material intellectual property infringement claims.

EMPLOYEES

The following table sets forth the number of our employees categorized by function as of June 30, 2024. Our part-time health assistants are not included in the following table.

	<u>Numbers of Employees</u>	<u>Percentage of total employees</u> %
Sales and marketing	124	30.9
Research and development	93	23.1
Operations	128	31.8
General and administration	<u>57</u>	<u>14.2</u>
Total	<u>402</u>	<u>100</u>

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The following table shows the number of employees in the Track Record Period. Our part-time health assistants are not included in the following table.

<u>Metric</u>	<u>Category</u>	<u>Year ended December 31,</u>			<u>Six months</u>
		<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>ended</u>
					<u>June 30,</u>
					<u>2024</u>
Headcount		410	271	396	402
By gender	Male	139	90	138	132
	Female	271	181	258	270
By age group	30 and below	135	123	103	97
	31–40	234	212	199	200
	41–50	32	48	73	84
	51 and above	9	16	21	21

All of our employees are stationed in China. In compliance with the applicable labor laws, we enter into individual employment contracts with our employees covering matters such as wages, bonuses, employee benefits, workplace safety, confidentiality obligations, non-competition and grounds for termination. These employment contracts typically have a term of three or six years.

To remain competitive in the labor market, we provide various incentives and benefits to our employees. We provide internal training for our employees to upgrade their skills and knowledge. We also provide competitive salaries and stock incentive plans to our employees especially key employees.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any strikes, labor disputes or industrial action which had a material effect on our business, and we consider our relations with our employees to be good. As of the Latest Practicable Date, except as otherwise disclosed in this prospectus, we did not have any non-compliance with statutory social security insurance fund and housing fund obligations applicable to us under applicable laws in all material respects.

Employee Training and Development

To build a professional workforce with strong management capabilities that aligns with our Group’s development strategy and HR development requirements, we have formulated the Training Management Norms. Under these measures, the person in charge of training periodically promotes relevant courses on the OA training platform to meet our Group’s training requirements and promote the strategic development plan. This person also classifies such training courses by content, determines mandatory courses and recommends courses for staff based on the nature of their tasks and the characteristics of their position. Employees are required to take courses independently based on their own

needs. By taking diverse training courses focusing on corporate culture and other information, employees gain an overall understanding of our Group. During the Track Record Period, we carried out a variety of employee training activities that covered management, sales and marketing, technology and innovation, finance, legal affairs, career development and personal growth, product training, corporate culture, health and safety, and other categories. The training courses are uploaded to the online OA training platform and marked as either compulsory or recommended and they are then taken by staff on a required or optional basis. Induction training and on-site tutoring are held in person. As of June 30, 2024, 116 OA platform courses had been offered offline and online with a total duration of 343 hours.

In setting training objectives, we enhance the quality of training by investing resources in training implementation, continuously enriching the curriculum and increasing specialised training (such as training on laws and regulations, anti-money laundering and other content).

QUALITY AND SAFETY OF OUR SERVICES

We value the quality and safety of the services we provide to customers. During the Track Record Period, we did not receive any notice or penalty for material non-compliance or violation of the quality and safety laws or regulations related to our services. Highlights of our quality and safety measures are set forth below:

- ***Health and medical services.*** We monitor the quality and safety of our health and medical services mainly by monitoring physicians and other medical experts on our platform. We have adopted stringent registration and certification process for physicians registered on our platform in accordance with the relevant PRC laws and regulations, especially for physicians providing medical consultation services. Medical consultation services on our platform are provided by licensed physicians only and prescriptions shall be issued by the responsible licensed physicians. Any automatic prescription issuance, such as AI-assisted prescription issuance, is strictly prohibited. We designate licensed pharmacists in our pharmacies to review prescriptions and provide guidance to patients regarding use of prescription drugs. We carefully monitor external feedback on the quality of services provided on/through our platform.
- ***Corporate and digital marketing services.*** We have in place quality and safety measures regarding the corporate and digital marketing services provided to corporate and institutional customers. We have formulated the White Paper on Standards for Producing Refined Articles. We vigorously review the content provided by internal and external content creators in order to ensure compliance with the relevant PRC laws and regulations. We desensitize any data and privacy accessible to us, in provision of content services. In case of our information technology services, we normally provide a warranty period of one to two years upon delivery of relevant technology infrastructure system to our customers. Our after-sales specialists provide responsive warranty services, including on-site maintenance, remote guidance, free trainings and software updates.

Anti-Corruption Efforts

To advance anti-corruption and anti-bribery efforts in business activities, strengthen internal control mechanisms, uphold honesty and integrity, and establish a business philosophy focus on compliance, honesty and quality service, we have, based on its actual circumstances, enhanced institutional oversight, promoted institutional anti-corruption measures, and strengthened supervision and management of personnel in key positions and processes that are susceptible to corruption. To this end, we have effectively implemented a commitment system for combating commercial bribery, with the goal of strictly adhering to the rules of fair competition.

To ensure the smooth implementation of anti-corruption efforts, we have taken the following measures:

1. Establishing a leadership body for combating commercial bribery: We have established a dedicated leadership body that is responsible for carrying out work related to combating commercial bribery;
2. Setting up a tipline for preventing commercial bribery: We have also set up a public hotline to solicit tips related to commercial bribery; and
3. Implementing anti-bribery/anti-corruption measures: Our Management Department conducts visits and inspections to promptly identify signs of potential commercial bribery, and it studies countermeasures and measures to prevent such acts. Personnel in key positions and processes are required to make commitments to preventing commercial bribery by signing the “Anti-Bribery/Anti-Corruption Commitment Letter” with our Group. During the Track Record Period, no cases of punishment related to anti-corruption efforts were reported within our Group.

To promote the principle of prevention, we have conducted relevant training for all first-level department heads, provincial heads of the Expansion and Operations Centre (拓展運營中心省份負責人), and personnel in the Government and Enterprise Business Department (政企事業部), the Media and Brand Centre (媒體與品牌中心), the Pharmaceutical Cooperation Business Department (藥企合作事業部), and the Pharmaceutical Development Business Department (醫藥發展事業部). During the Track Record Period, the Legal Department organised two training sessions in June 2022 and March 2023 respectively, with a total of 50 participants. In the future, we will continue to conduct such training and gradually expand the scope of trainees.

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INSURANCE

We consider our insurance coverage to be adequate as we have in place all the mandatory insurance policies required by the PRC laws and regulations and in accordance with the commercial practices in our industry. Our employee-related insurance consists of pension insurance, maternity insurance, unemployment insurance, work-related injury insurance, medical insurance and housing funds, as required by the PRC laws and regulations. We also purchase supplemental commercial medical insurance and accident insurance for our employees.

We do not maintain insurance policies covering damages to our network infrastructures or information technology systems. We also do not maintain business interruption insurance or general third-party liability insurance, nor do we maintain product liability insurance or key-man insurance. See “Risk Factors—Risks Relating to Our Business and Industry—Our insurance coverage may not be adequate, which could expose us to significant costs and business disruptions.” During the Track Record Period, we did not make any material insurance claims in relation to our business.

PROPERTIES

We do not own any properties. Our corporate headquarters are located in Fuzhou, China, and we mainly operate in Fuzhou, Huzhou, Yinchuan, Guangzhou, Wuhan, and Nanchang, where we leased 16 properties with an aggregate GFA of approximately 11,131.2 sq.m. as of the Latest Practicable Date. A substantial majority of our employees are based in Fuzhou. Our leased properties in China are primarily used for office, pharmacy, business and warehousing purposes. The relevant lease agreements typically carry a term of one to five years.

As of the Latest Practicable Date, nine lessors of our leased properties in China had not provided us with valid title certificates or relevant authorization documents evidencing their rights to lease the properties to us. If our lessors are not the owners of the properties and they have not obtained consents from the owners or their lessors or permits from the relevant local authorities, our leases could be invalidated, and we may have to renegotiate the leases with the owners or the parties who have the right to lease the properties. If this were to happen, the terms of the new leases may be less favorable to us. See “Risk Factors—Risks Related to Our Business and Industry—Failure to renew our current leases or locate desirable alternatives for our facilities could materially and adversely affect our business.”

Pursuant to the applicable PRC laws and regulations, property lease contracts must be registered with the local branch of the Ministry of Housing and Urban-Rural Development of the PRC. As of the Latest Practicable Date, we had not obtained lease registration of 16 properties that we leased in China, primarily due to the difficulty of procuring our lessors' cooperation to register such leases. The registration of such leases will require the cooperation of our lessors, and we will take all practicable and reasonable steps to ensure that the unregistered leases will be registered. Our PRC Legal Advisor has advised us that the lack of registration of the lease contracts will not affect the validity of the lease agreements under the PRC laws, and the maximum penalty of RMB10,000 may be imposed

for non-registration of each lease. Therefore, the estimated total maximum penalty is RMB150,000.

As of June 30, 2024, none of the properties leased by us had a book value representing 15% or more of our consolidated total assets. According to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this prospectus is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

LEGAL PROCEEDINGS AND REGULATORY COMPLIANCE

Legal Proceedings

We have been involved in legal proceedings or disputes from time to time in the ordinary course of business, such as contract disputes with our customers, suppliers or disputes with other third parties. As of the Latest Practicable Date, there were no litigation or arbitration proceedings or administrative proceedings pending against us or any of our Directors which would have a material adverse effect on our business, financial position or results of operations.

Historical Non-Compliance Incidents

Certain of our business practices during the Track Record Period may constitute historical non-compliance incidents. During the Track Record Period and up to the Latest Practicable Date, we were not involved in any material non-compliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in aggregate, have a material adverse effect on our business, financial condition and results of operations. Our PRC Legal Advisor is of the view that, save as otherwise disclosed in “—Properties” and hereunder, we were in compliance with the PRC laws and regulations governing the health and medical business, in all material respects, during the Track Record Period and up to the Latest Practicable Date.

Compliance in Relation to Internet Diagnosis and Treatment License

During the Track Record Period, we provided Internet diagnosis and treatment services through Fujian Health Road. According to Measures for the Administration of Internet Diagnosis and Treatment (Trial) (《互聯網診療管理辦法(試行)》), Internet diagnosis and treatment refer to provision of further consultation by locally-registered physicians of medical institutions via Internet technology on common diseases, chronic diseases, and “Internet +” family physician services. Internet diagnosis and treatment services shall be provided by medical institutions holding a Medical Institution Practicing License (《醫療機構執業許可證》). According to the Regulation on the Administration of Medical Institutions (2022 Amendment) (《醫療機構管理條例(2022修訂)》) and the Implementation Measures of the Administrative Regulations on Medical Institutions (《醫療機構管理條例實施細則》), any medical practice without Medical Institution Practicing

License (《醫療機構執業許可證》) shall be ordered to terminate, subject to confiscation of illegal income, medicines and equipment, and a fine as much as RMB3,000. See “Regulatory Overview—Regulations relating to Healthcare Services—Internet Hospital” and “Regulatory Overview—Regulations relating to Healthcare Services—Patient Diagnosis Service.”

Our historical failure to obtain the required license in relation to Internet diagnosis and treatment services was mainly because (i) the National Health Commission promulgated the Measures for the Administration of Internet Diagnosis and Treatment (Trial) (《互聯網診療管理辦法(試行)》) and the Measures for the Administration of Internet Hospitals (Trial) (《互聯網醫院管理辦法(試行)》) in 2018; (ii) we needed a reasonable amount of time to consult the local Health Commission in order to learn and understand the newly-promulgated regulations; (iii) we spent time selecting qualified medical institutions, inspecting suitable locations, and negotiating commercial terms with potential partners; and (iv) we had no control over the cost of time for the application of Medical Institution Practicing License (《醫療機構執業許可證》), which eventually took one and a half year from July 2018 (when the National Health Commission promulgated Measures for the Administration of Internet Hospitals (Trial) (《互聯網醫院管理辦法(試行)》)) to February 2020 (when Yinchuan Borderless obtained such license). After obtaining such license, it also took time for us to persuade each physician on our platform and consult their opinions before transferring medical consultation services to Yinchuan Borderless. In 2021 and 2022, Fujian Health Road generated revenue in an amount of RMB3.5 million and RMB0.7 million from Internet diagnosis and treatment services, respectively, representing an insignificant portion of our total revenue in the respective years. Fujian Health Road terminated its Internet diagnosis and treatment business in February 2022, and transferred such business operations to Yinchuan Borderless, which held a valid Medical Institution Practicing License (《醫療機構執業許可證》), in March 2022.

During a consultation interview conducted by our PRC Legal Advisor with Health Commission of Fujian Province (福建省衛生健康委員會) in April 2022, the relevant officer, having known the historical Internet diagnosis and treatment business operated by Fujian Health Road, verbally confirmed that (i) the historical business operations of Fujian Health Road were in compliance with the relevant PRC laws and regulations related to government of online medical institutions; (ii) Fujian Health Road had not been subject to any administrative penalties in the past in provision of medical services; (iii) Health Commission of Fujian Province (福建省衛生健康委員會) was not aware of any activities conducted by Fujian Health Road which were in violation of the relevant PRC laws and regulations, nor had it received any reports or complaints against Fujian Health Road; and (iv) Fujian Health Road had no pending disputes with Health Commission of Fujian Province (福建省衛生健康委員會) or any third party. Our PRC Legal Advisor is of the view that the relevant officer participating in the consultation interview was competent to provide the confirmations mentioned above, according to the information about the officer on the official website of the Health Commission of Fujian Province.

Based on the aforesaid consulting interviews, and considering the fact that Internet diagnosis and treatment business of Fujian Health Road had been terminated in February 2022, our PRC Legal Advisor is of the view that the historical operations of Internet diagnosis and treatment business by Fujian Health Road have not had and are not expected to have any material adverse impact on our business operations as a whole. See “Risk Factors—Risks Relating to Our Business and Industry—Any lack of requisite approvals, licenses or permits applicable to our business may have a material and adverse impact on our business, financial condition and results of operations.”

Social Insurance and Housing Provident Fund Contributions

We might be subject to late fees and fines for our social insurance and housing fund non-compliance during the Track Record Period under PRC laws and regulations. In particular, (i) 15 of our PRC subsidiaries did not make full contributions to the social insurance plan or housing provident fund based on the actual salary level of employees as prescribed by relevant laws and regulations. We estimate that the total outstanding amount of social insurance and housing provident fund contributions during the Track Record Period that may be required by the relevant authorities to repay would be approximately RMB7.1 million, for which we have made full provision; (ii) three of our PRC subsidiaries did not complete the registration of social insurance and housing provident fund within a prescribed period during the Track Record Period; and (iii) four of our PRC subsidiaries engaged third-party human resources agencies to pay social insurance premium and housing provident funds for 20 of our employees as of June 30, 2024, primarily because 20 of those employees were based in cities where we did not maintain operating entities, and the others were based in areas where we were temporarily unable to establish our own accounts to pay social insurance premium and housing provident funds for them due to requirements of local authorities or where we have not timely established accounts.

As advised by our PRC Legal Advisor, we may be ordered by the relevant government authorities to pay the shortfall amount within a prescribed period and the historical shortfall in social insurance contributions shall be subject to a late fee of 0.05% per day from the due date. If we fail to make a payment within the prescribed period, we may be subject to an additional fine ranging between one to three times the historical shortfall in social insurance contributions. Our PRC Legal Advisor is of the view that the likelihood of such inadequate payment of the social insurance and housing provident fund contributions having a material adverse effect on our business operations is low, provided that we make the payment within the prescribed period. See “Risk Factors—Risks Relating to the Regulatory Requirements—Failure to pay the social insurance and housing provident funds on behalf of our employees may subject us to penalties.” In addition, as advised by our PRC Legal Advisor, if we fail to fully pay housing provident fund as required, the relevant housing provident fund management centers may require payment of the outstanding amount within a prescribed period. If the payment is not made within the prescribed period, an application may be made to the PRC courts for compulsory enforcement. We estimate the maximum potential penalties for the shortfall of social insurance and housing provident fund contributions during the Track Record Period to be approximately RMB19.5 million, and the estimated maximum potential penalties for the non-registration of social insurance

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and housing provident fund contributions within a prescribed period during the Track Record Period would be approximately RMB0.5 million.

In addition, during the Track Record Period, we engaged third-party service providers to pay social insurance and housing provident funds for a small portion of our employees (the “**Third-Party Arrangement**”). To the best of our knowledge, during the Track Record Period, none of the third-party service providers that our Company cooperated with had failed to pay, or delayed in paying, any social insurance premiums or housing provident fund contributions for our employees and we have not received any inquiry from relevant government authorities in this regard.

The Third-Party Arrangement, although not uncommon in China, is not in strict compliance with relevant PRC laws and regulations, as our Company did not pay social insurance and housing provident funds for those employees directly. If the Third-Party Arrangement is challenged by government authorities, we may be deemed to fail to discharge our obligations in relation to the payment of social insurance and housing provident funds through our own accounts as an employer. However, it is not practical for us to estimate the amount of potential maximum penalties for the engagement of third-party agencies to pay social insurance premium and housing provident funds for employees, primarily because there is no PRC law and regulations explicitly stipulate whether such Third-Party Arrangement would be penalized or fined or not, and thus we may encounter uncertainties concerning the interpretation and implementation of the relevant laws and regulations.

As of the Latest Practicable Date, we had not been subject to any administrative penalties or other disciplinary actions from the relevant governmental authorities regarding our historical non-compliance in relation to social insurance and housing fund contribution, nor had we received any notice, warning, or order to settle deficit amount. We were also unaware of any material complaint filed by any of our employees regarding our social insurance and housing provident fund policy, as of the Latest Practicable Date.

We expect to settle any potential dispute with the relevant competent PRC authorities in relation to the under contributions to social insurance and housing provident funds prior to Listing or make rectification in accordance with the regulatory requirement of the relevant local competent authorities. As of the Latest Practicable Date, our consolidated affiliated entities and some of our subsidiaries had obtained written confirmations from the relevant competent PRC authorities, which confirm that (i) there were no administrative punishment records of such in violation of the laws and regulations of certain insurance (including pension insurance, industrial injury insurance, and unemployment insurance) and housing provident funds during the Track Record Period; and (ii) none of these entities/subsidiaries were involved in any arrears, demands for additional payments or penalties during the Track Record Period. Such written confirmations cover 377 of our total 402 employees as of the Latest Practicable Date, representing more than 93.8% of our total 402 employees. We have been in proactive communication with the relevant competent PRC authorities for the remaining 25 employees, and expect to obtain more written confirmations prior to Listing or make rectification in accordance with the regulatory requirement of the relevant competent PRC authorities.

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The following internal control rectification measures have been taken to ensure compliance with the relevant PRC laws and regulations, in terms of social insurance and housing provident fund contributions:

- (i) performing regular communication with competent authorities to ensure that our calculation and payment are in compliance with the relevant laws and regulations;
- (ii) consulting legal advisors on a regular basis for advice on relevant PRC laws and regulations to keep us abreast of relevant regulatory developments;
- (iii) designating our human resources department to review and monitor the reporting and contributions of social insurance and housing provident on a regular basis; and
- (iv) conducting training sessions on the relevant laws and regulations for our management and certain employees.

We have implemented rectification policies aiming to fully rectify and make full contribution of social insurance and housing provident funds within the designated time frame indicated below:

- We aim to make social insurance and housing provident funds in full for our employees by December 2025.
- Regarding subsidiaries which did not complete the registration of social insurance and housing provident funds within a prescribed period during the Track Record Period, as of the Latest Practicable Date, we had completed the registration of social insurance and housing provident funds for some of these subsidiaries. We aim to complete the registration for the remaining entities either by December 2024, or promptly after the number of their employees have met the minimum requirement for registration.
- Regarding subsidiaries which engaged third-party agencies to pay social insurance premium and housing provident funds for their employees during the Track Record Period, we are temporarily unable to set up social insurance and housing provident fund accounts for one of those employees due to requirements of local authority. For this employee, we plan to continue engaging third-party agencies for the payment of social insurance premium and housing provident funds until the regulatory prerequisites for account opening are met. Once the prerequisites are fulfilled, we will set up our own accounts for payment of social insurance premium and housing provident funds for him as soon as practicable. For the remaining employees, we aim to cease the engagement of third-party agencies and transit to payment through our own accounts for social insurance premium and housing provident funds by December 2024.

Payment arrangements

We historically settled transactions on certain WeChat public accounts of ours, by collecting payment from customers on behalf of third-party pharmacies without permits. In 2021, 2022 and 2023, revenue generated from such payment settlement arrangement accounted for less than 0.02% of our total revenue, respectively. The incident was primarily due to our employees' limited comprehension of the relevant PRC laws and regulations. We have ceased such payment settlement arrangement since February 2023. No administrative action or penalty had been imposed by the relevant regulatory authorities against us as of the Latest Practicable Date. Based on the foregoing, our PRC Legal Advisor is of the view that the risk that such non-compliance incident would cause material adverse effect on our business operations, after we made rectification, is remote.

In addition, during the Track Record Period, certain customers settled their payments with us through third-party payors to facilitate the transaction process. The third-party payors primarily consist of external promotion personnel, who help us with customer acquisition and management, in order to enlarge our customer base. The aggregate third-party payments were RMB0.8 million in 2021 and maintained nil in 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively, accounting for an insignificant percentage of the total revenue. We have implemented certain internal control measure to reduce third-party payments and mitigate the relevant risks. Before accepting any payment, our financial department shall review payment details to ensure the identity of payor is consistent with customer information specified in the contract. In case the identity of payor cannot be ascertained, we will perform internal procedures to determine whether to refuse or refund such payment. Since July 2021, we had ceased all such payment arrangement.

RISK MANAGEMENT, INTERNAL CONTROL AND COMPLIANCE CULTURE

We are committed to establishing and maintaining risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations. Therefore, we have adopted and implemented risk management policies in various aspects of our business operations, such as financial reporting, information system, internal control, human resources and investment management.

Financial Reporting Risk Management

We have in place a set of accounting policies in connection with our financial reporting risk management, such as financial reporting management policy, budget management policy, treasury management policy, financial statements preparation policy and finance department and staff management policy. We have various procedures and information technology systems in place to implement our accounting policies, and our finance department reviews our management accounts based on such procedures. We also provide regular training to our finance department employees to ensure that they understand our financial management and accounting policies and implement them in our daily operations.

Information System Risk Management

Certain types of health and medical data that we gain access to may be considered to be personal information under the applicable laws and regulations. Sufficient protection of health and medical data is critical to the success of our business. We have implemented relevant internal procedures and controls to ensure the security of our information technology infrastructure, that any health and medical data that we gain access to is protected and that leakage and loss of such data is avoided. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material system failure in our information technology infrastructure, or any material leakage or loss of health and medical data.

Our information security team is responsible for ensuring the security of our information technology infrastructure and ensuring that the usage, maintenance and protection of healthcare data are in compliance with our internal rules and the applicable laws and regulations. We provide regular training to members of our information technology teams.

Data Tracking and Calculation Risk Management

Our key operating metrics include number of registered individual users, number of hospitals connected to our platform, number of registered physicians and medical consultation volume. We calculate those metrics based on our internal data. Our key assumptions and estimates used in calculating the operating metrics are as follows:

- We assume that we have excluded the multiple accounts of our services by individual users, for example, when calculating the number of registered individual users, online appointments on our platform and medical consultations as arranged on our platform.
- We assume that the physicians' data we acquired from the hospitals are accurate when calculating the number of registered physicians. We partly rely on hospitals cooperating with us when collecting physicians' data.
- We assume that our data team have obtained the most updated operating data when calculating the utilization rate and repurchase rate of health membership schemes.
- We assume that there are no technical delays in transmitting the operating data to our data team.

To mitigate the inaccuracies in measuring the data and calculating such operating metrics, we have implemented the following procedures:

- ***Allocation and tracking of unique user IDs.*** To ensure the accuracy of user data, we assign a unique user ID to each registered user. Such measure facilitates data tracking and helps reduce duplicate registrations. In addition, we have established a blacklist for users who we have detected to have fraudulently created multiple accounts. By monitoring and regulating the activities of such users, we have effectively reduced the risks associated with the fraudulent use of our services.
- ***Enhanced registration policies and information verification.*** We have enhanced our registration policies on our platform. For many of our business lines, users are required to provide more detailed information during registration, which will enable us to identify each user and track the data more effectively. Based on such information, we then tag our users with labels to established user profiles, which enhance our data analysis precision and effectiveness.
- ***Recording and analysis of user behavior logs.*** To identify inactive users on our platform, we keep records of users' full log-in history and activities on our platform. Such records help us identify inactive users in a timelier manner.
- ***Physician qualification verification mechanism.*** Certain of our registered physicians' data are provided by the hospitals cooperating with us. To mitigate the potential inaccuracy in such data, we require physicians to provide detailed personal information and relevant certifications when they register on our platform for the first time. When the hospitals or physicians request to modify the profiles, we will conduct a multi-level review procedure for the physicians' qualifications. This further helps avoiding data inaccuracies.
- ***Multi-factor authentication measures.*** For our appointment scheduling services, we have implemented authentication measures, such as facial recognition, to further authenticate user identities. Such measures help prevent fraudulent use of our services and ensure the accuracy of our user data.
- ***Data management and review.*** The database where we store the operating data is key to our platform. We have implemented internal policy providing that only database administrators have the authority to manage the database, and each operation must be authorized. We have also recorded all the operations on the database in our backend system. This enables us to trace back and identify the reasons in case of data inaccuracies. Furthermore, our data backup system offers dual protection for data security.
- ***The use of data cleansing and other data processing tools.*** We regularly conduct data cleansing to remove duplicates, errors, and incomplete entries. By using data cleansing tools, we can identify and exclude more duplicate customer records. In addition, we leverage ETL (Extract, Transform, Load) tools to enhance the efficiency and accuracy of data processing when we amalgamate operating data from our diverse channels.

Intellectual Property Risk Management and Compliance

We have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations, as well as the protection of our intellectual property rights.

In accordance with these procedures, our in-house legal department performs the basic function of reviewing and updating the form of contracts we enter into with our customers and suppliers. Our legal department, as well as business operation teams, examine the contract terms and review all relevant documents in relation to our business operations, including licenses, permits and qualifications obtained by the counterparties or us to perform contractual obligations and all the necessary underlying due diligence materials, before we enter into any contract or business arrangements.

We also have in place detailed internal procedures to ensure that our services, including upgrades to existing services, have been reviewed for regulatory compliance before they are made available to the general public. According to our internal procedural guidelines, the persons in charge of the services or solutions are responsible for obtaining any requisite governmental pre-approvals or consents, including preparing and submitting all necessary documents for filing with relevant government authorities within the prescribed regulatory timelines and ensuring all necessary applications, renewals or filings for trademark, copyright and patent registration have been timely made to the competent authorities.

Additionally, we have implemented internal procedures for our content services to ensure the integrity of our content and prevent risks of potential plagiarism and other infringement claims. These measures include: (i) requiring that all content submitted by external medical experts and physicians demonstrate originality, thereby addressing potential plagiarism at the outset;(ii) utilizing both automated and manual checks to identify and flag potentially plagiarized content against data and content in the public domain; and (iii) including clear stipulations in our contracts with external medical experts and physicians, ensuring they guarantee the factual accuracy of their submissions and confirm that these do not infringe on third-party intellectual property rights. As a result, we can hold external medical experts and physicians accountable in the event of any plagiarism or other infringement claims against us.

Operational Risk Management

We value the quality and safety of the health and medical services we provide to our customers. Since our inception, we have strived to minimize any health and medical risks arising from provision of our services. We conduct evaluations of planning, content, and channels of our advertising and marketing campaigns, in order to ensure that any promotion is conducted in compliance with applicable legal and regulatory requirements. We require suppliers, promoters, and physicians on our platform to strictly adhere to the work scope and quality requirements specified in our terms of use with a view to avoiding any significant operational risks.

In addition, we have adopted internal policies regarding content selection. We select health and medical information primarily based on clinical utility and scientific value. We also consider the levels of evidence used in accordance with the professional standards for evidence-based medical research, comprehensiveness, conciseness and timeliness. We require customized content to be evidence-based and do not allow the publishing of inaccurate, biased or malicious content. See “—Our Services—Corporate and Digital Marketing Services—Corporate Services—Content Services” in this section for more information.

Human Resources Risk Management

We provide specialized training tailored to the needs of our employees in different departments. Our human resource department schedules online training, reviews employees’ feedback on training, and assesses employees to evaluate the impact of such training. Through such training, we ensure that our staff’s skill sets remain up-to-date, enabling them to better discover and meet consumers’ needs. For example, we regularly provide training sessions to online health consultants, in respect of the latest information about the our service offerings, common medical know-how, the standard of customer service, and case study, in order to improve and maintain the customers’ experience on our platform.

We have in place an employee handbook, which contains internal rules and guidelines about work ethics and other human resource management topics. We provide new employees with training and resources to explain the guidelines contained in the employee handbook.

Anti-bribery and Anti-corruption Policy

We have in place anti-corruption and anti-bribery policies to safeguard against any corruption within our Group. We prohibit our employees from receiving or giving any form of bribes or kickbacks in dealing with suppliers, customers or any other third parties. We have clear and strict guidelines against the acceptance of gifts, hospitality and other offers by interested third parties, or the making of such offers by our employees to any third parties. We also set up trainings regularly for our employees, regarding our anti-corruption and anti-bribery policy. We believe that these trainings would continuously strengthen our employees’ skill sets and mindset against any potential misconduct related to corruption and bribery issues, enabling them to better comply with the relevant laws and regulations. All employees are required to sign an anti-corruption and anti-bribery undertaking, and report to the management where there is a conflict of interest. It is required by our internal policy that each department shall perform self-checks on any violations in key processes and roles on a regular basis, and report to the office of chief executive officer and our performance evaluation center any violation or trace of possible risks. We set out anti-corruption and anti-bribery clauses in our business contracts, allowing us to terminate the contracts for any violation by the counterparties. We require our suppliers and other third parties to sign an anti-corruption and anti-bribery undertaking, and comply with relevant PRC laws and regulations. We have established open channels for employees to make anonymous reports of corruption. We conduct risk assessment and due diligence

before engaging any third party and ensure that the engagement procedure is in compliance with our anti-bribery policies.

From July 2023, China launched an anti-corruption campaign (the “**Campaign**”) targeting the overall healthcare sector, especially corruption arising from the sales channels of medicines and medical devices within the public medical system. We believe that the Campaign would not have significant impact on our business, primarily because (i) our healthcare services are not covered by the public medical system; and (ii) substantially all of our revenue during the Track Record Period was generated from healthcare services provided to individual and corporate customers.

During the Track Record Period and up to the Latest Practicable Date, we were not aware of any anti-bribery and anti-corruption incident by our employees in connection with our customers.

Investment Risk Management

Our surplus cash arises primarily from daily business operations. We have adopted prudent treasury policies for both long-term and short-term cash management. While the primary objective of our long-term investments is to invest in or acquire businesses that are complementary to our business, we focus on short-term investment opportunities, which could generate finance income at a yield higher than current deposit bank interest rates, with an emphasis on capital preservation. Our short-term investments usually go to relatively liquid and low-risk financial instruments issued by either commercial banks or other licensed financial institutions. We make our investment decisions on a case-by-case basis, and the investment duration is dependent on the management’s projection of our cash flow requirement.

Our finance center, under the supervision of our Chief Financial Officer, is responsible for managing the investment of our cash surplus. The finance center will submit an investment proposal to a group of senior management for approval. The senior management group typically comprises seven members, including the Chief Executive Officer, Chief Financial Officer and the Vice President. Upon receiving such approval, the finance center may begin to implement investment decisions under the supervision of our Chief Financial Officer. The amount of surplus cash available for investment is determined by assessing our cash flow and operational needs and capital expenditures. Appropriate investment targets are considered on a case-by-case basis, and after due and careful consideration of a number of factors, including, but not limited to, macro-economic environment, overall financial conditions and market environments, cost and duration of investment, risk control and credit of potential investee companies, our working capital conditions, and the expected profit or potential loss of such investments in the context of relevant interest rate, liquidity, currency, price and credit risks. Particularly, in order to manage the potential risks associated with any long-term investments or acquisitions, we would generally require potential investee companies to grant us customary minority investor protective rights.

BUSINESS

In addition, our finance center and performance evaluation center are responsible for reviewing and monitoring the performance of each investment periodically, and reporting to our senior management team. Any significant future changes to our treasury policies must be approved by the Board.

PERMITS, LICENSES AND APPROVALS

As of the Latest Practicable Date, as advised by our PRC Legal Advisor, we had obtained all requisite licenses, approvals and permits that are material to our operations from the relevant authorities. We are required to renew such certificates, permits and licenses from time-to-time. We do not expect any material difficulties in such renewals.

The following table sets forth a list of our material permits, licenses and approvals:

No.	Entity	Name of the Permits, Licenses and Approvals	Expiration Date
1.	Zhejiang Health Road	Filing Record For Pre-packaged Food Operation Only (僅銷售預包裝食品備案)	N/A ⁽¹⁾
2.	Fujian Health Road	Value-added Telecommunication Business License (《增值電信業務經營許可證》)	July 10, 2025
3.	Fujian Health Road	Class II Medical Device Operation Filing Record of Fuzhou, Fujian Province (《福建省福州市第二類醫療器械經營備案憑證》)	N/A ⁽¹⁾
4.	Fujian Health Road	Medical Devices Online Sales Filing (醫療器械網絡銷售備案憑證)	N/A ⁽¹⁾
5.	Fujian Health Road	Internet Drug Information Services Qualification License (《互聯網藥品信息服務資格證書》)	December 17, 2025
6.	Fujian Health Road	Food Operation License (《食品經營許可證》)	June 20, 2026
7.	Yinchuan Borderless	Medical Institution Practicing License (《醫療機構執業許可證》)	February 6, 2025
8.	Yinchuan Borderless	Internet Drug Information Services Qualification License (《互聯網藥品信息服務資格證書》)	December 9, 2026
9.	Fujian Health Management	Value-added Telecommunication Business License (《增值電信業務經營許可證》)	March 19, 2025
10.	Fujian Health Management	Internet Drug Information Services Qualification License (《互聯網藥品信息服務資格證書》)	November 24, 2026
11.	Fuqing Pharmacy	Pharmaceutical Operation License (《藥品經營許可證》)	October 25, 2026

BUSINESS

No.	Entity	Name of the Permits, Licenses and Approvals	Expiration Date
12.	Fuqing Pharmacy	Class II Medical Device Operation Filing Record (《第二類醫療器械經營備案憑證》)	N/A ⁽¹⁾
13.	Fujian Health MedTech	Value-added Telecommunication Business License (《增值電信業務經營許可證》)	February 8, 2028
14.	Fujian Health MedTech	Internet Drug Information Services Qualification License (《互聯網藥品信息服務資格證書》)	June 13, 2028
15.	Fujian Jianchen	Pharmaceutical Operation License (《藥品經營許可證》)	October 15, 2028
16.	Jianmingtang	Pharmaceutical Operation License (《藥品經營許可證》)	July 1, 2025
17.	Jianmingtang	Medical Device Operating License (《醫療器械經營許可證》)	October 29, 2025
18.	Jianmingtang	Class II Medical Device Operation Filing Record (《第二類醫療器械經營備案》)	N/A ⁽¹⁾
19.	Jianmingtang	Food Operation License (《食品經營許可證》)	October 28, 2025

Note:

(1) Such permit, license or approval has no expiration date.

CONTRACTUAL ARRANGEMENTS

BACKGROUND

Overview

Foreign investment activities in the PRC are mainly governed by 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)》) (the “**Negative List**”) and the Catalogue of Industries for Encouraging Foreign Investment (《鼓勵外商投資產業目錄》) (the “**Encouraged Catalogue**”), which were jointly promulgated by the MOFCOM and the NDRC and are amended. The Negative List and the Encouraged Catalogue divide certain industries into three categories with regard to foreign investment, namely, “encouraged”, “restricted” and “prohibited”. Industries not listed in the Encouraged Catalogue or the Negative List are generally deemed as falling into a fourth category, “permitted”. The currently effective Negative List is the 2024 version, which became effective on November 1, 2024 (the “**2024 Negative List**”). As advised by our PRC Legal Advisor, a summary of our businesses/operations that are subject to foreign investment restriction or prohibition in accordance with the 2024 Negative List (the “**Relevant Businesses**”), other applicable PRC laws and our consultations with the relevant governmental authorities is set out below:

Categories

Our businesses/operations

Online medical institutions

The 2024 Negative List categorizes the operation of medical institutions in the PRC as “restricted”. In relation to the operation of medical institutions in particular, pursuant to the Provisional Measures for the Administration of Medical Institutions in the Form of Sino-foreign Equity or Contractual Joint Venture (《中外合資、合作醫療機構管理暫行辦法》), promulgated by the Ministry of Health (the predecessor of the National Health Commission of the PRC) and the Ministry of Foreign Trade and Economic Cooperation (the predecessor of the MOFCOM) in May 2000, taking effect on July 1, 2000, subject to any regional restrictions, foreign investors are not allowed to hold more than 70% of the equity interests in medical institutions.

Yinchuan Borderless

Yinchuan Borderless, established on January 23, 2019, is primarily engaged in the provision of online hospital and medical services. Yinchuan Borderless holds a medical institution practicing license (the “**Medical Institution Practicing License**”) issued by the Yinchuan Examination and Approval Service Administration* (銀川市審批服務管理局) on February 7, 2020.

CONTRACTUAL ARRANGEMENTS

Categories

Our businesses/operations

According to (i) the publicly available information and (ii) the Company's research on the policies of various local regulatory agencies in China related to online medical institution, Yinchuan is among the second batch of healthcare reform pilot cities (“第二批醫改試點城市”) and one of the first cities to implement local policies for Internet-based medical services. Furthermore, the approval process and regulatory measures related to Internet healthcare business in Yinchuan are relatively clear, making it convenient for the Company to operate an online medical institution. Based on the foregoing, the Company decided to choose Yinchuan as the operating location for its online medical businesses.

With respect to the foreign investment restriction in Yinchuan on the operation of online medical institutions, our PRC Legal Advisor and the legal advisor of the Sole Sponsor consulted an officer of the Health Commission of Yinchuan* (銀川市衛生健康委員會) on September 24, 2021 and February 10, 2023, and were advised that (i) foreign investors are not allowed to hold, directly or indirectly, any equity interests in any operator of online medical institutions in Yinchuan, and (ii) the adoption of the Fujian Health Road Contractual Arrangements with respect to Yinchuan Borderless does not require any approval from Health Commission of Yinchuan. Furthermore, the foreign investment prohibition on online hospital and medical services is not applicable to all locations nationally, and such foreign investment restriction on online hospital and medical services may vary in different locations and be subject to the regulations and guidance of the local regulatory agencies, but without prejudice to the Negative List.

Our PRC Legal Advisor is of the view that (i) the Health Commission of Yinchuan is the competent authority and the officers consulted are competent to give such confirmations in respect of foreign investments in Yinchuan Borderless; and (ii) based on the foregoing consultations with the Health Commission of Yinchuan, our Company shall not hold any equity interests in Yinchuan Borderless.

CONTRACTUAL ARRANGEMENTS

Categories	Our businesses/operations
Value-added telecommunications services business	<p>Our business involves provision of online advertising services through our mobile apps and websites. As advised by our PRC Legal Advisor, such telecommunication information services is a sub-category of value-added telecommunications (“VAT”) services under the 2024 Negative List and is therefore subject to foreign ownership restrictions and an Internet Content Provider License (“ICP License”) is required.</p> <p>According to the 2024 Negative List, provisions of VAT services, which include telecommunication information services under the Telecommunications Regulations of the PRC (《中華人民共和國電信條例》), fall into the “restricted” category and the shareholding percentage of a foreign investor in companies engaged in such services (excluding e-commerce, domestic multi-party communication services, store-and-forward services and call center services) shall not exceed 50%.</p> <p>On March 29, 2022, the State Council promulgated the Decision of the State Council on Revising and Repealing Certain Administrative Regulations (《國務院關於修改和廢止部分行政法規的決定》), which amended the then Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (《外商投資電信企業管理規定》) (the “New FITE Regulations”) with the amendments taking effect on May 1, 2022. Under the New FITE Regulations, foreign investors are permitted to hold up to 50% (but no more) equity interest in entities requiring an ICP License to operate, provided that the foreign investor satisfies qualification requirements, including registered capital and other requirements or proof required under the new FITE Regulations (“VAT Qualification Requirements”). However, the New FITE Regulations removed the requirements that the foreign investor would need to have a good track record and experience in operating VAT businesses overseas.</p> <p>On October 13, 2021 and May 12, 2022, our PRC Legal Advisor and the legal advisor of the Sole Sponsor consulted officers of the MIIT regarding foreign investment restriction on VAT business and the adoption of the contractual arrangements. The officers confirmed that foreign investors are not allowed to hold more than 50% equity interests in companies conducting telecommunication information services of VAT, and foreign-invested entities conducting information services are still subject to the examination of substance and merits by the MIIT.</p>

CONTRACTUAL ARRANGEMENTS

Categories

Our businesses/operations

During the Track Record Period, our businesses involving provision of telecommunication information services through mobile apps and websites were conducted through Fujian Health Road and Fujian Health Management, for which each of Fujian Health Road and Fujian Health Management held a valid ICP License with the respective expiry dates on July 10, 2025 and March 19, 2025. On June 2, 2022, our PRC Legal Advisor consulted an officer of Fujian Communications Administration* (福建省通信管理局) and was advised that if Fujian Health Road or Fujian Health Management converts into a foreign-invested enterprise, it should apply for a new ICP License after revocation of the original ICP License.

In order to narrowly-tailor our Contractual Arrangements as required by Chapter 4.1 of the Guide for New Listing Applicants issued by the Stock Exchange, we established Fujian Health MedTech (which was directly held by Mr. Zhang as to 50% and by Health Road HealthTech as to 50% as of the Latest Practicable Date) to apply for the new ICP License. On February 8, 2023, Fujian Health MedTech obtained the new ICP License.

Our PRC Legal Advisor is of the view that (i) the MIIT and Fujian Communications Administration are the competent authorities and the officers interviewed are competent to give such confirmation in respect of foreign investment in VAT business; and (ii) based on the foregoing, our Company shall not directly hold more than 50% equity interests in Fujian Health MedTech.

As illustrated above, in order to maintain our business operations in compliance with the applicable PRC laws and regulations, our Company, as a foreign investor under the current regulatory regime, has adopted the Contractual Arrangements as set out in detail in “—Our Contractual Arrangements” in this section, which allow the Company to exercise control over the business operation of our Consolidated Affiliated Entities and enjoy all the economic interests derived therefrom.

CONTRACTUAL ARRANGEMENTS

Business Transfer

As of the Latest Practicable Date, our Company is in the process of certain business transfer (the “**Business Transfer**”) which consists of (i) assignment or transfer of the relevant agreements entered into by Fujian Health Road and Fujian Health Management in relation to business involving VAT services to Fujian Health MedTech; and (ii) assignment or transfer of the relevant agreements entered into by Fujian Health Road involving business other than Relevant Businesses which are not subject to any foreign investment restriction or prohibition (the “**Non-Restricted Businesses**”) to Health Road HealthTech (or its subsidiaries). As of the Latest Practicable Date, (i) all 13 VAT services related agreements entered into by Fujian Health Road have been successfully assigned or transferred to Fujian Health MedTech; and (ii) out of a total of 321 Non-Restricted Businesses services related agreements entered into by Fujian Health Road, 307 have been successfully assigned or transferred to Health Road HealthTech (or its subsidiaries).

CONTRACTUAL ARRANGEMENTS

The table below sets forth the status of the Business Transfer as of the Latest Practicable Date:

Type of service	Number of agreements transferred	Number of agreements not transferred		Revenue contribution of service under agreements not transferred for six months ended June 30, 2024 ⁽¹⁾		Gross profit contribution of service under agreements not transferred for six months ended June 30, 2024 ⁽¹⁾		Revenue contribution of service under agreements not transferred during the period from July 1, 2024 to the Latest Practicable Date ⁽¹⁾	
		Expiring before the Listing	Subsisting after the Listing	Expiring before the Listing	Subsisting after the Listing	Expiring before the Listing	Subsisting after the Listing	Expiring before the Listing	Subsisting after the Listing
Relevant Businesses									
VAT Services	13	—	—	—	—	—	—	—	—
Non-Restricted Businesses									
Information technology services	243	one ⁽²⁾	four ⁽²⁾	Amount: approximately RMB2.10 million	Amount: approximately RMB41.02 million	Amount: approximately RMB0.63 million	Amount: approximately RMB12.27 million	Revenue already recognized: approximately RMB1.01 million	Revenue already recognized: approximately RMB9.67 million
				Contribution to total revenue: approximately 0.34%	Contribution to total revenue: approximately 6.71%	Contribution to total gross profit: approximately 0.34%	Contribution to total gross profit: approximately 6.68%	Contribution to total gross profit: approximately RMB1.01 million	Contribution to total gross profit: approximately RMB9.67 million
				Contribution to total Non-Restricted Businesses revenue: approximately 0.37%	Contribution to total Non-Restricted Businesses revenue: approximately 7.31%	Contribution to total Non-Restricted Businesses gross profit: approximately 0.38%	Contribution to total Non-Restricted Businesses gross profit: approximately 7.37%		
Health membership schemes	63	seven ⁽³⁾	two ⁽³⁾	Amount: approximately RMB2.27 million	Amount: approximately RMB0.11 million	Amount: approximately RMB0.62 million	Amount: approximately RMB0.03 million	Revenue already recognized: approximately RMB0.31 million	Revenue already recognized: approximately RMB0.11 million
				Contribution to total revenue: approximately 0.37%	Contribution to total revenue: approximately 0.02%	Contribution to total gross profit: approximately 0.34%	Contribution to total gross profit: approximately 0.01%	Contribution to total gross profit: approximately RMB0.31 million	Contribution to total gross profit: approximately RMB0.11 million
				Contribution to total Non-Restricted Businesses revenue: approximately 0.41%	Contribution to total Non-Restricted Businesses revenue: approximately 0.02%	Contribution to total Non-Restricted Businesses gross profit: approximately 0.37%	Contribution to total Non-Restricted Businesses gross profit: approximately 0.02%		
Healthcare service packages	one	—	—	—	—	—	—	—	—
Total	320	eight	six	Contribution to total revenue: approximately 0.72%	Contribution to total revenue: approximately 6.73%	Contribution to total gross profit: approximately 0.68%	Contribution to total gross profit: approximately 6.68%		

CONTRACTUAL ARRANGEMENTS

Notes:

- (1) The figures are based on the unaudited management accounts of the Group. Since most agreements not yet transferred as of the Latest Practicable Date are framework agreements with no fixed contract amounts, the revenue contributed by such agreements for the six months ended June 30, 2024 and from July 1, 2024 to the Latest Practicable Date have been set out for reference.
- (2) Among the five agreements in relation to the provision of our information technology services not yet transferred to Health Road HealthTech as of the Latest Practicable Date, (i) one agreement will expire before the Listing. The relevant customer has agreed to enter into new agreement with Health Road HealthTech after the expiry of the existing agreement entered into with Fujian Health Road before the Listing; and (ii) four agreements will subsist after the Listing, with the last expiry date being February 23, 2025. Instead of agreeing to assignment or transfer of such agreements, the relevant customers have agreed to enter into new agreements with Health Road HealthTech upon expiry of their respective existing agreements.
- (3) Among the nine agreements in relation to health membership schemes not yet transferred to Health Road HealthTech as of the Latest Practicable Date, (i) seven agreements are expiring before the Listing. The relevant customers have agreed to enter into new agreements with Health Road HealthTech before the Listing; and (ii) two agreements will subsist after the Listing, with a respective term ranging from two to three years, and the last expiry date being July 31, 2025. Instead of agreeing to assignment or transfer of such agreement, the relevant customers have agreed to enter into new agreements with Health Road HealthTech upon expiry of their respective agreements.

The Company confirms that the Consolidated Affiliated Entities will no longer enter into any new agreements regarding Non-Restricted Businesses. To ensure that our business will be conducted in compliance with the “narrowly tailored” requirements on the Contractual Arrangements, all of our new service agreements regarding the Relevant Businesses and the Non-Restricted Businesses will be separately entered into by our Group through the appropriate Consolidated Affiliated Entities and Health Road HealthTech (or its subsidiaries), respectively. For purchases of services in relation to both the Relevant Businesses and the Non-Restricted Businesses by a customer, both Health Road HealthTech (or any of its subsidiaries) and an appropriate Consolidated Affiliated Entity will be signing parties to the relevant agreements, and a proper subsidiary of our Company or an appropriate Consolidated Affiliated Entity will be designated to perform obligations thereunder.

Upon the completion of the Business Transfer, Fujian Health Road and Fujian Health Management are not expected to carry out any substantive business operations.

For further details of the limitations on foreign ownership in Consolidated Affiliated Entities conducting the Relevant Businesses under applicable PRC laws and regulations, see “Regulatory Overview—Regulations Relating to Foreign Investment”.

CONTRACTUAL ARRANGEMENTS

OUR CONTRACTUAL ARRANGEMENTS

Overview

Our Consolidated Affiliated Entities are currently (i) Fujian Health Road and its subsidiaries, comprising Fujian Health Management and Yinchuan Borderless and (ii) Fujian Health MedTech, which were established under the PRC laws. In view of the aforementioned PRC regulatory background, after consultation with our PRC Legal Advisor, we determined that it was not viable for our Company to (i) hold Fujian Health Road and its subsidiaries directly through equity ownership, or (ii) directly hold more than 50% equity interests in Fujian Health MedTech. Instead, in line with the common practice in the PRC for industries subject to foreign investment restrictions and pursuant to the Reorganization, we would gain effective control over, and receive all the economic benefits generated by the businesses currently operated by, our Consolidated Affiliated Entities through the Contractual Arrangements.

Prior to the Reorganization, we did not hold any direct equity ownership in Fujian Health Road and its subsidiaries. We gained control over Fujian Health Road and its subsidiaries by virtue of the Original Contractual Arrangements, in order to comply with the then applicable PRC laws and regulations while maintaining effective control over all of our operations.

Following the Reorganization and as of the Latest Practicable Date, (i) Fujian Health Road was held by Mr. Zhang as to approximately 34.66%, Chuanke Computer as to approximately 12.77%, Shangrao SOA as to approximately 2.67%, Shanghai Jiejia as to approximately 1.02%, Health Road Investment Center as to approximately 46.37% and Fuzhou Wanjia Kangjian as to approximately 2.51%, and (ii) Fujian Health MedTech was held by Mr. Zhang as to 50% and Health Road HealthTech as to 50%. On March 31, 2022, a series of contractual arrangements in respect of our business involving online medical institutions were entered into among Health Road HealthTech, Fujian Health Road (which currently holds Fujian Health Management and Yinchuan Borderless) and the Registered Shareholders. On February 8, 2023, Health Road HealthTech, Fujian Health Road and the Registered Shareholders entered into a series of contractual arrangements currently in effect, which amended, restated and superseded the 2022 Fujian Health Road Contractual Arrangements. On February 8, 2023, the series of contractual arrangements currently in effect in respect of our business involving VAT services were entered into among Health Road HealthTech, Fujian Health MedTech and Mr. Zhang. As such, (i) our Company now holds the maximum equity interest in Fujian Health MedTech permitted under the currently applicable PRC laws and regulations and we hold the remaining interest in Fujian Health MedTech through the Fujian Health MedTech Contractual Arrangements; and (ii) we control Fujian Health Road and its subsidiaries through the Fujian Health Road Contractual Arrangements. The Contractual Arrangements allow the results of operations and assets and liabilities of the Consolidated Affiliated Entities to be consolidated into our results of operations and assets and liabilities as if they were subsidiaries of our Group. As of June 30, 2024, our Relevant Businesses comprised (i) remote medical consultation services provided to individuals (under other medical support services) and (ii) online advertising services on our platforms (under digital marketing

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services). The revenue generated from the remote medical consultation services provided to individuals was RMB1,023 thousand, RMB843 thousand, RMB772 thousand and RMB48 thousand and accounted for approximately 0.24%, 0.15%, 0.06% and 0.01% of our Group's total revenue in 2021, 2022 and 2023 and the six months ended June 30, 2024, respectively. The revenue generated from online advertising services on our platforms was RMB34.2 million, RMB22.8 million, RMB51.6 million and RMB16.0 million and accounted for approximately 7.9%, 4.0%, 4.1% and 2.6% of our Group's total revenue in 2021, 2022 and 2023 and the six months ended June 30, 2024, respectively. The revenue generated from the Consolidated Affiliated Entities was RMB297.7 million, RMB498.7 million, RMB529.2 million and RMB148.8 million and accounted for approximately 69.0%, 87.6%, 42.5% and 24.3% of our Group's total revenue in 2021, 2022 and 2023 and the six months ended June 30, 2024, respectively. The decrease in revenue contribution from the Consolidated Affiliated Entities for 2023 as compared with the two years ended December 31, 2022 was mainly attributable to the transfer of Non-Restricted Businesses from Consolidated Affiliated Entities to Health Road HealthTech (or its subsidiaries). The loss contributed by the Consolidated Affiliated Entities was RMB198.67 million and RMB3.74 million in 2021 and 2022, respectively. The net profit contributed by the Consolidated Affiliated Entities was RMB31.8 million for 2023. For the six months ended June 30, 2024, the loss contributed by the Consolidated Affiliated Entities was RMB21.8 million. During the six months ended June 30, 2024, although remote medical consultation services and online advertising services only contributed approximately 2.6% of our total revenue, while the Consolidated Affiliated Entities contributed approximately 24.3% of our total revenue, this discrepancy occurred due to the following reasons: (i) the Business Transfer was initiated in mid-April 2023 and was not fully completed by June 30, 2024. Consequently, before the completion of the Business Transfer, revenue contributed by Non-Restricted Businesses was recognized under the Consolidated Affiliated Entities and accounted for approximately 15.5% of our total revenue for the six months ended June 30, 2024; and (ii) the remaining customers agreed to transfer their business contracts involving Non-Restricted Businesses with Fujian Health Road and/or Fujian Health Management to other subsidiaries only upon the expiry of their existing contracts after the Track Record Period, which accounted for approximately 6.2% of our total revenue for the six months ended June 30, 2024.

Besides the remote medical consultation services provided to individuals and online advertising services on our platforms, the sub-business line of precision content services consists of (i) the Non-Restricted Businesses (i.e. the creation of medical content about specific diseases), and (ii) the Relevant Businesses (i.e. the promotion of such medical content to target audiences, including the provision of VAT services through our own platform(s)). Since the creation of medical content and the promotion of such medical content through our own platform(s) are highly integrated and the separation of such services may disrupt customer experience and impact efficiency, all the agreements under the precision content services involving the provision of VAT services on our own platform(s), which falls under the Negative List, had been assigned or transferred to Fujian Health MedTech as of the Latest Practicable Date, except for the agreements with our new customers that were still under negotiation. In the event that in the future we may provide any precision content services which are solely categorized as the Non-Restricted Businesses to our customers (such as creating the medical content without promoting such content on

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out own platform(s)), we will enter into new agreements with such customers through Health Road HealthTech (or its subsidiaries) to ensure that our Group's business will be conducted in compliance with the "narrowly tailored" requirements under the Contractual Arrangements.

Our Directors believe that the Contractual Arrangements are fair and reasonable because (i) the Contractual Arrangements were freely negotiated and entered into among Health Road HealthTech, the relevant Consolidated Affiliated Entities, the Registered Shareholders and Mr. Zhang (as the case may be), (ii) by entering into the Exclusive Business Cooperation Agreements with Health Road HealthTech, which is our indirect subsidiary incorporated in the PRC, our Consolidated Affiliated Entities will enjoy better economic and technical support from us, as well as a better market reputation after the Listing, and (iii) a number of other companies use similar arrangements to accomplish the same purpose.

Based on the foregoing, our Directors are of the view that the Contractual Arrangements are narrowly tailored because they are only used to address the foreign ownership restrictions. The Contractual Arrangements are also narrowly tailored to enable us to achieve our business and operation purposes under the current PRC regulatory framework so as to minimize the potential conflict with relevant PRC laws and regulations. Our PRC Legal Advisor concurs that the Contractual Arrangements minimize the potential conflict with relevant PRC laws and regulations, subject to further guidance on specific requirements and regulatory procedures from relevant authorities. According to our PRC Legal Advisor's opinion as summarized in "—Legality of the Contractual Arrangements" in this section, our Directors believe that each agreement underlying the Contractual Arrangements is enforceable under the PRC laws and regulations (except for the potential unenforceability of the dispute resolution therein).

Future Business Development

We intend to continue to expand our service scope relating to digital health and medical, among others, by embedding a pharmaceutical retail e-commerce platform with our existing mobile apps and websites, and such e-commerce function requires a Value-added Telecommunication Business License for Electronic Data Interchange ("**EDI License**") under the applicable PRC laws and regulations as advised by our PRC Legal Advisor. As such, while our businesses currently do not involve e-commerce business, with the operation of a new e-commerce platform, our businesses may be considered to fall within the VAT service which would require the EDI License. In view of our future business development and to ensure our compliance with the relevant PRC laws and regulations, Fujian Health MedTech applied for an EDI License together with the new ICP License application and held a valid EDI License and ICP License as of the Latest Practicable Date. While businesses subject to an EDI License are not subject to any foreign investment restrictions under the applicable PRC laws and regulation, the proposed e-commerce function of our mobile apps and websites that may require the EDI License will be inherently embedded into the mobile apps and websites which are currently operated by Fujian Health MedTech (which holds a valid ICP License). It is therefore not possible for us to conduct such business through a separate entity other than Fujian Health MedTech.

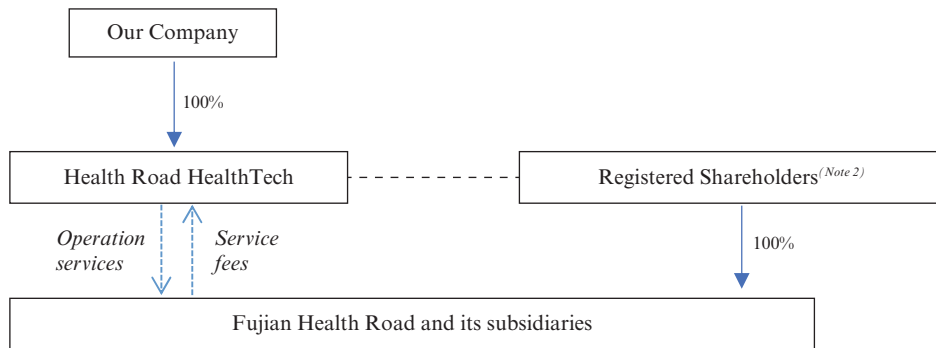
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Save as disclosed above, in the event that any of our future business, which we plan to conduct through any of our Consolidated Affiliated Entities, is considered to fall under the “permitted” category (other than the potential e-commerce businesses as described above), we will consult the relevant authorities and the Stock Exchange and comply with all relevant Listing Rules and the Guide for New Listing Applicants prior to conducting such businesses under the Contractual Arrangements.

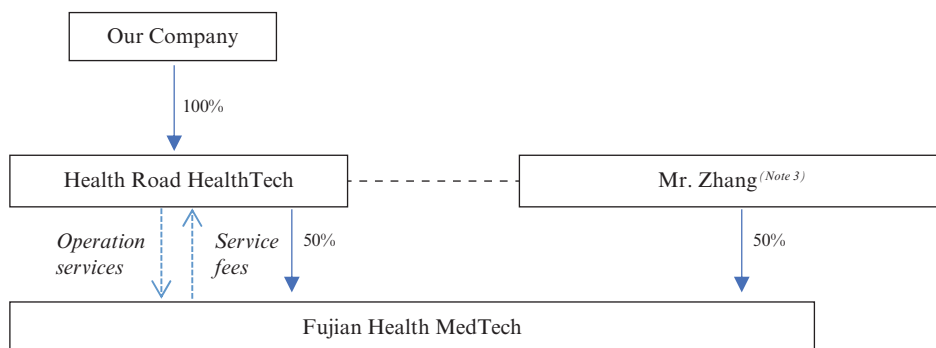
Contractual Arrangements

The following simplified diagrams illustrate the flow of economic benefits from the Consolidated Affiliated Entities to our Group under the Contractual Arrangements as of the Latest Practicable Date:

Fujian Health Road Contractual Arrangements



Fujian Health MedTech Contractual Arrangements



Notes:

- (1) “” denotes direct legal and beneficial ownership in the equity interest.
- “” denotes Contractual Arrangements.
- “” denotes the control by Health Road HealthTech over the Consolidated Affiliated Entities, the Registered Shareholders or Mr. Zhang (as the case may be) through the (i) powers of attorney to exercise all shareholders’ rights in Fujian Health Road or Fujian Health MedTech (as the

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case may be), (ii) exclusive options to acquire all or part of the equity interests in Fujian Health Road or Fujian Health MedTech (as the case may be), and (iii) equity pledges over the equity interests in Fujian Health Road or Fujian Health MedTech (as the case may be).

- (2) As of the Latest Practicable Date, the Registered Shareholders are the following persons who together hold 100% equity interest of Fujian Health Road:

Shareholders	Approximate percentage of shareholding
Mr. Zhang	34.66%
Chuanke Computer	12.77%
Shangrao SOA	2.67%
Shanghai Jiejia	1.02%
Health Road Investment Center	46.37%
Fuzhou Wanjia Kangjian	2.51%

- (3) As of the Latest Practicable Date, Fujian Health MedTech was held as to 50% and 50% by Mr. Zhang and Health Road HealthTech, respectively.

Circumstances under which We Will Unwind the Contractual Arrangements

We will unwind and terminate the Contractual Arrangements as soon as practicable in respect of the Relevant Businesses (to the extent permissible), and we will directly hold the maximum percentage of ownership interests permissible under the applicable PRC laws. In this event, Health Road HealthTech will exercise its rights under the Exclusive Purchase Option Agreements to unwind and terminate the Contractual Arrangements to the extent permissible and we will directly operate the Relevant Businesses without using the Contractual Arrangements.

SUMMARY OF THE MATERIAL TERMS OF THE CONTRACTUAL ARRANGEMENTS

Exclusive Business Cooperation Agreements

In respect of the Fujian Health Road Contractual Arrangements and the Fujian Health MedTech Contractual Arrangements, a respective exclusive business cooperation agreement was entered into among (i) Fujian Health Road, the Registered Shareholders and Health Road HealthTech on February 8, 2023 and (ii) Fujian Health MedTech, Mr. Zhang and Health Road HealthTech on February 8, 2023 (collectively as the “**Holdco Exclusive Business Cooperation Agreements**”), pursuant to which each of Fujian Health Road and Fujian Health MedTech agreed to engage Health Road HealthTech as their respective exclusive service provider to provide them and their respective subsidiaries (if applicable) with comprehensive technical service, technical consulting and other services, including operation and business support, technical service, business consulting, financial consulting, intellectual property licensing, equipment and assets lease, market consulting, product research and development, system maintenance, staff training, public relationship consulting, network support, management consulting and other related services as requested by them and their respective subsidiaries (if applicable) to the extent permitted under the PRC laws, respectively.

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Without Health Road HealthTech's prior written consent, each of Fujian Health Road and Fujian Health MedTech agreed that it shall not, and shall procure its subsidiaries not to, (i) receive services which are identical or similar to the services covered by the Holdco Exclusive Business Cooperation Agreements from any third party, or (ii) enter into any similar cooperation with any third party.

In consideration of the services provided by Health Road HealthTech, each of Fujian Health Road and Fujian Health MedTech shall pay services fees to Health Road HealthTech, which, subject to Health Road HealthTech's adjustment at its sole discretion, shall consist of all of the consolidated profit of Fujian Health Road and Fujian Health MedTech and their respective subsidiaries (net of accumulated deficit in the previous financial years (if any), costs, expenses, taxes and payments required by the applicable laws to be reserved or withheld). The service fees shall be paid annually by Fujian Health Road and Fujian Health MedTech, respectively.

The Holdco Exclusive Business Cooperation Agreements shall become effective upon signing and remain effective until, among other things, Health Road HealthTech or its designee acquires all the equity interest in and/or all assets of Fujian Health Road and/or Fujian Health MedTech pursuant to the relevant Holdco Exclusive Purchase Option Agreements below. None of Fujian Health Road or Fujian Health MedTech shall unilaterally terminate the relevant Holdco Exclusive Business Cooperation Agreements.

In addition, Health Road HealthTech, Fujian Health Management and Yinchuan Borderless entered into an exclusive business cooperation agreement on November 8, 2024 (the "**Subsidiary Exclusive Business Cooperation Agreement**", together with the Holdco Exclusive Business Cooperation Agreements, as the "**Exclusive Business Cooperation Agreements**"), pursuant to which Fujian Health Management and Yinchuan Borderless have engaged Health Road HealthTech as the exclusive service provider to provide Fujian Health Management and Yinchuan Borderless with comprehensive services and Fujian Health Management and Yinchuan Borderless shall pay services fees to Health Road HealthTech. The key terms of the Subsidiary Exclusive Business Cooperation Agreement are similar with those of the Holdco Exclusive Business Cooperation Agreements.

Exclusive Purchase Option Agreements

In respect of the Fujian Health Road Contractual Arrangements and the Fujian Health MedTech Contractual Arrangements, a respective exclusive purchase option agreement was entered into among (i) Fujian Health Road, the Registered Shareholders and Health Road HealthTech on February 8, 2023 and (ii) Fujian Health MedTech, Mr. Zhang and Health Road HealthTech on February 8, 2023 (collectively as the "**Holdco Exclusive Purchase Option Agreements**"), pursuant to which each of Fujian Health Road, Fujian Health MedTech, the Registered Shareholders and Mr. Zhang has granted Health Road HealthTech an irrevocable and exclusive right to purchase by itself or its designee at any time and to the extent permitted by the then applicable PRC laws (i) from each of the Registered Shareholders and Mr. Zhang (as the case may be) all or any part of their equity

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interests in Fujian Health Road and/or Fujian Health MedTech; and/or (ii) from Fujian Health Road and/or Fujian Health MedTech all or any of its respective assets or interests in any of its respective assets.

Without Health Road HealthTech's prior written consent, none of Fujian Health Road, Fujian Health MedTech, the Registered Shareholders or Mr. Zhang shall sell, transfer, pledge or otherwise dispose of the respective shares or assets with a value of more than RMB1 million (as the case may be) of Fujian Health Road or Fujian Health MedTech.

The purchase price payable by Health Road HealthTech or its designee in respect of the transfer of shares or assets shall be the nominal value or the lowest price permitted under the PRC laws, and the Registered Shareholders and/or Mr. Zhang shall return the purchase price in full to Health Road HealthTech or its designee to the extent permitted under the applicable then PRC laws.

The Holdco Exclusive Purchase Option Agreements shall become effective upon signing and remain effective until that (i) Health Road HealthTech or its designee acquires all the respective equity interest in and/or all assets of Fujian Health Road and Fujian Health MedTech and Health Road HealthTech or its designee is permitted to carry out the respective business of Fujian Health Road and Fujian Health MedTech under the applicable PRC laws or (ii) the Holdco Exclusive Purchase Option Agreements are terminated upon 30 days after Health Road HealthTech issues a unilateral written notice of termination to the other parties.

Pursuant to the Holdco Exclusive Purchase Option Agreements, each of Fujian Health Road, Fujian Health MedTech, the Registered Shareholders and Mr. Zhang has undertaken to perform certain acts or refrain from performing certain other acts unless they have obtained prior approval from Health Road HealthTech, including but not limited to the following matters:

- (1) without Health Road HealthTech's prior written consent, they shall not supplement, alter or amend the respective articles of Fujian Health Road and/or Fujian Health MedTech in any manner, increase or reduce its respective registered capital, or otherwise change its registered capital structure, or effect dissolution, liquidation or deregistration of Fujian Health Road and/or Fujian Health MedTech;
- (2) they shall maintain the respective existence of Fujian Health Road and Fujian Health MedTech, conduct its business and affairs prudently and efficiently in accordance with sound financial and commercial standards and practices, and procure the respective performance by Fujian Health Road and/or Fujian Health MedTech of its respective obligations under the Holdco Exclusive Business Cooperation Agreements;
- (3) they shall take all necessary measures to ensure that Fujian Health Road and Fujian Health MedTech would hold all business licenses required for the operation of its respective businesses in a timely manner and such business licenses shall remain valid at all times;

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- (4) without Health Road HealthTech's prior written consent, they shall not sell, transfer, pledge or otherwise dispose of their legal interest in any of Fujian Health Road/Fujian Health MedTech's assets (tangible or intangible), business or income of more than RMB1 million, or allow the encumbrance of any security interest on them, at any time from the date of the Holdco Exclusive Purchase Option Agreements;
- (5) without Health Road HealthTech's prior written consent, they shall not incur, succeed to, guarantee or permit to exist any indebtedness other than (i) indebtedness incurred in the ordinary course of business and not by way of a loan; and (ii) indebtedness which has been disclosed to and agreed in writing by Health Road HealthTech;
- (6) they shall operate all of Fujian Health Road/Fujian Health MedTech's business in the ordinary course of business so as to maintain the value of Fujian Health Road/Fujian Health MedTech's assets and not to engage in any act/omission which might adversely affect Fujian Health Road/Fujian Health MedTech's business and the value of its respective assets;
- (7) without Health Road HealthTech's prior written consent, they shall not procure Fujian Health Road or Fujian Health MedTech to enter into any material contract, except for contracts entered into in the ordinary course of business of Fujian Health Road and/or Fujian Health MedTech and contracts between Fujian Health Road/Fujian Health MedTech and Health Road HealthTech's overseas parent company or a subsidiary directly or indirectly controlled by Health Road HealthTech's overseas parent company (for the purpose of this paragraph, a contract with a value of more than RMB 1 million is considered a material contract);
- (8) without Health Road HealthTech's prior written consent, they shall not procure Fujian Health Road and/or Fujian Health MedTech to provide loans, financial assistance or security of any kind such as mortgages or pledges to any person or allow a third party to create a charge or pledge over Fujian Health Road/Fujian Health MedTech's assets or equity;
- (9) they shall provide Health Road HealthTech with all information regarding the operations and financial condition of Fujian Health Road and/or Fujian Health MedTech on a regular basis upon Health Road HealthTech's request;
- (10) they shall, at the request of Health Road HealthTech, purchase and hold insurance from an insurance company acceptable to Health Road HealthTech in respect of the respective assets and businesses of Fujian Health Road and Fujian Health MedTech;
- (11) they shall not cause or permit Fujian Health Road or Fujian Health MedTech to merge or alliance with, or acquire or invest in, any person without the prior written consent of Health Road HealthTech;

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- (12) unless required by the PRC laws, without the written consent of Health Road HealthTech, neither Fujian Health Road nor Fujian Health MedTech shall be dissolved or liquidated. Following a statutory liquidation, the Registered Shareholders or Mr. Zhang (as the case may be) shall pay to Health Road HealthTech in full any residual value they receive or procure such payment. Where such payment is prohibited by the PRC laws, the Registered Shareholders or Mr. Zhang (as the case may be) shall pay such income to Health Road HealthTech or Health Road HealthTech's designee to the extent permitted by the PRC laws;
- (13) they shall promptly notify Health Road HealthTech of any litigation, arbitration or administrative proceedings that has occurred or may occur in relation to the assets, business or income of Fujian Health Road or Fujian Health MedTech and take all necessary measures as may be reasonably requested by Health Road HealthTech;
- (14) they shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or defend against all claims to the extent necessary and appropriate to maintain Fujian Health Road/Fujian Health MedTech's ownership of all of its respective assets;
- (15) they shall ensure that Fujian Health Road and Fujian Health MedTech not pay dividends in any form to its respective shareholders without the prior written consent of Health Road HealthTech, but upon written request of Health Road HealthTech, Fujian Health Road and Fujian Health MedTech shall immediately distribute all distributable profits to their respective shareholders;
- (16) at the request of Health Road HealthTech, they shall appoint a party designated by Health Road HealthTech to serve as a director, supervisor and/or officer of Fujian Health Road and/or Fujian Health MedTech;
- (17) without the written consent of Health Road HealthTech, Fujian Health Road and Fujian Health MedTech shall not engage in any business that may or is likely to compete with Health Road HealthTech or any of its affiliates; and
- (18) procure that Fujian Health Road's subsidiaries and Fujian Health MedTech's subsidiaries (as the case may be) shall, where applicable, comply with the undertakings herein as if such subsidiaries were Fujian Health Road/Fujian Health MedTech itself.

In addition, Health Road HealthTech, Fujian Health Road, Fujian Health Management and Yinchuan Borderless entered into an exclusive purchase option agreement on November 8, 2024 (the "**Subsidiary Exclusive Purchase Option Agreement**", together with the Holdco Exclusive Purchase Option Agreements, as the "**Exclusive Purchase Option Agreements**"), pursuant to which Fujian Health Road, Fujian Health Management and Yinchuan Borderless have granted Health Road HealthTech or its designee an irrevocable and exclusive right to purchase at any time and to the extent permitted by the then applicable PRC laws (i) from Fujian Health Road all or any part of

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its equity interests in Fujian Health Management and Yinchuan Borderless and/or (ii) from each of Fujian Health Management and Yinchuan Borderless all or any of its assets or interests in any of its assets. The key terms of the Subsidiary Exclusive Purchase Option Agreement are similar with those of the Holdco Exclusive Purchase Option Agreements.

Equity Pledge Agreements

In respect of the Fujian Health Road Contractual Arrangements and the Fujian Health MedTech Contractual Arrangements, a respective equity pledge agreement was entered into among (i) Fujian Health Road, the Registered Shareholders and Health Road HealthTech on February 8, 2023 and (ii) Fujian Health MedTech, Mr. Zhang and Health Road HealthTech on February 8, 2023 (collectively as the “**Holdco Equity Pledge Agreements**”), pursuant to which, each of the Registered Shareholders and Mr. Zhang has pledged all of its/his respective equity interests in Fujian Health Road or Fujian Health MedTech to Health Road HealthTech as the first priority security to guarantee performance of their contractual obligations under the Contractual Arrangements and all liabilities, monetary debts or other payment obligations arising out of or in relation to the Contractual Arrangements.

Without Health Road HealthTech’s prior written consent, none of the Registered Shareholders or Mr. Zhang shall transfer or otherwise dispose of all or part of the pledged shares.

Upon the occurrence of an event of default (as defined in the Holdco Equity Pledge Agreements), unless it is successfully resolved to Health Road HealthTech’s satisfaction, Health Road HealthTech may exercise its right of pledge at any time, including (i) requesting the Registered Shareholders, Mr. Zhang, Fujian Health Road or Fujian Health MedTech to pay Health Road HealthTech any due payments, debt or any other payment under the Holdco Exclusive Business Cooperation Agreements and/or any loan, or (ii) dispose the pledged equity interests in accordance with the Holdco Equity Pledge Agreements or otherwise as permitted under the PRC laws, including selling the pledged equity interests at discount or by way of auction.

The equity pledge under the Holdco Equity Pledge Agreements takes effect upon the completion of registration with the relevant administration for industry and commerce and shall remain valid until (i) all obligations of Fujian Health Road, Fujian Health MedTech, the Registered Shareholders and Mr. Zhang under the respective Contractual Arrangements are satisfied in full, or (ii) Health Road HealthTech or its designee acquire all the equity interest in and/or all assets of Fujian Health Road and/or Fujian Health MedTech, and Health Road HealthTech and its designees are permitted to carry out the respective business of Fujian Health Road and/or Fujian Health MedTech under the applicable PRC laws.

The registration of the Holdco Equity Pledge Agreements as required by the relevant laws and regulations has been completed in accordance with the terms of the Holdco Equity Pledge Agreements and the PRC laws and regulations on May 12, 2023.

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In addition, Health Road HealthTech, Fujian Health Road, Fujian Health Management and Yinchuan Borderless entered into an equity pledge agreement on November 8, 2024 (the “**Subsidiary Equity Pledge Agreement**”, together with the Holdco Equity Pledge Agreements, as the “**Equity Pledge Agreements**”), pursuant to which, Fujian Health Road agrees to pledge all of its respective equity interests in Fujian Health Management and Yinchuan Borderless to Health Road HealthTech as the first priority security to guarantee performance of its contractual obligations under the Contractual Arrangements and all liabilities, monetary debts or other payment obligations arising out of or in relation with the Contractual Arrangements. The key terms of the Subsidiary Equity Pledge Agreement are similar with those of the Holdco Equity Pledge Agreements. The registration of the Subsidiary Equity Pledge Agreement as required by the relevant laws and regulations has been completed in accordance with the terms of the Subsidiary Equity Pledge Agreement and the PRC laws and regulations on November 11, 2024.

Voting Proxy Agreements

In respect of the Fujian Health Road Contractual Arrangements and the Fujian Health MedTech Contractual Arrangements, a respective voting proxy agreement was entered into between (i) the Registered Shareholders and Health Road HealthTech on February 8, 2023 and (ii) Mr. Zhang and Health Road HealthTech on February 8, 2023 (collectively as the “**Holdco Voting Proxy Agreements**”), pursuant to which the Registered Shareholders and Mr. Zhang have appointed Health Road HealthTech and/or its designee as their exclusive agent and attorney to act on their/his behalf on all matters concerning Fujian Health Road and Fujian Health MedTech respectively and to exercise all of their respective rights as shareholder(s) of Fujian Health Road and Fujian Health MedTech, including, among other things: (i) to attend shareholders’ meetings and sign shareholders’ resolutions; (ii) to exercise all shareholder’s rights in accordance with law and the constitutional documents of Fujian Health Road/Fujian Health MedTech, including but not limited to shareholder’s voting rights, the sale, transfer, pledge or disposal of any or all of its/his respective equity interests in Fujian Health Road/Fujian Health MedTech, and to file documents with the relevant companies registry; and (iii) to nominate, appoint or remove the legal representatives, chairman, directors, supervisors, general managers and other senior management members of Fujian Health Road/Fujian Health MedTech.

As a result of the Holdco Voting Proxy Agreements, the Company, through Health Road HealthTech, is able to exercise management control over the activities that most significantly impact the respective economic performance of Fujian Health Road and Fujian Health MedTech. The Holdco Voting Proxy Agreements shall become effective upon signing and remain effective so long as the Registered Shareholders and/or Mr. Zhang are shareholder(s) of Fujian Health Road and/or Fujian Health MedTech, respectively. During the term of Holdco Voting Proxy Agreements, none of the Registered Shareholders or Mr. Zhang shall itself/himself exercise any of its/his rights attached to the respective shares of Fujian Health Road/Fujian Health MedTech which have been authorized to Health Road HealthTech or its designee.

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In addition, Health Road HealthTech and Fujian Health Road entered into a voting proxy agreement on November 8, 2024 (the “**Subsidiary Voting Proxy Agreement**”, together with the Holdco Voting Proxy Agreements, as the “**Voting Proxy Agreements**”), pursuant to which Fujian Health Road has appointed Health Road HealthTech and/or its designee as their exclusive agent and attorney to act on its behalf on all matters concerning Fujian Health Management and Yinchuan Borderless and to exercise all of its respective rights as the shareholder of Fujian Health Management and Yinchuan Borderless. The key terms of the Subsidiary Voting Proxy Agreement are similar with those of the Holdco Voting Proxy Agreements.

Other Aspects of the Contractual Arrangements

Spouse Consent

The spouse of Mr. Zhang (the individual Registered Shareholder) has executed a consent letter, pursuant to which she has unconditionally and irrevocably agreed that Mr. Zhang is entitled to deal with his own equity interests in the Fujian Health Road and Fujian Health MedTech in accordance with the Holdco Exclusive Purchase Option Agreements, the Holdco Equity Pledge Agreements and the Holdco Voting Proxy Agreements, and has no objection regarding the relevant contractual arrangements. The spouse of Mr. Zhang further agrees that (i) any equity interests held by her spouse as a Registered Shareholder in Fujian Health Road and a shareholder of Fujian Health MedTech are not their communal properties; (ii) she does not have any interest in the equity interests of Fujian Health Road or Fujian Health MedTech, and will not raise any claim on the equity interest of Fujian Health Road or Fujian Health MedTech; (iii) she will not take any measures that are in conflict with the contractual arrangements executed by Mr. Zhang; and (iv) she will take all necessary measures to procure the performance of the relevant agreements underlying the contractual arrangements executed by Mr. Zhang.

Protection in the Event of Bankruptcy of the Corporate Shareholders of the Consolidated Affiliated Entities

Each of the corporate shareholders of the Consolidated Affiliated Entity(ies) undertakes to Health Road HealthTech that, in the event of bankruptcy, liquidation or other circumstances regarding the corporate shareholder which may affect the exercise of its direct or indirect equity interest in such Consolidated Affiliated Entity, the relevant corporate shareholder’s successor, liquidator, and any other person/entity which may as a result of the above events obtain the equity interest or relevant rights directly or indirectly, shall not prejudice or hinder the enforcement of the contractual arrangements.

Dispute Resolution

In the event of any dispute with respect to the construction and performance of the provisions, each of the Contractual Arrangements stipulates that:

- (a) the parties shall negotiate in good faith to resolve the dispute;
- (b) in the event the parties fail to settle the dispute within 30 days of a negotiation request, any party may submit the relevant dispute to the Fujian Branch of China International Economic and Trade Arbitration Commission for arbitration, in

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accordance with the then effective arbitration rules of China International Economic and Trade Arbitration Commission. The arbitration shall be conducted in Fujian Province. The arbitration ruling shall be final and binding on all parties;

- (c) the arbitral tribunal may award remedies over the equity interest and property interest and other assets of our Consolidated Affiliated Entities, injunctive relief or order the winding up of our Consolidated Affiliated Entities; and
- (d) upon the request by any party, the courts of competent jurisdictions shall have the power to grant interim remedies in support of arbitration pending information of the arbitral tribunal or in appropriate cases. The courts of Hong Kong, the Cayman Islands, the PRC and other courts with jurisdiction, including but not limited to the place where the principal assets of our Company and our Consolidated Affiliated Entities are located, shall be considered as having jurisdiction for the above purposes.

In connection with the dispute resolution method as set out in the Contractual Arrangements and the practical consequences, we are advised by our PRC Legal Advisor that:

- (a) a tribunal has no power to grant such injunctive relief, nor will it be able to order the winding up of our Consolidated Affiliated Entities pursuant to current PRC laws; and
- (b) in addition, interim remedies or enforcement orders granted by overseas courts such as Hong Kong and Cayman Islands may not be recognizable or enforceable in the PRC.

As a result of the above, in the event that any Consolidated Affiliated Entity and/or its respective shareholder(s), as the case may be, breach any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over our Consolidated Affiliated Entities and conduct our business could be materially and adversely affected. See “Risk Factors—Risks Relating to Our Corporate Structure and Contractual Arrangements—Our Contractual Arrangements may not be as effective in providing operational control as direct ownership, and the Consolidated Affiliated Entities or their respective registered shareholders may fail to perform their obligations under our Contractual Arrangements.” for more information.

Succession

Each of the agreements under the Contractual Arrangements is binding on the successors of the individual Registered Shareholders and/or Mr. Zhang (as the case may be). Under the succession laws of China, the statutory successors include one’s spouse, children, parents, brothers, sisters, paternal grandparents and maternal grandparents and any breach by such successors would be a breach of the Contractual Arrangements. In case of a breach, Health Road HealthTech can enforce its rights against the successors.

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In the event of death, incapacity, divorce, succession, bankruptcy or other circumstances which may affect an individual Registered Shareholder's holding of Fujian Health Road or Mr. Zhang's holding of Fujian Health MedTech's equity interests, such individual Registered Shareholder's or Mr. Zhang's successor, transferee, creditor or any other person who obtains Fujian Health Road and/or Fujian Health MedTech's equity interests or related rights due to such event (i) shall not interfere with or impede the performance of the agreements under the Contractual Arrangements, and (ii) shall be regarded a signing party of, and be bound by, those agreements.

Under the spouse consent, the spouse of Mr. Zhang has confirmed that in the event of death, bankruptcy, divorce or any other circumstances which may affect Mr. Zhang's shareholdings of Fujian Health Road or Fujian Health MedTech's, the spouse of Mr. Zhang will not take any action that may interfere with or impede the performance of her spouse's obligations under the contractual arrangements executed by Mr. Zhang under any circumstances.

Conflict of Interest

As one Registered Shareholder (namely Mr. Zhang) is also our Director, we have implemented measures to protect against the potential conflicts of interest between our Company and the Registered Shareholders. Under the Voting Proxy Agreements, (i) in the event of any conflict of interest among the Registered Shareholders, Mr. Zhang, Fujian Health Road, Fujian Health MedTech and Health Road HealthTech, to the extent permitted by the PRC laws, the Registered Shareholders and Mr. Zhang shall protect, and shall not harm the interest of Health Road HealthTech and our Company; and (ii) in the event that the Registered Shareholders are also our Directors or officers, the Registered Shareholders shall appoint Health Road HealthTech or its/his designee (excluding the Registered Shareholders who are also our Directors or officers) to exercise all of the rights under the Voting Proxy Agreements. See “—Summary of the Material Terms of the Contractual Arrangements—Voting Proxy Agreements” in this section above for more information.

Loss Sharing

Neither the agreements under the Contractual Arrangements nor the PRC laws provide or require that our Company or Health Road HealthTech be obligated to share the losses of the Consolidated Affiliated Entities or provide financial assistance to the Consolidated Affiliated Entities. Further, each of the Consolidated Affiliated Entities is a separate legal entity and shall be solely liable for its own debts and losses.

Despite the foregoing, our business, financial condition and results of operations would be adversely affected if the Consolidated Affiliated Entities suffer losses given that (i) our Group conducts businesses in the PRC through the Consolidated Affiliated Entities which hold the requisite PRC licenses and approvals, and (ii) the Consolidated Affiliated Entities' financial condition and results of operations are consolidated into our Company's financial statements under the applicable accounting principles, therefore, the provisions in

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the Contractual Arrangements are tailored so as to limit, to the greatest extent possible, the potential adverse effect on Health Road HealthTech and our Company that may be suffered by any loss from the Consolidated Affiliated Entities.

Liquidation

Pursuant to the Exclusive Business Cooperation Agreements, upon winding-up of any Consolidated Affiliated Entity, the Consolidated Affiliated Entity shall, to the extent permitted by the PRC laws, procure the persons recommended by Health Road HealthTech to establish the liquidation committee of the Consolidated Affiliated Entity to manage the assets of the Consolidated Affiliated Entity.

Pursuant to the Voting Proxy Agreements, Health Road HealthTech or its designee are entitled to exercise voting rights on behalf of the shareholder(s) of the Consolidated Affiliated Entity upon winding-up of such Consolidated Affiliated Entity, respectively. Pursuant to the Exclusive Purchase Option Agreements, in the event of liquidation of any Consolidated Affiliated Entity, the assets and the equity interest obtained by any shareholder of the Consolidated Affiliated Entity, shall be transferred to Health Road HealthTech at nil consideration or the lowest price permitted under the PRC laws.

Insurance

Our Company does not maintain an insurance policy to cover the risks relating to the Contractual Arrangements.

Our Confirmation

As of the Latest Practicable Date, our Directors confirm that, we had not encountered any interference or encumbrance from any PRC governing bodies in operating its business through our Consolidated Affiliated Entities under the Contractual Arrangements.

LEGALITY OF THE CONTRACTUAL ARRANGEMENTS

We believe that the Contractual Arrangements are narrowly tailored to minimize the potential conflict with relevant PRC laws and regulations.

- (a) in relation to the provision of VAT services under the ICP License and with regards to the Contractual Arrangements, our PRC Legal Advisor:
 - (i) together with the legal advisor of the Sole Sponsor, consulted the officers of the MIIT regarding foreign investment restriction on VAT business the adoption of the contractual arrangements in October 2021 and May 2022, and obtained verbal confirmations that (1) foreign investors are not allowed to hold more than 50% equity interests in companies conducting telecommunication information services of VAT, (2) foreign-invested entities conducting information services are still subject to the examination of substance and merits by the MIIT, and (3) MIIT does not serve as the

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primary regulatory authority for the contractual arrangements and will not take any initiative to supervise or dispose such contractual arrangements; and

- (ii) consulted an officer of Fujian Communications Administration* (福建省通信管理局) on June 2, 2022 and was advised that (1) if Fujian Health Road or Fujian Health Management converts into a foreign-invested enterprise, it should apply for a new ICP License with MIIT after revocation of the original ICP License, and (2) no objections would be raised by Fujian Communications Administration regarding the contractual agreements.

- (b) in relation to the provision of online hospital and medical services under the Medical Institution Practicing License and with regards to the Contractual Arrangements, our PRC Legal Advisor, together with legal advisor of the Sole Sponsor, consulted an officer of the Health Commission of Yinchuan* (銀川市衛生健康委員會) on September 24, 2021 and February 10, 2023, and were advised that (1) foreign investors are not allowed to hold, directly or indirectly, any equity interests in any operator of online medical institutions in Yinchuan, (2) the adoption of the Fujian Health Road Contractual Arrangements with respect to Yinchuan Borderless does not require any approval from Health Commission of Yinchuan, Health Commission of Yinchuan would not require the termination of such arrangements or impose any penalty regarding to such arrangements, and (3) the contractual arrangements would not affect the validity of the Medical Institution Practicing License. Furthermore, the foreign investment prohibition on online hospital and medical services is not applicable to all locations nationally, and such foreign investment restriction on online hospital and medical services may vary in different locations and be subject to the regulations and guidance of the local regulatory agencies, but without prejudice to the Negative List.

Based on the above, our PRC Legal Advisor is of the opinion that the Contractual Arrangements minimize the potential conflict with relevant PRC laws and regulations to the maximum extent and that:

- (i) each of the agreements under the Contractual Arrangements is binding on the parties thereto and none of them would violate the provisions of the Civil Code of the People's Republic of China (“**the PRC Civil Code**”), including in particular “impairing others’ legitimate rights and interests with malicious collusion”, “false declaration of intention” or fall within any of the circumstances under which a contract may become invalid pursuant to the PRC Civil Code;

- (ii) none of the agreements under the Contractual Arrangements violates any provisions of respective articles of association of any Consolidated Affiliated Entity;

CONTRACTUAL ARRANGEMENTS

- (iii) no approval or authorization from the PRC governmental authorities are required for the execution and the performance of the Contractual Arrangements except that (a) the pledges under the Equity Pledge Agreements are required to be registered with the relevant local the State Administration for Market Regulation of the PRC; (b) the exercise of any exclusive option rights by Health Road HealthTech under the Exclusive Purchase Option Agreements may subject to the approval, filing or registration requirements with the relevant authorities under the then prevailing PRC laws and regulations; and (c) the arbitration awards/interim remedies provided under the dispute resolution provision of the Contractual Arrangements shall be recognized by the PRC courts before compulsory enforcement; and
- (iv) each of the Contractual Arrangements is valid, legally binding enforceable under the PRC laws and regulations, and the Contractual Arrangements are not in violation of applicable PRC laws and regulations, except that the Contractual Arrangements provide that the arbitral body may award remedies over the shares and/or assets of any Consolidated Affiliated Entity, injunctive relief and/or winding up of any Consolidated Affiliated Entity, and that courts of competent jurisdictions are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal, while under the PRC laws, an arbitral body has no power to grant injunctive relief and may not directly issue a provisional or final liquidation order for the purpose of protecting assets of or equity interests in any Consolidated Affiliated Entity in case of disputes. In addition, interim remedies or enforcement orders granted by overseas courts such as Hong Kong and the BVI may not be recognizable or enforceable in China.

Based on the above and as advised by our PRC Legal Advisor, based upon the interviews and verbal consultation with the aforementioned relevant government authorities and market practice: (i) the adoption of the Contractual Arrangements is currently not prohibited by effective PRC laws and regulations; (ii) the content, execution and performance of the Contractual Arrangements do not constitute a violation of the relevant PRC laws and regulations, except for the provisions regarding dispute resolution and the liquidating committee; and (iii) the rights and obligations under the Contractual Arrangements are legally binding on all parties.

However, we have been advised by our PRC Legal Advisor that the application of current and future PRC laws and regulations is still in development. Accordingly, it is unpredictable how the PRC regulatory authorities will identify our contractual arrangements in the future.

Based on the above analysis and advice from our PRC Legal Advisor and confirmation from relevant governmental authorities, our Directors are of the view that the adoption of the Contractual Arrangements is unlikely to be deemed ineffective or invalid under the applicable PRC laws and regulations, and except for the relevant clauses as described in the paragraph headed “—Summary of the Material Terms of the Contractual Arrangements—Other Aspects of the Contractual Arrangements—Dispute Resolution”

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and “—Summary of the Material Terms of the Contractual Arrangements—Other Aspects of the Contractual Arrangements—Liquidation” in this section, each of the agreements under the Contractual Arrangements is enforceable under the PRC laws and regulations.

Given that the Contractual Arrangements will constitute non-exempt continuing connected transactions of our Company upon the Global Offering, a waiver has been sought from and has been granted by the Stock Exchange, details of which are disclosed in the section headed “Continuing Connected Transactions” in this prospectus.

ACCOUNTING ASPECTS OF THE CONTRACTUAL ARRANGEMENTS

Consolidation of Financial Results of Our Consolidated Affiliated Entities

Under the Exclusive Business Cooperation Agreements, it was agreed that, in consideration of the services provided by Health Road HealthTech, the Consolidated Affiliated Entities will pay services fees to Health Road HealthTech. The services fees, subject to Health Road HealthTech’s adjustment, are equal to the entirety of the total consolidated profit of the Consolidated Affiliated Entities (net of accumulated deficit of the Consolidated Affiliated Entities in the previous financial years (if any), costs, expenses, taxes and payments required by the relevant laws and regulations to be reserved or withheld). Health Road HealthTech may adjust the services scopes and fees at its discretion in accordance with the PRC tax law and practice as well as the needs of the working capital of our Consolidated Affiliated Entities. Health Road HealthTech also has the right to periodically receive or inspect the accounts of our Consolidated Affiliated Entities. Accordingly, Health Road HealthTech has the ability, at its sole discretion, to extract all of the economic benefit of our Consolidated Affiliated Entities through the Exclusive Business Cooperation Agreements.

In addition, under the Exclusive Business Cooperation Agreements and the Exclusive Purchase Option Agreements, Health Road HealthTech has absolute contractual control over the distribution of dividends or any other amounts to the equity holders of our Consolidated Affiliated Entities as Health Road HealthTech’s prior written consent is required before any distribution can be made. In the event that the Registered Shareholders and/or Mr. Zhang, as the case may be, receive any profit distribution or dividend from our Consolidated Affiliated Entities, the Registered Shareholders and/or Mr. Zhang must immediately pay or transfer such amount (subject to the relevant tax payment being made under the relevant laws and regulations) to our Company.

As a result of these Contractual Arrangements, our Company has obtained control of our Consolidated Affiliated Entities through Health Road HealthTech and, at our Company’s sole discretion, can receive all of the economic interest returns generated by our Consolidated Affiliated Entities. Accordingly, our Consolidated Affiliated Entities’ results of operations, assets and liabilities, and cash flows are consolidated into our Company’s financial statements.

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In this regard, our Directors consider that our Company can consolidate the financial results of our Consolidated Affiliated Entities into our Group's financial information as if they were our Company's subsidiaries. The basis of consolidating the results of our Consolidated Affiliated Entities is disclosed in to the Accountants' report in Appendix I to this prospectus.

FOREIGN INVESTMENT LAW

Background

On March 15, 2019, the NPC approved the Foreign Investment Law which became effective on January 1, 2020. On December 26, 2019, the State Council promulgated the Implementation Regulations on the Foreign Investment Law (《外商投資法實施條例》), which came into effect on January 1, 2020. The Foreign Investment Law, which replaced the PRC Sino-Foreign Equity Joint Venture Law, the PRC Sino-Foreign Cooperative Joint Venture Law and the PRC Wholly Foreign-owned Enterprise Law, becomes the legal foundation for foreign investment in the PRC. The Foreign Investment Law stipulates certain forms of foreign investment, but does not explicitly stipulate contractual arrangements as a form of foreign investment. The Implementation Regulations on the Foreign Investment Law is also silent on whether foreign investment includes contractual arrangements.

Impact and Potential Consequences of the Foreign Investment Law on the Contractual Arrangements

Conducting operations through contractual arrangements has been adopted by many PRC-based companies, including our Group. We use the Contractual Arrangements to establish control of our Consolidated Affiliated Entities, by Health Road HealthTech, through which we operate our business in the PRC. As advised by our PRC Legal Advisor, contractual arrangements are not specified as foreign investment under the Foreign Investment Law. In this regard, if future laws, regulations and provisions prescribed by the State Council do not incorporate contractual arrangements as a form of foreign investment, our Contractual Arrangements as a whole and each of the agreements comprising the Contractual Arrangements will not be affected and will continue to be legal, valid and binding on the parties with an exception, for which, see “—Legality of the Contractual Arrangements” in this section.

Notwithstanding the above, the Foreign Investment Law stipulates that foreign investment includes “foreign investors invested in China through any other methods under laws, administrative regulations or provisions prescribed by the State Council” without elaboration on the meaning of “other methods”. The Implementation Regulations on the Foreign Investment Law is also silent on whether foreign investment includes contractual arrangements. There are possibilities that future laws, administrative regulations or provisions prescribed by the State Council may regard contractual arrangements as a form of foreign investment, at which time it will be uncertain whether the Contractual Arrangements will be deemed to be in violation of the foreign investment restrictions and how the Contractual Arrangements will be handled.

CONTRACTUAL ARRANGEMENTS

Therefore, there is no guarantee that the Contractual Arrangements and the businesses of the Consolidated Affiliated Entities will not be materially and adversely affected in the future due to changes in the PRC laws and regulations. See “Risk Factors—Risks Relating to Our Corporate Structure and Contractual Arrangements—Our current corporate structure and business operations may be affected by the Foreign Investment Law.”

COMPLIANCE WITH THE CONTRACTUAL ARRANGEMENTS

Our Group has adopted the following measures to ensure the effective operation of our Group with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements:

- (i) major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;
- (ii) our Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;
- (iii) our Company will disclose the overall performance and compliance with the Contractual Arrangements in our annual reports to be published after the Listing; and
- (iv) our Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, review the legal compliance of Health Road HealthTech and our Consolidated Affiliated Entities to deal with specific issues or matters arising from the Contractual Arrangements.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Zhang, through his wholly-owned company Affluent Base, holds approximately 34.70% of the total issued share capital of our Company. Since Mr. Zhang, through Affluent Base, is the ultimate beneficial owner of approximately 34.70% Shares of our Company, Mr. Zhang and Affluent Base shall be regarded as the Controlling Shareholders of our Company as of the date of this prospectus.

Immediately following completion of the Share Subdivision and the Global Offering, Mr. Zhang, through Affluent Base, will be interested in approximately 33.71% of the total issued share capital of our Company and thus will remain as a group of Controlling Shareholders of our Company under the Listing Rules.

CONFIRMATION ON COMPETITION

None of our Controlling Shareholders is interested in any business which competes, or is likely to compete, either directly or indirectly, with our business that would require disclosure under Rule 8.10 of the Listing Rules as of the Latest Practicable Date.

DEED OF NON-COMPETITION

In order to ensure that our Controlling Shareholders will not engage in any business undertaking in competition with our Group in the future, our Controlling Shareholders have entered into a deed of non-competition in favor of the Company on December 11, 2024 (the “**Deed of Non-competition**”), pursuant to which each of our Controlling Shareholders has unconditionally and irrevocably undertaken to us that he/it will not, and will procure his/its close associates (other than members of our Group) not to, directly or indirectly, either on his/its own account or in conjunction with or on behalf of any person, firm or company (except through any member of our Group), among others, carry on, participate, be interested or involved in, undertake, acquire or hold (in each case whether as a shareholder, director, partner, agent, employee, or otherwise, and whether for profit, reward or otherwise) any business (other than our business) or any business (other than our business) that directly or indirectly competes, or may compete, with (a) the existing business activities of our Group as set out in the section headed “**Business**” in this prospectus, and (b) any other business conducted, entered into, engaged in or invested in by any member of our Group or which our Company has otherwise published an announcement on the website of the Stock Exchange stating its intention to conduct, enter into, engage in or invest in from time to time (the “**Restricted Business**”) (whether alone or jointly with another person and whether directly or indirectly or on behalf of or to assist or act in concert with any other person), or hold shares or interest in any companies or business that compete directly or indirectly with the business engaged by our Group.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

“**Restricted Period**” means the period commencing from the Listing Date and ending on the earlier of (a) the date on which any of the Controlling Shareholders ceases to be interested in 30% (or such other amount as may from time to time be specified in the Listing Rules as being the threshold for determining a controlling shareholder of a company) or more of the entire issued share capital of our Company; (b) the date on which our Shares cease to be listed on the Stock Exchange (except for temporary suspension of trading of the Shares) or (c) the date on which the Controlling Shareholders beneficially own or become interested jointly or severally in the entire issued share capital of our Company.

Further, each of our Controlling Shareholders has undertaken to, and undertaken to procure his/its close associates to, refer, or to procure the referral of, any investment or commercial opportunities relating to any Restricted Business (“**New Business Opportunities**” and each a “**New Business Opportunity**”) identified by or made available to him/it or his/its close associates, to us on a timely basis and in the following manner:

- as soon as he/it becomes aware of any New Business Opportunity and within 10 business days thereafter, he/it shall give written notice (the “**Offer Notice**”) to us identifying the nature of the New Business Opportunity, detailing all information available to him/it for us to consider whether to pursue such New Business Opportunity;
- upon receiving the Offer Notice, our Company shall seek approval from our Board or a board committee (in each case comprising only independent non-executive Directors) which has no interest in the New Business Opportunity (the “**Independent Board**”) as to whether to pursue or decline the New Business Opportunity (any Director who has an actual or potential interest in the New Business Opportunity shall abstain from attending (unless their attendance is specifically requested by the Independent Board) and voting at, and shall not be counted in the quorum for, any meeting convened to consider such New Business Opportunity);
- the Independent Board shall take into account all relevant factors in considering whether our Company shall pursue the New Business Opportunity. Such factors may include, among other things, the financial impact of pursuing the New Business Opportunity offered, whether the nature of the New Business Opportunity is consistent with our Group’s strategies and development plans and the general market conditions of our business. If appropriate, the Independent Board may appoint independent financial advisors and legal advisors to assist in the decision-making process in relation to such New Business Opportunity;
- the Independent Board shall, within 30 business days upon receipt of the Offer Notice referred above (the “**Offer Notice Period**”), inform the Controlling Shareholders in writing on behalf of our Company its decision whether to pursue or decline the New Business Opportunity. During the Offer Notice Period, our Company may negotiate with the third party proposing or presenting the New Business Opportunity. The Controlling Shareholders will and will procure his/its

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

close associates to provide all necessary assistance to the abovementioned negotiation. Our Company may, at our absolute discretion, consider extending the Offer Notice Period as appropriate;

- the Controlling Shareholders shall be entitled to but shall not be obliged to carry on, engage, invest, participate or be interested (economically or otherwise) in the New Business Opportunity (whether individually or jointly with another person and whether directly or indirectly or on behalf of or to assist any other person or to act in concert with any other person) on the same, or less favorable, terms and conditions in all material respects as set out in the Offer Notice if:
 - (a) he/it has received a written notice from us declining the New Business Opportunity; or
 - (b) he/it has not received any written notice from us of our intention to pursue (whether individually or jointly with the Controlling Shareholders) or decline the New Business Opportunity within the Offer Notice Period, or if it has extended the Offer Notice Period, within such other period as agreed by it, in which case our Company shall be deemed to have declined the New Business Opportunity; and
- if there is a change in the nature, terms and conditions of the New Business Opportunity pursued by the notifying person, he/it shall, within his/its knowledge, refer the revised New Business Opportunity with details of all available information for us to consider whether to pursue (whether individually or jointly with the notifying person) the New Business Opportunity as revised.

Under the Deed of Non-competition, during the Restricted Period, each of our Controlling Shareholders has further undertaken the following:

- he/it has acknowledged that our Directors (including the independent non-executive Directors) shall, where necessary and at least on an annual basis, review his/its compliance with the Deed of Non-competition;
- he/it has authorized us to disclose decisions on matters reviewed by the Directors (including the independent non-executive Directors) relating to the compliance and enforcement of the Deed of Non-competition, either through our annual report or by way of public announcement, provided that the relevant disclosures are reviewed and commented by him/it;
- in the event that there is disagreement on whether certain business engaged or proposed to be engaged by he/it constitutes a Restricted Business, such matter shall be decided by the Independent Board and the decision thereof shall be final and binding; and
- in the event of any actual or potential conflict of interests, he/it will abstain from voting and will not be counted towards the quorum of any board meeting or shareholders' meeting.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Our Company will disclose the decisions with basis on matters reviewed by our independent non-executive Directors relating to the compliance with and enforcement of the Deed of Non-competition either in the annual report of our Company or by way of announcement(s) to the public.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our businesses independently of our Controlling Shareholders and their respective close associates after the Listing.

Management Independence

Our daily operational and management decisions are made collectively by our Board and our senior management. Upon the Listing, our Board will consist of seven Directors, consisting of two executive Directors, two non-executive Directors and three independent non-executive Directors. Other than Mr. Zhang who is also our Controlling Shareholder, none of the other Directors, who forms the majority of our Board, is a Controlling Shareholder. See “Directors and Senior Management” for more details. We believe that our Directors and senior management can independently perform their duties in our Company and we can operate independently from our Controlling Shareholders for the following reasons:

- Each of our Directors is aware of his or her fiduciary duties as a Director which require, among others, that he or she must act for the benefit and in the best interests of our Company and not allow any conflict between his or her duties as a Director and his/her personal interests.
- In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective close associates, the interested Director(s) shall abstain from voting on any Board resolutions approving any contract or arrangement or any other proposal in which he or she or any of his/her close associates have a material interest and shall not be counted in the quorum present at the relevant Board meeting.
- Our Board has a balanced composition of executive Directors and non-executive Directors which ensures the independence of our Board in making decisions affecting our Company. Specifically, (a) our independent non-executive Directors are not associated with our Controlling Shareholders or his/its associates; (b) our independent non-executive Directors account for more than one-third of the Board; and (c) our independent non-executive Directors individually and collectively possess the requisite knowledge and experience as independent directors of listed companies and will be able to provide professional and experienced advice to our Company. In conclusion, our Directors believe that our independent non-executive Directors are able to bring impartial and sound judgment to the decision-making process of our Board and protect the interest of our Company and our Shareholders as a whole.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- We will establish corporate governance measures and adopt sufficient and effective control mechanisms to manage conflicts of interest, if any, between our Group and our Controlling Shareholders, which would support our independent management. See “—Corporate Governance Measures” in this section for more information.

Having considered the above factors, our Directors are satisfied that they are able to perform their managerial roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from our Controlling Shareholders and their respective close associates after the Listing.

Operational Independence

We have full rights to make all decisions regarding, and carry out, our business operations independently. We have established our own organizational structure and each department is assigned to specific areas of responsibilities. We have not shared our operational resources, such as marketing and sales and general administration resources, with our Controlling Shareholders and/or their respective close associates. We have independent access to customers and suppliers, as well as an independent management team to handle our day-to-day operations. We hold all the relevant licenses, trademarks and other material intellectual properties necessary for operating our business and have sufficient capital, equipment, facilities and employees to operate our business and operations independently of our Controlling Shareholders. We have also established a set of internal control procedures to facilitate and maintain the independent operation of our business. In particular, other than the Contractual Arrangements, which technically fall under the definition of a connected transaction under Chapter 14A of the Listing Rules, there is no other continuing connected transaction between any of our Controlling Shareholders and our Group that would otherwise be required to be disclosed in this prospectus.

Having considered the above, our Directors consider that our Group will be able to operate independently from our Controlling Shareholders and their respective close associates after the Listing.

Financial Independence

Our Group has an independent financial system and makes financial decisions according to our Group’s own business needs. We have established our own finance department with a team of financial staff, who are responsible for financial control, accounting, reporting, group credit and internal control function of our Group, which is independent from our Controlling Shareholders and their respective close associates. We are able to make financial decisions independent from our Controlling Shareholders and their respective close associates, and they do not intervene with our use of funds. We have also established an independent and sound audit system, a standardized financial and accounting system and a complete financial management system.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Our Directors believe that we have sufficient capital to operate our business independently and have adequate internal resources and a strong credit profile to support our daily operations. During the Track Record Period, our Group primarily relied on cash generated from operations and proceeds from the capital increase by our Shareholders to carry on our business. We believe we will continue to have sufficient capital to operate our business independently and have adequate internal resources and a strong credit profile to obtain financing from Independent Third Parties to support our daily operations without reliance on our Controlling Shareholders or their respective close associates after the Listing. We have adopted a set of internal control procedures for cash receipts and payment and have independent access to third party financing. We have also established an Audit Committee comprising one non-executive Director and two independent non-executive Directors in compliance with Rule 3.21 of the Listing Rules. We have access to independent third party financing and are capable of obtaining such financing without the need to rely on any guarantee or security provided by our Controlling Shareholders or their respective close associates.

During the Track Record Period, Mr. Zhang provided certain guarantees for bank loans of our Group. See Note 22(ii) of the Accountants' Report set out in Appendix I to this prospectus for details. As confirmed by the Company and our Directors, all guarantees provided by Mr. Zhang will be fully released before the Listing.

Having considered the above, our Directors are satisfied that we are able to maintain financial independence from our Controlling Shareholders and their respective close associates.

CORPORATE GOVERNANCE MEASURES

Each of our Controlling Shareholders has confirmed that he/it fully comprehends his/its obligations to act in our Shareholders' best interests as a whole. Our Directors believe that there are adequate corporate governance measures in place to manage potential conflicts of interest between our Controlling Shareholders and our Group and to safeguard the interests of our Shareholders taken as a whole for the following reasons:

- (a) as part of our preparation for the Global Offering, we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provide that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her close associates has a material interest nor shall such Director be counted in the quorum present at the meeting;
- (b) a Director with material interests shall make full disclosure in respect of matters that conflict or potentially conflict with our interest and absent himself/herself from the board meetings on matters in which such Director or any of his/her close associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (c) we are committed that our Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors) that can facilitate the exercise of independent judgment. We have appointed three independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business and/or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial and external opinion to protect the interests of our public Shareholders. For further details of our independent non-executive Directors, see “Directors and Senior Management—Board of Directors—Independent non-executive Directors” for more information;
- (d) our Company has established internal control mechanisms to identify connected transactions. Upon the Listing, if our Company enters into connected transactions with a Controlling Shareholder or any of his/its associates, our Company will comply with (i) Chapter 14A of the Listing Rules which include, but without limitation, where applicable, the announcement, reporting, circular and shareholders’ approval requirements and (ii) those other conditions imposed by the Stock Exchange for the granting of waiver from strict compliance with the relevant requirements under the Listing Rules;
- (e) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company’s expenses;
- (f) each of our Controlling Shareholders has undertaken to us, and will procure his/its close associates that he/it or any of his/its close associates will provide all information necessary for the annual review by our independent non-executive Directors for the enforcement of the Deed of Non-competition;
- (g) our independent non-executive Directors will (i) review (at least annually) compliance with and the enforcement of undertakings under the Deed of Non-competition; and (ii) review, consider and decide whether to take up any New Business Opportunities under the Deed of Non-competition;
- (h) the independent non-executive Directors will review, on an annual basis, whether there is any conflict of interests between our Group and our Controlling Shareholders, and provide impartial and professional advice to protect the interests of our minority Shareholders;
- (i) our Company will disclose decisions (with basis) on matters on conflicts of interests reviewed by the independent non-executive Directors either in its annual reports or by way of announcements;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (j) our Controlling Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the purpose of their annual review referred to in paragraphs (g), (h) and (i) above;
- (k) our Controlling Shareholders will make an annual declaration of the compliance with the Deed of Non-competition in the annual reports of our Company;
- (l) we will disclose the review by our independent non-executive Directors on the compliance with, and the enforcement of, the Deed of Non-competition in our annual reports in compliance with the requirements of the Listing Rules;
- (m) in the event that any of our Directors and/or their respective close associates has material interests in any matter to be deliberated by our Board in relation to the compliance and enforcement of Deed of Non-competition, he/she may not vote on the resolutions of our Board approving the matter and shall not be counted towards the quorum for the voting pursuant to the applicable provisions in the Articles of Association;
- (n) in the event that any potential conflict of interest arises, i.e. where a Director has an interest in a company that will enter into an agreement with our Group, the Director(s) with an interest in the relevant transaction(s) shall be excluded from our Board deliberation process and abstain from voting and shall not be counted towards the quorum in respect of the relevant resolution(s) at such Board meeting;
- (o) in the event any potential conflict of interest arises at the shareholders' level, our Controlling Shareholders shall abstain from voting in the Shareholders' meeting of our Company with respect to the relevant resolution(s); and
- (p) we have appointed Giraffe Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to the directors' duties and corporate governance.

CONTINUING CONNECTED TRANSACTIONS

OVERVIEW

We have in the past conducted certain transactions with entities that will become our connected persons upon the Listing. The transactions disclosed in this section will continue after the Listing and will therefore constitute our continuing connected transactions under the Listing Rules.

OUR CONNECTED PERSONS

The following connected persons have entered into or will enter into continuing connected transactions with us:

Name of Connected Persons	Connected Relationship
Mr. Zhang	our Substantial Shareholder, a Controlling Shareholder as of the date of this prospectus and our executive Director, chairman of the Board and chief executive officer
Baidu	Baidu, a company listed on the Stock Exchange (stock code: 9888) and Nasdaq (ticker symbol: BIDU), our Substantial Shareholder as of the date of this prospectus
Baidu Netcom	an associate of Baidu, our Substantial Shareholder as of the date of this prospectus
Chuanke Computer	an associate of Baidu, our Substantial Shareholder as of the date of this prospectus, and a substantial shareholder at the subsidiary level of our Group as defined under the Listing Rules

CONTINUING CONNECTED TRANSACTIONS

We set out below details of the fully-exempt continuing connected transactions and non-exempt continuing connected transactions of our Group.

CONTINUING CONNECTED TRANSACTIONS

A. Fully-Exempt Continuing Connected Transactions

1. *Wellness Check Online Booking Service Cooperation Agreement*

Principal Terms

We started to cooperate with Baidu Netcom regarding wellness check online booking service in 2021. On August 10, 2022, Baidu Netcom entered into an agreement with Fujian Health Road relating to wellness check online booking service provided by Fujian Health Road through Baidu's online search platforms for an initial term of two years from August 10, 2022 to August 9, 2024, which was further extended to August 9, 2026 (the "**Wellness Check Online Booking Service Cooperation Agreement**"). Pursuant to this agreement, Baidu Netcom agreed to present and promote our wellness check online booking services by providing access to our services on Baidu's online search platforms, and we shall pay to Baidu Netcom a 10% commission (regarding examinations carried out by non-public medical institutions) or a 3% commission (regarding examinations carried out by public hospitals) of the actual transaction amounts of the orders sourced through Baidu's online search platforms. The parties expect to renew the agreement upon its expiry.

Historical Figures, Annual Cap and Basis of Annual Cap

The historical amount of commission our Group paid to Baidu Netcom for each of the three years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024 was approximately RMB6.49 thousand, RMB13.22 thousand, RMB18.61 thousand and RMB8.96 thousand, respectively. The expected transaction amount for the year ending December 31, 2024 would be no more than RMB15,000. In arriving at the above annual caps, the Directors have mainly considered the historical transaction amounts and the potential user traffic driven by Baidu's online search platforms.

The transactions under the Wellness Check Online Booking Service Cooperation Agreement are priced after arm's length negotiations between Baidu Netcom and us, which is comparable to the prices of similar transactions between other Independent Third Parties and our Company. The transactions contemplated under the Wellness Check Online Booking Service Cooperation Agreement are in the ordinary and usual course of our business and are on normal commercial terms.

2. *Service Platform Cooperation Agreement*

Principal Terms

Baidu Netcom entered into a service platform cooperation agreement with Yinchuan Borderless for a term of one year from April 15, 2022 to April 14, 2023, which was further extended to April 14, 2025 ("**Service Platform Cooperation Agreement**"). Pursuant to this agreement, Baidu Netcom agreed to present and promote the medical and wellness consultation-related services provided by us on Baidu's online search platforms, and we shall pay to Baidu Netcom a technical service fee (generally 3% of the actual transaction amounts paid by end users who will be assigned medical consultants randomly based on

CONTINUING CONNECTED TRANSACTIONS

their needs, or generally 10% of the actual transaction amounts paid by end users who acquire a consultation with a specific medical consultant, through our services provided on Baidu's online search platforms). The parties expect to renew the agreement upon its expiry.

Historical Figures, Annual Cap and Basis of Annual Cap

The historical amount of the service fee paid by our Group to Baidu Netcom for each of the three years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024 was approximately RMB0.45 million, RMB15.33 thousand, RMB3.43 thousand and nil, respectively. The significant decrease in the amount of service fee paid to Baidu Netcom for the year ended December 31, 2023 and the six months ended June 30, 2024 as compared to that for the year ended December 31, 2022 was primarily due to the changes in Baidu's operating strategy regarding medical consultation online booking business by increasing the provision of online booking traffic to Baidu's self-operated medial consultation service providers and reducing the collaboration with other third-party platforms.

The expected service fee for the year ending December 31, 2024 would be no more than RMB15,000. In arriving at such annual caps, the Directors have mainly considered the historical service fee paid to Baidu Netcom and the expected user traffic driven by Baidu's online search platforms.

The transactions under the Service Platform Cooperation Agreement are priced after arm's length negotiations between Baidu Netcom and our Company, which is comparable to the prices of similar transactions between Baidu Netcom and other parties. The transactions contemplated under the Service Platform Cooperation Agreement are in the ordinary and usual course of our business and are on normal commercial terms.

3. Baidu Cloud Services Cooperation

Principal Terms

During the Track Record Period, our Group purchased cloud services from Baidu Netcom (the "**Baidu Cloud Services**"). Such Baidu Cloud Services were governed by the standard online contracts (as amended from time to time) that our Group members were required to sign when registering their respective online accounts on the website of Baidu. We make prepayments into our Baidu accounts for future consumption of Baidu Cloud Services.

Historical Figures, Annual Cap and Basis of Annual Cap

The historical amount of our payment for the Baidu Cloud Services for each of the three years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024 was approximately RMB0.25 million, RMB0.12 million, RMB0.12 million and RMB0.08 million, respectively. The expected transaction amount for the year ending December 31, 2024 would be no more than RMB0.2 million. In arriving at such annual caps, the Directors have mainly considered the historical transaction amounts.

CONTINUING CONNECTED TRANSACTIONS

The Baidu Cloud Services is subject to unified prices published by Baidu Netcom on its official website. The use of the Baidu Cloud Services is in the ordinary and usual course of our business and are on normal commercial terms.

Listing Rules Implications of Online Booking, Service Platform and Cloud Services

As the transactions in relation to the Wellness Check Online Booking Service Cooperation Agreement, the Service Platform Cooperation Agreement and the Baidu Cloud Services (collectively as the “**Online Booking, Service Platform and Cloud Services**”) have been entered into by our subsidiaries with the same party, i.e. Baidu Netcom, the relevant transaction amounts shall be aggregated pursuant to Rule 14A.81 of the Listing Rules.

As each of the applicable percentage ratios (other than the profit ratio) under the Listing Rules in respect of the transactions under the Online Booking, Service Platform and Cloud Services is expected to be, on an annual basis, less than 0.1%, the transactions under the Online Booking, Service Platform and Cloud Services will be fully exempt from all of the annual reporting, annual review, announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1) of the Listing Rules.

B. Partially Exempt Continuing Connected Transactions

Continuing Connected Transactions Subject to Reporting, Annual Review and Announcement Requirements

4. Wellness Content Cooperation Agreements

We started to cooperate with Baidu on wellness content services in 2018, by providing wellness content (including but not limited to wellness content related articles, photos, audio clips, videos/short video clips, live-streaming lectures, medical encyclopedias and health Q&A) to Baidu and Baidu’s display of such wellness content in our database on its online platforms as search results. The currently effective wellness content cooperation agreements were respectively entered into between (i) Fujian Health Road and Baidu Netcom on December 31, 2023 for a term from January 1, 2024 to December 31, 2024; and (ii) Fuzhou Kangzhi and Baidu Netcom on December 31, 2023 for a term from January 1, 2024 to December 31, 2024 (the “**Wellness Content Cooperation Agreements**”). The parties expect to renew the agreements upon their respective expiry.

Reasons for the Transaction

Baidu Netcom is a subsidiary of Baidu, which is a leading search engine in China, offering various website accesses to a vast base of potential consumers. By cooperating with Baidu Netcom, we are able to further broaden our customer base, diversify our services, enhance marketing of our brand and ultimately generate income from our wellness content services business. The transactions contemplated under the Wellness Content Cooperation Agreements are entered into in the ordinary and usual course of our business and are on normal commercial terms.

CONTINUING CONNECTED TRANSACTIONS

Pricing Basis

The transactions contemplated under the Wellness Content Cooperation Agreements are priced based on the CPM model, whereby we charge Baidu Netcom a certain amount of service fee for every 1,000 page views. Such amount of service fee is determined based on the real-time quotation provided by Baidu to all content providers, which fluctuates from time to time. During the Track Record Period, such amount of service fee we charged ranged from RMB10.67 every 1,000 page views to RMB27.04 every 1,000 page views. CPM model is a common pricing model adopted in the industry. Under CPM model, the unit price for every 1,000 page views is calculated and decided solely by Baidu based on its big data analysis, which fluctuates from time to time. Baidu offers standard unit price to all comparable content providers, including our Company and other Baidu's independent third parties. Therefore, our Directors constantly obtain and review market prevailing price in similar transactions from public resource and information, and compare those with the fluctuating price offered by Baidu to its independent third parties and us.

Historical Figures, Annual Cap and Basis of Annual Cap

The historical transaction amount for each of the three years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024 was approximately RMB47.66 million, RMB18.38 million, RMB12.83 million and RMB6.09 million, respectively.

The proposed annual cap for the transactions contemplated under the Wellness Content Cooperation Agreements for the year ending December 31, 2024 is RMB14 million.

The significant decrease in the actual transaction amount for the year ended December 31, 2022 as compared to that for the year ended December 31, 2021 was primarily due to the changes in Baidu's search result presenting strategy, which currently prioritizes the display of visualized content such as video and graphic content, resulting in the significant decrease in our total number of page views. The proposed annual cap for the transaction amounts payable by Baidu to our Group for the year ending December 31, 2024 under the Wellness Content Cooperation Agreements is determined on the following basis: (i) the historical transaction amounts and the number of page views for each of the three years ended December 31, 2021, 2022 and 2023 and for the six months ended June 30, 2024. The historical page views for each of the three years ended December 31, 2021, 2022 and 2023 and for the six months ended June 30, 2024 was approximately 2.2 billion, 0.99 billion, 0.79 billion and 0.40 billion, respectively; (ii) the percentage of wellness content provided by our Group to Baidu in 2023 as to Baidu's total expenses related to wellness content during the same year and Baidu's total estimated budget of expenses related to wellness content for the year ending December 31, 2024; and (iii) we expect to diversify our wellness content resources by increasing the scientific content in our articles, enhancing the quality of our wellness content, and providing more comprehensive and authoritative articles by inviting experts to provide professional opinions for our content. In addition, we also intend to provide more visualized content on Baidu in the future. This will help improve the display ranking of our content on Baidu pursuant to Baidu's search result presenting strategy, thereby increasing our future page views.

CONTINUING CONNECTED TRANSACTIONS

Listing Rules Implications and Waiver Applications

Since the highest of the applicable percentage ratios calculated under Chapter 14A of the Listing Rules is expected to exceed 0.1% but less than 5% on an annual basis, pursuant to Rule 14A.76(2) of the Listing Rules, the transactions contemplated under the Wellness Content Cooperation Agreements will be exempt from the circular (including the opinion and recommendation from an independent financial advisor) and the independent shareholders' approval requirements, but will be subject to the annual reporting, annual review and announcement pursuant to Rules 14A.35, 14A.49, 14A.55 and 14A.71 of the Listing Rules.

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver to us under Rule 14A.105 of the Listing Rules from strict compliance with the announcement requirement under the Listing Rules in respect of these transactions, provided that the total amounts of these transactions for each of the relevant periods will not exceed the relevant proposed annual cap above.

C. Non-Exempt Continuing Connected Transactions

Continuing Connected Transactions subject to Reporting, Announcement, Circular (including Independent Financial Advice Requirement), Shareholders' Approval and Annual Review Requirements

5. Contractual Arrangements

Background for the Contractual Arrangements

As disclosed in the section headed "Contractual Arrangements" in this prospectus, due to regulatory restrictions on foreign ownership in online medical institution and value-added telecommunication services business in the PRC, it is not viable for our Company to (i) hold Fujian Health Road and its subsidiaries directly through equity ownership, or (ii) directly hold more than 50% equity interests in Fujian Health MedTech, and such Consolidated Affiliated Entities hold certain licenses and permits required for the operations of our business. As a result, our Group has entered into the Contractual Arrangements with (i) Fujian Health Road and its Registered Shareholders, and (ii) Fujian Health MedTech and Mr. Zhang, so that we can conduct our business operations indirectly in the PRC through our Consolidated Affiliated Entities while complying with the applicable PRC laws and regulations. The Contractual Arrangements, as a whole, are designed to provide our Group with effective control over the financial and operational policies of our Consolidated Affiliated Entities, to the extent permitted under the applicable PRC laws and regulations, which enable us to, among others, (i) receive substantially all of the economic benefits from our Consolidated Affiliated Entities in consideration for the services provided by Health Road HealthTech to our Consolidated Affiliated Entities; (ii) exercise effective control over our Consolidated Affiliated Entities; and (iii) hold an exclusive option to acquire all or part of the equity interests and/or assets in the Consolidated Affiliated Entities when and to the extent permitted by the applicable PRC laws and regulations.

CONTINUING CONNECTED TRANSACTIONS

The Contractual Arrangements consist of a series of agreements, including (i) Exclusive Business Cooperation Agreements, (ii) Exclusive Purchase Option Agreements, (iii) Equity Pledge Agreements, and (iv) Voting Rights Proxy Agreements, each of which is an integral part of the contractual arrangements. For detailed terms of the Contractual Arrangements, see “Contractual Arrangements”.

Listing Rules Implications

The transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of our Company under the Listing Rules upon the Listing as Mr. Zhang and Chuanke Computer, being the parties of the Contractual Arrangements, are connected persons of our Group.

In relation to the transactions contemplated under the Contractual Arrangements, one or more of the applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the estimated maximum annual amount payable to our Group for each of the three years ending December 31, 2026 is expected to be more than 5%. Therefore, pursuant to Rules 14A.35, 14A.36, 14A.49 and 14A.55 of the Listing Rules, the transactions contemplated under the Contractual Arrangements will be subject to the annual reporting, annual review, announcement, circular and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Our Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated therein are fundamental to our Group’s legal structure and business, that such transactions have been and will be entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements and any new transactions, contracts and agreements or renewal of existing transactions, contracts and agreements to be entered into, among others, by any of our Consolidated Affiliated Entities and any member of our Group (the “**New Intergroup Agreements**” and each of them, a “**New Intergroup Agreement**”) (which are (a) solely restricted to matters that are contemplated under the Contractual Arrangements; and (b) narrowly tailored to achieve our Company’s business purposes and minimizing the potential for conflict with the relevant PRC laws and regulations) technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, our Directors consider that, given that our Group is placed in a special situation in relation to the connected transactions rules under the Contractual Arrangements, it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to our Company if such transactions are subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among others, the announcement, circular and independent Shareholders’ approval requirements.

CONTINUING CONNECTED TRANSACTIONS

Waiver Applications

In respect of the Contractual Arrangements, pursuant to Rule 14A.105 of the Listing Rules, our Company has applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with (i) announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions under the Contractual Arrangements; (ii) the requirement of setting maximum aggregate annual value (i.e. an annual cap) for the transactions under the Contractual Arrangements; and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less, for so long as the Shares are listed on the Stock Exchange, subject to the following conditions:

- (a) *No change without independent non-executive Directors' approval.* No changes to the Contractual Arrangements (including with respect to any fees payable to Health Road HealthTech thereunder) will be made without the approval of the independent non-executive Directors.
- (b) *No change without independent Shareholders' approval.* Save as described in paragraph (d) below, no changes to the agreements governing the Contractual Arrangements will be made without the approval of the independent Shareholders. Once the independent Shareholders' approval of any change has been obtained, no further announcement or approval of the independent Shareholders will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the Contractual Arrangements in the annual reports of our Company (as set out in paragraph (e) below) will however continue to be applicable.
- (c) *Economic benefits flexibility.* The Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by the Consolidated Affiliated Entities through: (i) our Group's option (if and when so allowed under the applicable PRC laws) to acquire, all or part of the entire equity interests in the Consolidated Affiliated Entity(ies) for nil consideration or minimum amount of consideration permitted by applicable PRC laws and regulations; (ii) the business structure under which the revenue generated by the Consolidated Affiliated Entities is substantially retained by our Group, such that no annual cap shall be set on the amount of service fees payable to Health Road HealthTech under the Exclusive Business Cooperation Agreements; and (iii) our Group's right to control the management and operation of, as well as, in substance, all of the voting rights of the Consolidated Affiliated Entities.
- (d) *Renewal and reproduction.* On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between our Company and its subsidiaries in which our Company has direct shareholding, on the one hand, and Fujian Health Road/Fujian Health MedTech, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the

CONTINUING CONNECTED TRANSACTIONS

existing Contractual Arrangements. The directors, chief executives or substantial shareholders of any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group may establish will, upon renewal and/or reproduction of the Contractual Arrangements, however be treated as the connected persons of our Company and transactions between these connected persons and our Company other than those under similar contractual arrangements shall comply with Chapter 14A of the Listing Rules. This condition is subject to relevant PRC laws, regulations and approvals.

- (e) *Ongoing reporting and approvals.* Our Group will disclose details relating to the Contractual Arrangements on an ongoing basis as follows:
- (i) The Contractual Arrangements in place during each financial period will be disclosed in the annual reports and accounts of our Company in accordance with the relevant provisions of the Listing Rules.
 - (ii) The independent non-executive Directors will review the Contractual Arrangements annually and confirm in the annual reports and accounts of our Company for the relevant year that: (a) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements; (b) no dividends or other distributions have been made by Fujian Health Road/Fujian Health MedTech to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group; and (c) any new contracts entered into, renewed or reproduced between our Group and Fujian Health Road/Fujian Health MedTech during the relevant financial period under paragraph (d) above are fair and reasonable, or advantageous, so far as our Group is concerned and in the interests of our Company and its Shareholders as a whole.
 - (iii) Our Company's auditor will carry out review procedures annually on the transactions carried out pursuant to the Contractual Arrangements and will provide a letter to the Directors with a copy to the Stock Exchange confirming that the transactions have received the approval of the Directors and have been entered into in accordance with the relevant Contractual Arrangements and that no dividends or other distributions have been made by Fujian Health Road/Fujian Health MedTech to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group.
 - (iv) For the purposes of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", the Consolidated Affiliated Entities will be treated as our Company's subsidiaries, but at the same time, the directors, chief executives or substantial shareholders (as defined in the Listing Rules) of the Consolidated Affiliated Entities and their respective associates will be treated as connected persons of our Company (excluding for this purpose, the Consolidated Affiliated Entities), and transactions between these connected persons and our

CONTINUING CONNECTED TRANSACTIONS

Group (including for this purpose, the Consolidated Affiliated Entities), other than those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules.

- (v) The Consolidated Affiliated Entities will undertake that, for so long as the Shares are listed on the Stock Exchange, the Consolidated Affiliated Entities will provide our Group's management and our Company's auditor with full access to its relevant records for the purpose of our Company's auditor's review of the connected transactions.

In addition, we have applied to the Stock Exchange for, and the Stock Exchange has granted a waiver from strict compliance with the requirements of (i) the announcement, circular and independent shareholders' approval in respect of the transactions contemplated under any New Intergroup Agreements (as defined above) pursuant to Rule 14A.105 of the Listing Rules, (ii) setting an annual cap for the transactions contemplated under any New Intergroup Agreements under Rule 14A.53 of the Listing Rules, and (iii) limiting the term of any New Intergroup Agreement to three years or less under Rule 14A.52 of the Listing Rules. We will comply with the applicable requirements under the Listing Rules, and will immediately inform the Stock Exchange if there are any changes to these continuing connected transactions. If there is any change to the terms of the Contractual Arrangements or our Group enter into any new agreement with any of its connected persons, our Group must fully comply with the relevant requirements under Chapter 14A of the Listing Rules unless it apply for and obtain a separate waiver from the Stock Exchange.

Given that the financial results of our Consolidated Affiliated Entities will be consolidated into our financial results and the relationship between our Consolidated Affiliated Entities and our Company, the Contractual Arrangements that may be entered into between each of our Consolidated Affiliated Entities and our Company in the future will also be exempt from the "continuing connected transactions" provisions of the Listing Rules.

INTERNAL CONTROL MEASURES

Our Group has an independent internal control, accounting and financial management system as well as an independent finance department which makes financial decisions according to our Group's own business needs. See "Relationship with Our Controlling Shareholders—Independence from Our Controlling Shareholders" for further details of the independence of our Group.

CONTINUING CONNECTED TRANSACTIONS

In order to ensure that the terms under relevant agreements for the continuing connected transactions are fair and reasonable, and no less favorable to us than terms available to or from Independent Third Parties, and the connected transactions are carried out under normal commercial terms, we will adopt the following internal control procedures upon the Listing:

- we will adopt and implement a management system on connected transactions and our Board and the various internal departments of our Company (including the finance and legal departments) will be responsible for the control and daily management in respect of the continuing connected transactions;
- our Board and various internal departments of our Company (including the finance and legal departments) will be jointly responsible for evaluating the terms under relevant agreements for the continuing connected transactions, in particular, the fairness of the pricing policies and annual caps under each transaction;
- our Board and various internal departments of our Company will regularly monitor the fulfillment status and the transaction updates under the relevant agreements. In addition, the management of our Company will also regularly review the pricing policies of the relevant agreements; and
- our independent non-executive Directors and auditor will conduct annual review of the continuing connected transactions under the agreements and provide annual confirmation to ensure that, in accordance with the Listing Rules, the transactions are conducted in accordance with the terms of the agreements, on normal commercial terms that are no less favorable to our Company and in accordance with the pricing policy.

DIRECTORS' VIEW

Having taken into account the information set out above, our Directors (including our independent non-executive Directors) are of the view that the non-exempt continuing connected transactions described in this section have been and will be entered into in the ordinary and usual course of our Group's business and are based on normal commercial terms or better that are fair, reasonable and in the interests of our Group and our Shareholders as a whole, and that the proposed annual caps (if any) for the non-exempt continuing connected transactions are fair, reasonable and in the interests of our Group and our Shareholders as a whole.

Further, the Directors are also of the view that with respect to the terms of the Contractual Arrangements, which is of a duration of longer than three years, it is a justifiable and normal business practice for the Contractual Arrangements of this type to be of such duration.

CONTINUING CONNECTED TRANSACTIONS

SOLE SPONSOR'S VIEW

The Sole Sponsor has (i) reviewed the relevant documents and information provided by our Group, and (ii) participated in the due diligence and discussion with the management of our Company. Based on the above, the Sole Sponsor is of the view that: (i) the non-exempt continuing connected transactions set out above have been and will continue to be carried out in the ordinary and usual course of business of our Company and on normal commercial terms, and are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and that the proposed annual caps of the non-exempt continuing connected transactions (ii) are reasonable and in the interests of our Company and our Shareholders as a whole; and (iii) the Contractual Arrangements are fundamental to the Group's legal structure and business operations.

Further, the Sole Sponsor is also of the view that with respect to the terms of the Contractual Arrangements, which is of a duration of longer than three years, it is a justifiable and normal business practice for the Contractual Arrangements of this type to be of such duration.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board comprises seven Directors, including two executive Directors, two non-executive Directors and three independent non-executive Directors. Our Board is responsible for and has the general power over the management and operation of our business, including determining our business strategies and investment plans, implementing resolutions passed at our Shareholders' general meetings, and exercising other powers, functions and duties as conferred by the Articles of Association. Our Board also assumes the responsibilities for convening general meetings and reporting the Board's work at our Shareholders' meetings, developing and reviewing the policies and practices of the Company on corporate governance, risk management and internal control and compliance with legal and regulatory requirements.

The table below sets forth the key information in respect of our Directors as of the Latest Practicable Date:

Name	Age	Position(s)	Date of appointment as a Director	Time of joining our Group	Roles and responsibilities in our Group	Relationship with other Directors or senior management
Mr. Zhang	57	Chairman, executive Director and chief executive officer	November 18, 2014	February 2001	Overall management, strategic planning and decision-making of our Group	N/A
Mr. Chen Jing (陳晶)	46	Executive Director, senior vice president	March 9, 2022	December 2006	Responsible for the business expansion, marketing and investor relations of our Group	N/A
Mr. Chen Yong (陳勇)	58	Non-executive Director	March 9, 2022	April 2010	Providing insights for the management, operation and strategic planning of our Group	N/A
Mr. Zhang Xiangming (章向明)	42	Non-executive Director	April 3, 2023	April 2023	Providing insights for the management, operation and strategic planning of our Group	N/A

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position(s)	Date of appointment as a Director	Time of joining our Group	Roles and responsibilities in our Group	Relationship with other Directors or senior management
Mr. Xu Jing (徐景)	38	Independent non-executive Director	Listing Date	Listing Date	Supervising our Board and providing independent judgment	N/A
Dr. Lu Tao	56	Independent non-executive Director	Listing Date	Listing Date	Supervising our Board and providing independent judgment	N/A
Ms. Deng Xiaolan (鄧曉嵐)	48	Independent non-executive Director	Listing Date	Listing Date	Supervising our Board and providing independent judgment	N/A

Executive Directors

Mr. Zhang, aged 57, is an executive Director, the chairman of the Board and chief executive officer of our Company. Mr. Zhang is responsible for the overall management, strategic planning and decision-making of our Group.

Mr. Zhang is the founder of our Group and has more than 20 years' experience in the digital healthcare industry. Mr. Zhang started to serve our Group since February 2001 and has been responsible for forming our business model, supervising and managing our operation since then. Currently, he also holds directorships in several subsidiaries of our Group, among others, Health Road HealthTech, Fujian Health Road, Fujian Health MedTech, Fujian Health Management, Yinchuan Borderless and Hubei Health.

Prior to the founding of our Group, Mr. Zhang worked in Fujian Shida Computer Company Limited* (福建實達電腦集團股份有限公司), which is primarily engaged in mobile intelligent terminal business and Internet of things perimeter security business, until December 1999.

Mr. Zhang obtained a bachelor's degree in biological and medical instruments from Zhejiang University (浙江大學) in July 1991, a master's degree in business administration from Renmin University of China (中國人民大學) in May 2006, and was accredited as a senior engineer by the Department of Human Resources and Social Security of Fujian Province* (福建省人力資源和社會保障廳) in June 2006.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhang has been the president of council of the Fujian Alumni Association of Zhejiang University since February 2017. He has also taken up social positions such as the deputy chairman of the Fujian Electronic Commerce Association* (福建省電子商務協會) since April 2015 and the standing director of the First Fujian Network Information Industry Federation (福建省網信產業聯合會) since March 2023. Mr. Zhang was also awarded the honorary titles of Outstanding Figure on Health Management of China* (中華健康管理傑出人物) from 2008 to 2009 and Outstanding Talent in the Internet Economy* (互聯網經濟優秀人才) in 2007.

Mr. Zhang was previously a director, general manager and/or legal representative of the following companies which were established in the PRC and deregistered pursuant to relevant laws and regulations. Mr. Zhang has confirmed that the following deregistration were made voluntarily because the relevant companies had ceased to carry out business or operation and/or for the purpose of streamlining our Group's corporate structure and businesses.

Name of company	Nature of business before deregistration	Date of deregistration	Reason of deregistration
Beijing Guoheng Wanhua Information Technology Company Limited* (北京國恒萬華信息技術有限公司)	Software and information technology services	April 13, 2023	No actual business operation
Shanghai Wanji Information Technology Company Limited* (上海萬計信息科技有限公司)	Information technology services	April 10, 2020	No actual business operation
Fuzhou Health Road Information Technology Company Limited* (福州健康之路信息技術有限公司)	Information technology and health management services	July 9, 2009	No actual business operation and for the purpose of streamlining our Group's corporate structure
Fuzhou Xiaoxiaotong Information Engineering Company Limited* (福州校校通信息工程有限公司)	Information technology services	April 15, 2003	No actual business operation
Fuzhou Guanjing Information System Company Limited* (福州冠景信息系統有限公司)	Information technology services	April 29, 2007	No actual business operation
Fuzhou Renren Health Information Technology Company Limited* (福州人人健康信息科技有限公司)	Information technology and health management services	April 18, 2003	Cease to carry out business and for the purpose of streamlining our Group's corporate structure
Fujian Health Road Love Health Big Data Service Company Limited* (福建健康之路愛健康大數據服務有限公司)	Information technology and health management services	July 10, 2020	No actual business operation and for the purpose of streamlining our Group's corporate structure

DIRECTORS AND SENIOR MANAGEMENT

Name of company	Nature of business before deregistration	Date of deregistration	Reason of deregistration
Zhejiang Health Road Health Technology Company Limited* (浙江健康之路健康科技有限公司) (Note 1)	Information technology and health management services	May 8, 2012	No actual business operation and for the purpose of streamlining our Group's corporate structure
Computer Service Department of Fuzhou Guanjing Information System Company Limited* (福州冠景信息系統有限公司 電腦服務部)	Information technology services	July 28, 1999	No actual business operation

Note 1: Zhejiang Health Road Health Technology Company Limited* (浙江健康之路健康科技有限公司, a limited liability company deregistered on May 8, 2012) was a limited liability company established in the PRC on April 24, 2008 and an associate of Beijing Health Road (as defined under the Listing Rules) before its deregistration. For the avoidance of doubt, this entity was not the same entity as Health Road HealthTech.

Mr. Zhang was a director of Shenzhen Health Zhitongche Network Technology Company Limited* (深圳市健康直通車網絡科技有限公司) (“**Shenzhen Health Zhitongche**”), which was a company established in the PRC and engaged in provision of the Internet technology and health management service. The business license of Shenzhen Health Zhitongche was revoked on February 27, 2004. As confirmed by Mr. Zhang, (i) Shenzhen Health Zhitongche was solvent and inactive at the time of revocation of its business license; and (ii) the business license of Shenzhen Health Zhitongche was revoked due to its failure in completing the annual examination.

Mr. Zhang has confirmed that there was no wrongdoing on his part leading to the business cessation of the above-mentioned companies. Mr. Zhang is not aware of any actual or potential claim that has been or will be made against him, or any pending or potential legal proceeding that he had been or might have been involved in, arising from the deregistration of the companies and/or the revocation of the business license as disclosed above. Mr. Zhang also confirms that such companies still had the ability to repay all debts at the time of the deregistration and that the deregistration of such companies does not have any material adverse effect on the Group.

Mr. Chen Jing (陳晶), aged 46, is an executive Director and senior vice president of our Company, primarily responsible for the business expansion, marketing and investor relations of our Group.

Mr. Chen Jing joined our Group in December 2006. He had served as the Fujian regional general manager of Fuzhou Health Road from December 2006 to December 2008 and had been responsible for the overall business operation and management in Fujian Province. Mr. Chen Jing held various managerial positions in Fujian Health Management since January 2009, including: (i) the Guangdong regional general manager from January 2009 to July 2010, where he was responsible for business expansion and business

DIRECTORS AND SENIOR MANAGEMENT

management in Guangdong Province; (ii) the Beijing regional vice president from July 2010 to January 2013, where he was in charge of the service center and the business operation in Beijing; and (iii) the general manager of the central China (including Fujian, Hubei, Hunan, Jiangxi and Henan, which are the core regions of our operation) from January 2013 to June 2015. From December 2015 to October 2016, Mr. Chen Jing had served as the general manager of the primary business unit, market service center and operation center of Fujian Health Road and was responsible for our business expansion, relationship and service management for customers and physicians. From October 2016 to February 2022, Mr. Chen Jing served as the vice president of Fujian Health Road and was responsible for our business expansion, marketing, customer service and family health care. Since February 2022 to the present, Mr. Chen Jing has been worked as the senior vice president of Fujian Health Road and has been responsible for the business expansion, marketing and investor relations of our Company. Currently, Mr. Chen Jing also holds directorships in Fujian Health Road and Fujian Health Management.

Mr. Chen Jing obtained a bachelor's degree in economics from Xiamen University (廈門大學) in July 2000.

Mr. Chen Jing was the previously a director, supervisor or principal of the following companies/branch offices which were established in the PRC and deregistered pursuant relevant laws and regulations. Mr. Chen Jing has confirmed that the following deregistration were made voluntarily because the companies/branch offices had ceased to carry on business or operation and/or for the purpose of streamlining our Group's corporate structure and business.

Name of company	Nature of business before deregistration	Date of deregistration	Reason of deregistration
Zhejiang Health Road Health Technology Company Limited* (浙江健康之路健康科技有限公司) (Note 2)	Health management	May 8, 2012	No actual business operation and for the purpose of streamlining our Group's corporate structure
Zhuhai Hengqin Yonghongyi Capital Management Company Limited* (珠海橫琴永泓義資本管理有限公司)	Investment	July 17, 2019	Cease to carry out business
Health Road Shouning Internet Hospital Company Limited* (健康之路(壽寧)互聯網醫院有限公司)	Health management	January 18, 2023	No actual business operation and for the purpose of streamlining our Group's corporate structure
Hubei Health Road Health Technology Company Limited Hunan Branch* (湖北健康之路健康科技有限公司湖南分公司)	Health management	September 23, 2021	No actual business operation and for the purpose of streamlining our Group's corporate structure

Note 2: For details of this entity, see Note 1 on page 392.

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Mr. Chen Jing served as the principal of the following entities including Fujian Western Coast Wangxun Technology Company Limited Xian Branch* (福建西岸網訊科技有限公司西安分公司) (“**Wangxun Xi’an**”), Fujian Western Coast Wangxun Technology Company Limited Northeast Branch* (福建西岸網訊科技有限公司東北分公司) (“**Wangxun Dongbei**”) and Fujian Western Coast Wangxun Technology Company Limited Yunan Branch* (福建西岸網訊科技有限公司雲南分公司) (“**Wangxun Yunnan**”). Each of Wangxun Xi’an, Wangxun Dongbei and Wangxun Yunnan was a branch office established in the PRC and engaged in information technology business. As confirmed by Mr. Chen Jing, (i) the holding company of Wangxun Xi’an, Wangxun Dongbei and Wangxun Yunnan was solvent at the time of revocation of its business license and/or its respective deregistration; (ii) the business licenses of the above entities were revoked due to their respective failure in completing the annual examination; (iii) each of Wangxun Xi’an and Wangxun Dongbei was deregistered on May 2022 and July 10, 2022, respectively; and (iv) the business license of Wangxun Yunnan was revoked on May 25, 2018.

Mr. Chen Jing has confirmed that there was no wrongdoing on his part leading to the business cessation of the above-mentioned companies/branch offices. Mr. Chen Jing is not aware of any actual or potential claim that has been or will be made against him, or any pending or potential legal proceeding that he had been or might have been involved in, arising from the deregistration of the companies/branch offices and/or the revocation of the business licenses as disclosed above. Mr. Chen Jing also confirms that such companies/branch offices still had the ability to repay all debts at the time of the deregistration and that the deregistration of such companies/branch offices does not have any material adverse effect on the Group.

Non-executive Directors

Mr. Chen Yong (陳勇), aged 58, is a non-executive Director of our Company, primarily responsible for providing insights for the management, operation and strategic planning of our Group.

Mr. Chen Yong has over ten years’ experience in the healthcare industry since he joined our Group in April 2010. From April 2010 till December 2013, Mr. Chen Yong served as the general manager of Fujian Health Management, where he was responsible for the overall management and daily operation. Mr. Chen Yong has been serving as a Director of our Company from November 2014 to May 2015 and from March 2022 to the present. Mr. Chen Yong had also acted as the general manager of Jizhenfang (Fujian) Network Technology Company Limited* (集珍坊(福建)網絡科技有限公司), which is primarily engaged in artwork trading business, from May 2015 to December 2019. He has also been working as the general manager of Fujian Meinian Corporation Management Company Limited* (福建省美年企業管理有限公司), which is primarily engaged in wellness check business, from January 2020 to the present. Currently, Mr. Chen Yong also holds directorship in Fujian Health Road.

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Prior to joining our Group, Mr. Chen Yong had been serving as a surgeon, the director of physical examination center in the Second People's Hospital of Fujian University of Traditional Chinese Medicine* (福建中醫藥大學附屬第二人民醫院) from July 1990 and resigned from such position in September 2010.

Mr. Chen Yong acted as the vice director of the Health Management Branch of Fujian Medical Association* (福建省醫學會健康學管理分會) from October 2007 to December 2010.

Mr. Chen Yong obtained a bachelor's degree in traditional Chinese medicine from Fujian College of Traditional Chinese Medicine* (福建中醫學院, currently known as Fujian University of Traditional Chinese Medicine) in July 1990.

Mr. Chen Yong was previously a director or supervisor of the following companies which were established in the PRC and deregistered pursuant to relevant laws and regulations. Mr. Chen Yong has confirmed that the following deregistration were made voluntarily because the companies had ceased to carry out business or operation and/or for the purpose of streamlining our Group's corporate structure and business.

Name of company	Nature of business before deregistration	Date of deregistration	Reason of deregistration
Fuzhou Kailier Health Management Company Limited* (福州凱立爾健康管理有限公司)	Health management	January 29, 2019	Cease to carry out business
Fuzhou Health Road Information Technology Company Limited* (福州健康之路信息技術有限公司)	Information technology and health management services	July 9, 2009	Cease to carry out business and for the purpose of streamlining our Group's corporate structure
Fuzhou Shanggonghui Health Management Company Limited* (福州上工匯健康管理有限公司)	Health management	August 26, 2016	Cease to carry out business

Mr. Chen Yong served as the director of Fuzhou Tongzheng Modern Agricultural Technology Development Company Limited* (福州同正現代農業技術開發有限公司) (“**Fuzhou Tongzheng**”), which was a company established in the PRC and engaged in agricultural technology development. As confirmed by Mr. Chen Yong, (i) Fuzhou Tongzheng was solvent and inactive at the time of revocation of its business license; (ii) the business license of Fuzhou Tongzheng was revoked due to the failure in completing the annual examination; and (iii) Fuzhou Tongzheng was deregistered on April 18, 2016.

Mr. Chen Yong has confirmed that there was no wrongdoing on his part leading to the business cessation of the above-mentioned companies. Mr. Chen Yong is not aware of any actual or potential claim that has been or will be made against him, or any pending or potential legal proceeding that he had been or might have been involved in, arising from the dissolution of the companies and/or the revocation of the business license as disclosed

DIRECTORS AND SENIOR MANAGEMENT

above. Mr. Chen Yong also confirms that such companies still had the ability to repay all debts at the time of the deregistration and that the deregistration of such companies does not have any material adverse effect on the Group.

Mr. Zhang Xiangming (章向明), aged 42, is a non-executive Director of our Company, primarily responsible for providing insights for the management, operation and strategic planning of our Group. Mr. Zhang Xiangming was nominated by Baidu, one of our Pre-IPO Investors.

Mr. Zhang Xiangming has been serving as the technical director of Yilai (Hainan) Network Technology Co., Ltd* (醫來(海南)網絡科技有限公司) (a subsidiary of Baidu Health (Beijing) Technology Co., Ltd.* (百度健康(北京)科技有限公司)) since October 2021. From September 2008 to June 2016, Mr. Zhang Xiangming served as a senior technologist of Taobao (China) Software Co., Ltd* (淘寶(中國)軟件有限公司). From September 2016 to October 2021, Mr. Zhang Xiangming served as a senior technical director of Ping An Health Cloud Company Limited Hainan Branch* (平安健康互聯網股份有限公司海南分公司).

Mr. Zhang Xiangming obtained a bachelor's degree in measuring and control technology and instruments from Anhui University of Science and Technology (安徽理工大學) in July 2003.

Independent Non-executive Directors

Mr. Xu Jing (徐景) (“**Mr. Xu**”), aged 38, will be our independent non-executive Director upon Listing, primarily responsible for supervising our Board and providing independent judgment.

Mr. Xu had worked at CCB International Capital Limited from July 2010 to September 2013, with his last position as an associate of the corporate finance division. From September 2013 to May 2015, Mr. Xu worked at SEAVI Advent Ocean Private Equity Ltd. with his last position as investment manager. Mr. Xu had also served as the head of capital market in Morris Home Holdings Limited (a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 1575), formerly known as Morris Holdings Limited) (“**Morris**”) from May 2015 to May 2017. Mr. Xu had worked as the chief financial officer of Light Year Green Energy Limited from May 2017 to October 2018. From October 2018 to November 2022, Mr. Xu served as the deputy chief executive officer of Morris. From December 2022 till the present, Mr. Xu has been serving as the executive director and chief financial officer of Standard Development Group Limited* (標準發展集團有限公司) (a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 1867)), where he has been responsible for financial affairs.

Mr. Xu was accredited as a Chartered Financial Analyst by CFA Institute in January 2014. Mr. Xu was also accredited as a certified public accountant by the Hong Kong Institute of Certified Public Accountants in March 2016.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Xu obtained a bachelor's degree in business administration, majoring in financial services and minoring in accountancy, from the Hong Kong Polytechnic University in October 2009, and a master's degree in business administration from the Hong Kong University of Science and Technology in June 2017.

Dr. Lu Tao (“**Dr. Lu**”), aged 56, will be our independent non-executive Director upon Listing, primarily responsible for supervising our Board and providing independent judgment.

From September 2016 to the present, Dr. Lu has been serving as the director of integrated medical center* (整合醫學中心主任) of Beijing University of Chinese Medicine (北京中醫藥大學). Dr. Lu started his career in Columbia University as a postdoctoral scientist researcher in the department of biological science in 1997, and he served as a postdoctoral fellow in the department of genetics of Harvard Medical School in 2001, and subsequently an instructor in January 2017. After that, he worked as the vice dean of school of life science in Beijing University of Chinese Medicine from October 2016 to October 2019.

During his career, Dr. Lu has published over 40 articles in Science Citation Index (SCI) magazine and more than 10 articles in top international magazines, including but not limited to Nature, Science, Nature Neuroscience, Neuron, PNAS and Molecular Cell.

Dr. Lu has also been serving as the vice president of Traditional Chinese Medicine Equipment Branch of China Medicine Equipment Association* (中國醫學裝備協會中醫裝備分會) since May 2021.

Dr. Lu obtained a bachelor's degree in science majoring in applied chemistry from Fudan University (復旦大學) in July 1989, a doctor's degree in physical chemistry from the Institute of Photochemistry of Chinese Academy of Sciences (中國科學院感光化學研究所) in July 1997, and a doctor's degree in science from the Institute of Photochemistry of Chinese Academy of Sciences (中國科學院感光化學研究所) in July 1997.

Ms. Deng Xiaolan (鄧曉嵐) (“**Ms. Deng**”), aged 48, will be our independent non-executive Director upon Listing, primarily responsible for supervising our Board and providing independent judgment.

Ms. Deng has been serving as a teacher since September 2006, an associate professor since 2009, and a professor since 2021 in School of Economics and Management Fuzhou University (福州大學經濟與管理學院). Ms. Deng was a visiting scholar in Flagler Business School of the University of North Carolina at Chapel Hill from September 2010 to September 2011.

Ms. Deng was selected into the 2011 Fujian Province University Outstanding Young Scientific Research Talent Training Program* (2011年福建省高校傑出青年科研人才培育計劃). In 2020, Ms. Deng was selected into the accounting talent pool of Fujian Province (福建省會計人才庫).

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Ms. Deng obtained a bachelor's degree in economics from Fuzhou University (福州大學) in July 1999, a master's degree in management from Fuzhou University in April 2002, and a doctor's degree in management from Huazhong University of Science and Technology (華中科技大學) in June 2006.

SENIOR MANAGEMENT

Our senior management are responsible for the day-to-day management of our business. The table below illustrates the composition of the senior management of our Company:

Name	Age	Position(s)	Date of appointment as a senior management	Time of joining our Group	Roles and responsibilities in our Group	Relationship with other Directors or senior management
Mr. Zhang	57	Chairman, executive Director and chief executive officer	November 18, 2014	August 2000	Overall management, strategic planning and decision-making of our Group	N/A
Mr. Chen Jing (陳晶)	46	Executive Director and senior vice president	March 9, 2022	December 2006	Responsible for the business expansion, marketing and investor relations of our Group	N/A
Ms. Lin Xiaoxia (林小霞)	46	Vice president	February 17, 2023	February 2002	Responsible for government affairs, personnel, administration and national market development of our Group	N/A
Mr. Zhang Yong (張勇)	40	Assistant to the chief executive officer and general manager of the corporate customer department	February 17, 2023	April 2015	Responsible for the research and development, sales and service delivery of products for corporate customers	N/A

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position(s)	Date of appointment as a senior management	Time of joining our Group	Roles and responsibilities in our Group	Relationship with other Directors or senior management
Mr. Chen Zhoufeng (陳宙峰)	48	Vice President	August 13, 2024	June 2024	Responsible for financial operations and capital markets affairs of our Group	N/A
Mr. Li Guomin (李國民)	39	Chief financial officer	February 17, 2023	June 2021	Responsible for our finance department, assisting the chairman in formulating our strategy, financing and capital market operation	N/A
Mr. Han Haibin (韓海濱)	44	Head of the medicine and therapy department* (醫藥與療法事業部)	February 17, 2023	February 2015	Responsible for our medicine and therapy department, precision marketing and traffic conversion	N/A

For biographical details of Mr. Zhang and Mr. Chen Jing, see “—Board of Directors—Executive Directors” in this section.

Ms. Lin Xiaoxia (林小霞), (“**Ms. Lin**”) aged 46, is a vice president of our Company, primarily responsible for the government affairs, personnel, administration and national market development of our Group.

Ms. Lin joined our Group in February 2002 as the vice president of Fuzhou Renren Jiankang and successively worked as the manager of customer service center of Fuzhou Health Road from November 2007 to May 2010, general manager of Fujian Province in Fujian Health Management from May 2010 to August 2015, regional general manager of eastern China of Fujian Health Road from September 2015 to November 2018, director of president’s office (總裁辦主任) of Fujian Health Road from November 2018 to September 2021. Ms. Lin has been the vice president and the deputy general manager of the operation expansion center of Fujian Health Road since September 2021.

Ms. Lin obtained a bachelor’s degree in management from Dalian University of Technology (大連理工大學) in September 2020.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhang Yong (張勇), aged 40, is the assistant to the chief executive officer and the general manager of the corporate customer department of our Company. Mr. Zhang Yong is primarily responsible for the research and development, sales and service delivery of products for corporate customers.

Mr. Zhang Yong joined our Group in April 2015. Since April 2015, Mr. Zhang Yong has been working in Fujian Health Road, where he was the assistant to the general manager of the corporate customer department (企業客戶部) and the deputy general manager from April 2015 to June 2018, and has been the assistant to the chief executive officer and the general manager of the corporate customer department since June 2018.

Prior to joining our Group, Mr. Zhang Yong worked as implementation consultant, the project manager and deputy general manager in Yuanguang Software Company Limited* (遠光軟件股份有限公司), which is primarily engaged in software development, information technology advisory services, data processing and storage supporting services, from September 2009 to April 2015.

Mr. Zhang Yong obtained a bachelor's degree in computer science and technology from Hubei Xiangfan College* (湖北襄樊學院, currently known as Hubei University of Arts and Science (湖北文理學院)) in June 2007.

Mr. Chen Zhoufeng (陳宙峰), aged 48, is a vice president of our Company. Mr. Chen Zhoufeng has over 12 years experience in financial management, and is primarily responsible for financial operations and capital markets affairs.

Prior to joining our Group, Mr. Chen served as vice president and the chief financial officer of Faithland Development Group Limited (方直發展集團有限公司), a company principally engaged in property development, from November 2020 to January 2022, during which he was mainly responsible for capital market related matters and finance operations. He also served as general finance manager at Anhui Hengtai Real Estate Development Co., Ltd. (安徽省恆泰房地產開發有限責任公司), a company principally engaged in property development, from September 2019 to October 2020, during which he was mainly responsible for finance operations. From June 2013 to May 2019, Mr. Chen served as director of capital operation department of financial management center in Zhenro Group Co., Ltd (正榮集團有限公司) (a company listed on the Main Board of the Stock Exchange (stock code: 6158), primarily engaged in property development), and was mainly responsible for capital operation. Mr. Chen served as deputy general manager at Fuzhou Wanda Plaza Commercial Property Management Co., Ltd. (福州萬達廣場商業物業管理有限公司), a company principally engaged in commercial management from June 2010 to March 2013, during which he was primarily responsible for financial management.

Mr. Chen obtained a bachelor' degree in accounting and a master' degree in business administration from Xiamen University (廈門大學) in July 1998 and June 2015, respectively.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Li Guomin (李國民) (“Mr. Li”), aged 39, is the chief financial officer of our Company. Mr. Li joined our Group as the chief financial officer of Fujian Health Road in June 2021. Mr. Li is in charge of our financial department, and is mainly responsible for assisting the chairman in formulating our strategy, financing and capital market operation.

Prior to joining our Group, from July 2009 to June 2016, Mr. Li worked as the finance deputy manager of Miko International Holdings Limited (米格國際控股有限公司) (a company listed on the Main Board of the Stock Exchange (stock code: 1247), primarily engaged in clothing production). Mr. Li served as the financial director of Fujian Leyou Network Technology Company Limited* (福建樂游網絡科技有限公司), which is primarily engaged in network and information technology, computer software technology development and website design, from April 2018 to March 2021.

Mr. Li obtained an associate degree in accounting from Guilin Space Industry College ((桂林航天工業高等專科學校), currently known as Guilin University of Aerospace Technology (桂林航天工業學院)) in June 2007, and obtained a bachelor’s degree in accounting from Xiamen University (廈門大學) in June 2021.

Mr. Han Haibin (韓海濱) (“Mr. Han”), aged 44, is the head of our medicine and therapy department, and is primarily responsible for our medicine and therapy department, the precision marketing and traffic conversion.

Mr. Han joined our Group in February 2015. He worked as the director of the medicine platform department (藥品平台部) of Fujian Health Road from February 2015 to December 2015. He was the general manager of the medicine department (問藥事業部) of Fujian Health Road from December 2015 to April 2018, the general manager of electronic commerce department (電商事業部) of Fujian Health Road from April 2018 to January 2021 and has been the general manager of the medicine and therapy department (醫藥與療法事業部) of Fujian Health Road since January 2021.

Prior to joining our Group, Mr. Han worked as the deputy general manager of the production center in Sinopharm Holding Xiamen Xingsha Pharmaceutical Factory* (國藥控股廈門星鯊製藥廠) from July 2003 to December 2008.

Mr. Han obtained a bachelor’s degree in engineering from Qingdao Institute of Civil Engineering and Architecture* (青島建築工程學院), currently known as Qingdao University of Technology (青島理工大學) in July 2003.

JOINT COMPANY SECRETARIES

Mr. Li Guomin, was appointed as one of our joint company secretaries in May 2023. See “—Senior Management” above in this section for more details.

Mr. Tam Chun Wai Edwin (談俊緯) (“Mr. Tam”), aged 43, was appointed as one of our joint company secretaries in May 2023.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Tam has over 20 years' experience in accounting, auditing, corporate and treasury management. Mr. Tam worked in Ernst & Young from September 2003 to May 2010 with his last position as audit manager. Mr. Tam joined Greenheart Group Limited (綠心集團有限公司) (a company listed on the Main Board of the Stock Exchange (stock code: 0094)) in May 2010 as financial controller, and was further appointed as vice president financial controller in April 2013, primarily responsible for financial and accounting management, operational finance, capital market transactions, merger and acquisition matters, corporate governance and compliance affairs. Mr. Tam left Greenheart Group and joined Noble Partners CPA Company (路信會計師事務所), a certified public accountants firm, in August 2018.

Mr. Tam served as the company secretary of Shenglong Splendecor International Limited (盛龍錦秀國際有限公司) (a company listed on the GEM of the Stock Exchange (stock code: 8481)) from July 2018 to June 2020. Mr. Tam served as the company secretary of Byte Metaverse Holdings Limited (比特元宇宙控股有限公司) (previously known as Michong Metaverse (China) Holdings Group Limited (米蟲元宇宙(中國)控股集團有限公司), and Nomad Technologies Holdings Limited (a company listed on the GEM of the Stock Exchange (stock code: 8645)) from August 2018 to December 2020. Mr. Tam has also been serving as the company secretary of Jianzhong Construction Development Limited (建中建設發展有限公司) (a company listed on the Main Board of the Stock Exchange (stock code: 589)) since March 2024, Feiyang International Holdings Group Limited (飛揚國際控股(集團)有限公司) (a company listed on the Main Board of the Stock Exchange (stock code: 1901)) since January 2019, Ficus Technology Holdings Limited (細葉榕科技控股有限公司) (previously known as Vision International Holdings Limited (威誠國際控股有限公司), a company listed on the GEM of the Stock Exchange (stock code: 8107)) since May 2019, and TL Natural Gas Holdings Limited (a company listed on the GEM of the Stock Exchange (stock code: 8536)) since May 2019.

Mr. Tam has been member of The Hong Kong Institute of Certified Public Accountants since February 2008 and became a fellow member since October 2017, a fellow member of the Association of Chartered Certified Accountants since November 2011 and a fellow member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom since November 2022.

Mr. Tam obtained a bachelor's degree in accounting and finance from the Manchester Metropolitan University in the United Kingdom in June 2003.

Interests of Our Directors and Senior Management

Save as disclosed above, each of our Directors and the members of our senior management confirms that he/she (i) had no other relationship with any Directors or members of our senior management as of the Latest Practicable Date; and (ii) did not hold any other directorship of any public company, the securities of which are listed on any securities market in Hong Kong or overseas during the three years immediately preceding the Latest Practicable Date.

DIRECTORS AND SENIOR MANAGEMENT

As of the Latest Practicable Date, save as disclosed in the section headed “Appendix IV—Statutory and General Information—C. Further Information about Our Directors and Substantial Shareholders” in this prospectus, none of our Directors held any interest in the Shares which would be required to be disclosed pursuant to the meaning of Part XV of the SFO.

Save as disclosed above, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

BOARD COMMITTEES

Our Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee. These committees operate in accordance with the terms of references established by our Board.

Audit Committee

We have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The Audit Committee consists of three Directors, namely Mr. Xu Jing, Mr. Zhang Xiangming and Ms. Deng Xiaolan. Mr. Xu Jing is the chairperson of the Audit Committee who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee are to review and oversee the financial reporting process, internal control and risk management systems of our Group and the audit process, provide advice and comments to our Board and performing other duties and responsibilities as assigned by our Board.

Remuneration Committee

We have established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The Remuneration Committee consists of three Directors, namely Dr. Lu Tao, Mr. Zhang Xiangming and Ms. Deng Xiaolan. Dr. Lu Tao is the chairperson of the Remuneration Committee. The primary duties of the Remuneration Committee include, but are not limited to (i) making recommendations to the Board on our remuneration policy and structure for our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration; (ii) determining the specific remuneration packages of each Director and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Board from time to time.

DIRECTORS AND SENIOR MANAGEMENT

Nomination Committee

We have established the Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code to the Listing Rules. The Nomination Committee consists of three Directors, namely Dr. Lu Tao, Mr. Zhang Xiangming and Ms. Deng Xiaolan. Dr. Lu Tao is the chairperson of the Nomination Committee. The primary duties of the Nomination Committee include, but are not limited to reviewing the structure, size and composition of the Board on a regular basis, assessing the independence of the independent non-executive Directors and making recommendations to the Board on matters relating to the appointment, re-appointment and removal of our Directors.

CORPORATE GOVERNANCE

Pursuant to Part 2 C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Currently, Mr. Zhang serves as chairman of the Board and chief executive officer. Mr. Zhang is the founder of our Group and has been operating and managing our Group since our incorporation. With extensive experience in the digital healthcare industry, Mr. Zhang is responsible for the overall management, decision-making and strategy planning of our Group and is instrumental to our Group's growth and business expansion since establishment.

Since Mr. Zhang is the key reason for our Group's development and he will not undermine our Group's interests in any way under any circumstances, our Board considers that vesting the roles of chairman and chief executive officer in the same person, Mr. Zhang, would not create any potential harm to the interest of our Group and it is, on the contrary, beneficial to the management of our Group.

In addition, the operation of the senior management and our Board, which comprise experienced individuals, effectively checks and balances the power and authority of Mr. Zhang, as both the chairman and chief executive officer of our Group. Our Board currently comprises two executive Directors (including Mr. Zhang), two non-executive Directors and three independent non-executive Directors and therefore has a fairly strong independence element in its composition.

The Company is committed to achieving high standard of corporate governance with a view to safeguarding the interests of our Shareholders. Save as disclosed above, our Directors consider that upon the Listing, we will comply with all applicable code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

BOARD DIVERSITY

We have adopted the board diversity policy which sets out the objective and approach for achieving and maintaining diversity of the Board in order to enhance its effectiveness. In accordance with the board diversity policy, the Company seeks to achieve board diversity by taking into account a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and/or length of service.

Our Directors have an appropriate mix of gender, knowledge and skills, including overall management and strategic development, accounting and finance. They obtained degrees in various majors including accounting, economics, business administration and medicine. We have three independent non-executive Directors with different industry backgrounds, representing more than one-third of the members of our Board. Furthermore, our Board has a wide range of age, ranging from 38 years old to 58 years old. We have also taken, and will continue to take, steps to promote gender diversity at all levels of our Company, including but without limitation, on our Board. In particular, upon the Listing, one of our seven board members is female. Taking into account our existing business model and specific needs, as well as the different backgrounds of our Directors, the composition of our Board satisfies our board diversity policy.

Upon the Listing, the Nomination Committee will from time to time (i) discuss and agree on expected goals to ensure board diversity, and (ii) review the board diversity policy to ensure its continued effectiveness. The Company will (i) disclose the biographical details of each Director, and (ii) disclose the board diversity policy and its implementation in its annual corporate governance report.

MANAGEMENT PRESENCE

We have applied to the Stock Exchange for, and the Stock Exchange has granted a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules in relation to the requirement of management presence in Hong Kong. See “Waivers from Strict Compliance with the Listing Rules—Management Presence in Hong Kong” for more information.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and senior management receive remuneration, including salaries, allowances, discretionary bonus and other benefits in kind, including our contribution to the pension plan on their behalf. The remuneration of our Directors is determined based on each Director’s responsibilities, qualification, position and seniority. For more information about our Directors, including the particulars of their service contracts or letters of appointment and remuneration, and details of the interests of the Directors in the Shares (within the meaning of Part XV of the SFO), see “Appendix IV—Statutory and General Information—C. Further Information about Our Directors and Substantial Shareholders—1. Directors—(b) Particulars of Service Contracts and Letters of Appointment.”

DIRECTORS AND SENIOR MANAGEMENT

The aggregate amount of remuneration (including basic salaries, housing allowances, other allowances and benefits in kind, contributions to pension plans and discretionary bonus) for our Directors for each of the year ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024 was approximately RMB0.5 million, RMB1.1 million, RMB1.0 million and RMB0.5 million, respectively. None of our Directors waived any remuneration during the aforesaid periods. The aggregate amount of remuneration (including basic salaries, housing allowances, other allowances and benefits in kind, contributions to pension plans and discretionary bonus) for the then five highest paid individuals (including two Directors for the year ended December 31, 2022, one Director for the year ended December 31, 2023 and two Directors for the six months ended June 30, 2024) for each of the year ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024 was approximately RMB53.6 million, RMB2.7 million, RMB2.7 million and RMB1.2 million, respectively.

Under the arrangements currently in force, we estimate that the aggregate remuneration payable to, and benefits in kind receivable by, our Directors by any member of our Group in respect of the year ending December 31, 2024 is approximately RMB2.1 million.

During the Track Record Period, no remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. No compensation was paid to, or receivable by, our Directors or past directors for the loss of office during the Track Record Period.

For further information on our Directors' remuneration during the Track Record Period as well as information on the five highest paid individuals, see Note 8 to the Accountants' Report in Appendix I to this prospectus.

Save as disclosed above in this section and the sections headed "Financial Information", "Appendix I—Accountants' Report" and "Appendix IV—Statutory and General Information" in this prospectus, no other payments have been paid or are payable in respect of the Track Record Period to our Directors by our Group.

COMPLIANCE ADVISOR

We have appointed Giraffe Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Our compliance advisor will provide us with guidance and advice as to compliance with the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will, amongst other things, advise our Company in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

DIRECTORS AND SENIOR MANAGEMENT

- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, development or results of our Group deviate from any forecast, estimate or other information in this prospectus; and
- where the Stock Exchange makes an inquiry to our Company under Rule 13.10 of the Listing Rules.

The term of appointment of our compliance advisor shall commence on the Listing Date and end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date.

CONFIRMATION BY OUR DIRECTORS

Rule 8.10 of the Listing Rules

As of the Latest Practicable Date, Mr. Chen Yong, our non-executive Director, held 3.33% of the total shares of Longyan Meinian Onehealth Management Company Limited* (龍岩市美年大健康管理有限公司), a company focusing on health management consultation and physical examination.

From time to time our non-executive Directors may serve on the boards of both private and public companies within the broader healthcare industries. However, as these non-executive Directors are neither our controlling shareholders nor members of our executive management team, we do not believe that their interests in such companies as directors would render us incapable of carrying on our business independently from the other companies in which they may hold directorships from time to time.

Save as disclosed above, as of the Latest Practicable Date and so far as our Directors are aware, none of our Directors had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of our Group, which would require disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Director(s) confirms that he/she (i) has obtained a legal opinion as referred to under Rule 3.09D of the Listing Rules; and (ii) understand his/her obligations as a listed issuer of Director(s) under the Listing Rules for Stock Exchange.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Director(s) confirms (i) his/her independence with respect to each of the factors referred to in Rule 3.13 (1) to (8) of the Listing Rules; (ii) as of the Latest Practicable Date, he/she has no past or present financial or other interest in the business of Company or its subsidiaries or any connection with core connected person(s) of the Company under the Listing Rules; and (iii) there are no other factors that may affect his/her independence at the time of his/her appointment.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Share Subdivision and the Global Offering, the following persons will have interests or a short positions in Shares or underlying Shares of our Company which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name	Nature of interest	Shares held as of the Latest Practicable Date ⁽¹⁾		Shares held upon the Global Offering ⁽¹⁾	
		Number	Approximate percentage	Number	Approximate percentage
Affluent Base	Beneficial owner ⁽²⁾	59,183,067	34.70%	295,915,335	33.71%
Mr. Zhang	Interest in a controlled corporation ⁽²⁾	59,183,067	34.70%	295,915,335	33.71%
Ms. Luo Ziling	Interest of spouse ⁽³⁾	59,183,067	34.70%	295,915,335	33.71%
Baidu (HK)	Beneficial owner	21,249,020	12.46%	106,245,100	12.10%
Baidu	Interest in a controlled corporation ⁽⁴⁾	21,249,020	12.46%	106,245,100	12.10%
Best Premier	Beneficial owner	18,306,100	10.73%	91,530,500	10.43%
Mr. Chen Yong	Interest in a controlled corporation ⁽⁵⁾	18,306,100	10.73%	91,530,500	10.43%
Ms. Chen Fengxian	Interest of spouse ⁽⁶⁾	18,306,100	10.73%	91,530,500	10.43%
May Jyu	Beneficial owner ⁽⁷⁾	16,202,500	9.50%	81,012,500	9.23%
Mr. Zhang Wandu	Interest in a controlled corporation ⁽⁷⁾	16,202,500	9.50%	81,012,500	9.23%
Ms. Zhou Yancong	Interest of spouse ⁽⁸⁾	16,202,500	9.50%	81,012,500	9.23%

Notes:

- (1) All interests stated are long positions.
- (2) Affluent Base is a limited liability company incorporated in the BVI. As of the Latest Practicable Date, Affluent Base was wholly-owned by Mr. Zhang.
- (3) Ms. Luo Ziling, the spouse of Mr. Zhang, is deemed to be interested in all the Shares that Mr. Zhang is interested in pursuant to the SFO.
- (4) Baidu (HK) is a wholly-owned subsidiary of Baidu. By virtue of the SFO, Baidu is deemed to be interested in all the Shares held by Baidu (HK).
- (5) Best Premier is a limited liability company incorporated in the BVI. As of the Latest Practicable Date, Best Premier was wholly-owned by Mr. Chen Yong, one of our non-executive Directors.
- (6) Ms. Chen Fengxian, the spouse of Mr. Chen Yong, is deemed to be interested in all the Shares that Mr. Chen Yong is interested in pursuant to the SFO.
- (7) May Jyu is a limited liability company incorporated in the BVI. As of the Latest Practicable Date, May Jyu was wholly-owned by Mr. Zhang Wandu.
- (8) Ms. Zhou Yancong, the spouse of Mr. Zhang Wandu, is deemed to be interested in all the Shares that Mr. Zhang Wandu is interested in pursuant to the SFO.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed above, our Directors are not aware of any person who will, immediately following the completion of the Share Subdivision and Global Offering, have an interest or short positions in Shares or the underlying Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

SHARE CAPITAL

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately before and after the completion of the Share Subdivision and the Global Offering:

1. Prior to the Share Subdivision and the Global Offering and as of the Latest Practicable Date

	Nominal Value <i>(US\$)</i>
<i>Authorized share capital</i>	
464,059,530 Ordinary Shares of US\$0.0001 each	46,405.95
35,940,470 Preferred Shares of US\$0.0001 each	3,594.05
<i>Issued and to be issued, fully paid or credited to be fully paid</i>	
142,919,560 Ordinary Shares of US\$0.0001 each	14,291.96
27,621,400 Preferred Shares of US\$0.0001 each	2,762.14

2. Immediately following the Completion of the Share Subdivision and the Global Offering

	Nominal Value <i>(US\$)</i>
<i>Authorized share capital</i>	
2,500,000,000 Shares of US\$0.00002 each	50,000
<i>Issued and to be issued, fully paid or credited to be fully paid</i>	
852,704,800 Shares in issue immediately following the completion of the Share Subdivision	17,054.10
25,000,000 Shares to be issued pursuant to the Global Offering	500.00
877,704,800 Total	17,554.10

SHARE CAPITAL

ASSUMPTIONS

The above table assumes that the Global Offering become unconditional and is completed in accordance with the relevant terms and conditions and that the Shares are issued pursuant to the Share Subdivision and the Global Offering. The above table does not take into account any Shares which may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

MINIMUM PUBLIC FLOAT

According to Rule 8.08 of the Listing Rules, at the time of the Listing and at all times thereafter, at least 25% of the total issued share capital of our Company shall be held by the public (as defined in the Listing Rules).

RANKING

The Shares are ordinary shares in the share capital of our Company and rank equally with all Shares currently in issue or to be issued and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING ARE REQUIRED

Pursuant to the Cayman Islands Companies Act and the terms of the Memorandum and the Articles, our Company may, from time to time, by ordinary resolution of shareholders (i) increase its capital; (ii) consolidate and divide its capital into shares of larger amount; (iii) subdivide its shares into shares of smaller amount; and (iv) cancel any shares which have not been taken. In addition, our Company may subject to the provisions of the Cayman Islands Companies Act reduce its share capital or any undistributable reserve by its shareholders passing a special resolution. See “Appendix III—Summary of the Constitution of the Company and Cayman Islands Company Law—2. Articles of Association—2.1 Shares—(c) Alteration of capital” for more information.

Pursuant to the Cayman Islands Companies Act and the terms of the Memorandum and the Articles, all or any of the special rights attached to the shares or any class of shares may be varied with the consent in writing of the holders of at least three-fourths of the issued shares of that class or with the approval of a resolution panel by at least three-fourths of the votes cast by the holders of the shares of that class present and voting in person or by proxy at a separate general meeting of such holders. See “Appendix III—Summary of the Constitution of the Company and Cayman Islands Company Law—2. Articles of Association—2.1 Shares—(b) Variation of Rights of Existing Shares or Classes of Shares” for more information.

Further, our Company will also hold general meetings from time to time as may be required under the Articles, a summary of which is set out in the section headed “Appendix III—Summary of the Constitution of the Company and Cayman Islands Company Law”.

SHARE CAPITAL

GENERAL MANDATE TO ISSUE SHARES, SELL AND/OR TRANSFER TREASURY SHARES, AND REPURCHASE SHARES

Subject to the conditions stated in the section headed “Structure of the Global Offering—Conditions of the Global Offering” in this prospectus, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares and to make or grant offers, agreements or options which would or might require the exercise of such powers, provided that the aggregate nominal value of Shares allotted or agreed to be allotted by the Directors other than pursuant to:

- (i) a rights issue;
- (ii) any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with our Articles; and
- (iii) a specific authority granted by the Shareholders in general meeting,

shall not exceed the aggregate of:

- (i) 20% of the total nominal value of the share capital of our Company in issue (excluding any treasury shares) upon completion of the Global Offering; and
- (ii) the total nominal value of the share capital of our Company repurchased by our Company (if any) under the general mandate to repurchase Shares referred to in the section headed “—General Mandate to Repurchase Shares” below.

References to an allotment, issue, and deal with Shares herein shall include a sale or transfer of treasury shares.

This general mandate to issue Shares and sell or transfer treasury shares will expire at the earliest of:

- (i) the conclusion of our next annual general meeting; or
- (ii) the expiration of the period within which we are required by any applicable law or our Articles to hold our next annual general meeting; or
- (iii) when varied or revoked by an ordinary resolution of our Shareholders in general meeting.

See “Appendix IV—Statutory and General Information—A. Further Information About Our Group—3. Resolutions in Writing of Our Shareholders Passed on December 11, 2024”.

SHARE CAPITAL

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the conditions stated in the section headed “Structure of the Global Offering—Conditions of the Global Offering”, our Directors have been granted a general unconditional mandate to exercise all powers of our Company to repurchase the Shares with a total nominal value of no more than 10% of the total nominal value of our share capital in the issue (excluding any treasury shares) immediately following the completion of the Global Offering.

This general mandate relates only to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognized by the SFC and the Stock Exchange of this purpose), and made in accordance with all applicable laws and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set forth in the subsection headed “Appendix IV—Statutory and General Information—A. Further Information About Our Group—6. Repurchase of Our Securities by Our Company”.

This general mandate to repurchase Shares will expire at the earliest of:

- (i) the conclusion of our next annual general meeting; or
- (ii) the expiration of the period within which we are required by any applicable law or our Articles to hold our next annual general meeting; or
- (iii) when varied or revoked by any ordinary resolution of our Shareholders in general meeting.

See “Appendix IV—Statutory and General Information—A. Further Information About Our Group—3. Resolutions in Writing of Our Shareholders Passed on December 11, 2024” for more information of this general mandate.

THE CORNERSTONE INVESTMENT

We have entered into a cornerstone investment agreement (the “**Cornerstone Investment Agreement**”) with Hengqin Guangdong Macao Deep Cooperation Zone Industrial Investment Fund (Limited Partnership) (橫琴粵澳深度合作區產業投資基金(有限合夥)) (“**Hengqin Industrial Investment Fund**”), pursuant to which Hengqin Industrial Investment Fund has agreed to, subject to certain conditions, subscribe or cause its designated entities to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 500 Shares) which may be purchased at the Offer Price with an aggregate amount of RMB95 million (or approximately HK\$102.90 million)¹ (the “**Cornerstone Investment**”).

Assuming an Offer Price of HK\$7.8 per Offer Share, being the low-end of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed by Hengqin Industrial Investment Fund would be 13,060,500 Offer Shares, representing approximately 52.24% of the Offer Shares pursuant to the Global Offering and approximately 1.49% of our total issued share capital immediately upon the completion of the Global Offering.

Assuming an Offer Price of HK\$8.3 per Offer Share, being the mid-point of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed by Hengqin Industrial Investment Fund would be 12,274,000 Offer Shares, representing approximately 49.10% of the Offer Shares pursuant to the Global Offering and approximately 1.40% of our total issued share capital immediately upon the completion of the Global Offering.

Assuming an Offer Price of HK\$8.8 per Offer Share, being the high-end of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed by Hengqin Industrial Investment Fund would be 11,576,500 Offer Shares, representing approximately 46.31% of the Offer Shares pursuant to the Global Offering and approximately 1.32% of our total issued share capital immediately upon the completion of the Global Offering.

Our Company is of the view that the Cornerstone Investment will help raise the profile of our Company and to signify that such investor has confidence in the business and prospect of our Group. Our Company became acquainted with Hengqin Industrial Investment Fund through our business network.

¹ Calculated based on the exchange rate set out in the section headed “Information about this Prospectus and the Global Offering—Currency Translations”.

CORNERSTONE INVESTOR

To the best knowledge of our Company, (i) Hengqin Industrial Investment Fund is an Independent Third Party; (ii) Hengqin Industrial Investment Fund is not accustomed to taking instructions from our Company, the Directors, chief executive, our Controlling Shareholders, substantial shareholders, existing Shareholders or any of their respective subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Offer Shares; and (iii) the subscription of the relevant Offer Shares by Hengqin Industrial Investment Fund is not financed by our Company, the Directors, chief executive, our Controlling Shareholders, substantial shareholders, existing Shareholders or any of their respective subsidiaries or their respective close associates.

As confirmed by Hengqin Industrial Investment Fund, its subscription under the Cornerstone Investment would be financed by its own internal resources, and all necessary approvals have been obtained with respect to the Cornerstone Investment. There is no side arrangement or agreement between our Company and Hengqin Industrial Investment Fund, nor any direct or indirect benefit conferred on Hengqin Industrial Investment Fund by virtue of or in relation to the Global Offering, other than a guaranteed allocation of the relevant Offer Shares at the Offer Price.

The Cornerstone Investment will form part of the International Offering, and Hengqin Industrial Investment Fund will not subscribe for any Offer Shares under the Global Offering other than pursuant to the Cornerstone Investment Agreement. The Offer Shares to be subscribed by Hengqin Industrial Investment Fund will rank *pari passu* in all respects with the other fully paid Shares in issue following the completion of the Global Offering and will be counted towards the public float of our Company under Rule 8.08 of the Listing Rules. Immediately following the completion of the Global Offering, Hengqin Industrial Investment Fund will not become a substantial shareholder of our Company or have any Board representation in our Company. Other than a guaranteed allocation of the relevant Offer Shares at the Offer Price, Hengqin Industrial Investment Fund does not have any preferential rights in the Cornerstone Investment Agreement compared with other public Shareholders.

The total number of Offer Shares to be subscribed by Hengqin Industrial Investment Fund may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the paragraph headed “Structure of the Global Offering—The Hong Kong Public Offering—Reallocation” in this prospectus. Details of the actual number of Offer Shares to be allocated to Hengqin Industrial Investment Fund will be disclosed in the allotment results announcement of the Company to be published on or around Tuesday, December 24, 2024.

Hengqin Industrial Investment Fund has agreed to pay for the relevant Offer Shares that it has subscribed for before dealings in the Company’s Shares commence on the Stock Exchange. There will be no delayed delivery of the Offer Shares and no deferred settlement of the investment amount for the Offer Shares to be subscribed for by Hengqin Industrial Investment Fund.

CORNERSTONE INVESTOR

THE CORNERSTONE INVESTOR

The information about our cornerstone investor set forth below has been provided by the cornerstone investor in connection with the Cornerstone Investment.

Hengqin Industrial Investment Fund

Hengqin Industrial Investment Fund is a limited partnership established in the PRC on July 12, 2023, which is principally engaged in equity investment, investment management and asset management. As of the Latest Practicable Date, Hengqin Industrial Investment Fund was held as to 99.9999% by Finance Bureau of Hengqin Guangdong Macao Deep Cooperation Zone (橫琴粵澳深度合作區財政局) as its limited partner, and was managed by and held as to 0.0001% by CICC Capital Operation Co., Ltd. (中金資本運營有限公司) (“CICC Capital”) as its general partner.

CICC Capital is a wholly-owned subsidiary of China International Capital Corporation Limited (中國國際金融股份有限公司) (“CICC”), a company listed on the Shanghai Stock Exchange (stock code: 601995.SH) and the Stock Exchange (stock code: 3908.HK).

China International Capital Corporation Hong Kong Securities Limited (“CICC HK”) acts as a non-syndicate distributor of the Global Offering. CICC HK is an indirect wholly-owned subsidiary of CICC, and therefore Hengqin Industrial Investment Fund is a connected client of CICC HK. We have applied to the Stock Exchange for, and the Stock Exchange has granted us its consent under paragraph 5(1) of Appendix F1 to the Listing Rules to permit Hengqin Industrial Investment Fund to participate in the Global Offering as a cornerstone investor subject to certain conditions. For details, please refer to the section headed “Waivers from Strict Compliance with the Listing Rules—Consent in Relation to Allocation of Offer Shares to Connected Client of Distributor” in this prospectus.

The table below sets out details of the Cornerstone Investment:

Based on the Offer Price of HK\$7.8 (being the low-end of the Offer Price range)

Cornerstone Investor	Investment Amount	Number of Offer Shares to be subscribed ⁽²⁾	Approximate % of the Offer Shares	Approximate % of our total issued share capital immediately upon completion of the Global Offering
Hengqin Industrial Investment Fund	RMB95 million (equivalent of approximately HK\$102.90 million) ⁽¹⁾	13,060,500	52.24%	1.49%

CORNERSTONE INVESTOR

Based on the Offer Price of HK\$8.3 (being the mid-point of the Offer Price range)

Cornerstone Investor	Investment Amount	Number of Offer Shares to be subscribed ⁽²⁾	Approximate % of the Offer Shares	Approximate % of our total issued share capital immediately upon completion of the Global Offering
Hengqin Industrial Investment Fund	RMB95 million (equivalent of approximately HK\$102.90 million) ⁽¹⁾	12,274,000	49.10%	1.40%

Based on the Offer Price of HK\$8.8 (being the high-end of the Offer Price range)

Cornerstone Investor	Investment Amount	Number of Offer Shares to be subscribed ⁽²⁾	Approximate % of the Offer Shares	Approximate % of our total issued share capital immediately upon completion of the Global Offering
Hengqin Industrial Investment Fund	RMB95 million (equivalent of approximately HK\$102.90 million) ⁽¹⁾	11,576,500	46.31%	1.32%

Notes:

- (1) The original investment amount under the Cornerstone Investment Agreement is RMB95 million, inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. The investment amount in this table is calculated based on the exchange rate set out in the section headed “Information about this Prospectus and the Global Offering—Currency Translations”. for illustration purpose only. The actual investment amount of Hengqin Industrial Investment Fund in Hong Kong dollars may vary based on the actual exchange rate as prescribed in the Cornerstone Investment Agreement.
- (2) The number of Offer Shares to be subscribed by Hengqin Industrial Investment Fund shall be equal to the Hong Kong dollar equivalent of RMB95 million (which shall deduct the brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy) divided by the Offer Price, rounded down to the nearest whole board lot of 500 Shares.

CLOSING CONDITIONS

The obligation of Hengqin Industrial Investment Fund to subscribe for the Offer Shares under the Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

- (i) the underwriting agreements for the Hong Kong Public Offering and the International Offering being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in these underwriting agreements, and neither of the aforesaid underwriting agreements having been terminated;
- (ii) the Offer Price having been agreed upon between our Company and the Overall Coordinators (on behalf of themselves and the other underwriters of the Global Offering);
- (iii) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Shares (including the Shares under the Cornerstone Investment) as well as other applicable waivers and approvals, and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- (iv) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or in the Cornerstone Investment Agreement and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and
- (v) the representations, warranties, undertakings, confirmations and acknowledgements of Hengqin Industrial Investment Fund under the Cornerstone Investment Agreement are (as of the date of the Cornerstone Investment Agreement) and will be (as of the Closing (as defined in the Cornerstone Investment Agreement) and the Listing Date) accurate, true and complete in all respects and not misleading and that there is no material breach of the Cornerstone Investment Agreement on the part of Hengqin Industrial Investment Fund.

RESTRICTIONS ON THE CORNERSTONE INVESTOR

Hengqin Industrial Investment Fund has agreed that without the prior written consent of our Company and the Sole Sponsor, it will not, whether directly or indirectly, at any time during the period of six months from and including the Listing Date (the “**Lock-up Period**”), dispose of, in any way, any of the Offer Shares it has purchased, pursuant to the Cornerstone Investment Agreement, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries which will be bound by the same obligations of Hengqin Industrial Investment Fund, including the Lock-up Period restriction.

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You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements as of and for each of the years ended December 31, 2021, 2022 and 2023 and for the six months ended June 30, 2024, and the accompanying notes included in the Accountants' Report set out in Appendix I to this prospectus ("Historical Financial Information"). Historical Financial Information has been prepared in accordance with IFRSs.

Potential investors should read the whole Historical Financial Information and not rely merely on the information contained in this section. The following discussion and analysis contains forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. For additional information regarding these risks and uncertainties in evaluation our business, please refer to "Risk Factors."

OVERVIEW

We operate a digital health and medical service platform in China. We are the fourth largest digital health and medical service platform in terms of the number of registered individual users on our platform as of December 31, 2023, according to Frost & Sullivan. We are also the fifth largest digital health and medical service platform in terms of revenue in 2023 with market share below 5%, according to Frost & Sullivan. Since 2001, we have been providing health and medical services on digital platforms to individual users in China. In 2015, we started to provide corporate and digital marketing services to corporations and institutions. Over the last two decades, we have consistently witnessed and participated in the major digital transformations of China's health and wellness industry, driving our business to grow.

We have two main business segments: (i) health and medical services and (ii) corporate and digital marketing services. Our health and medical services include (i) medical support services and (ii) value-based medical services. Our corporate and digital marketing services primarily comprise (i) corporate services and (ii) digital marketing services.

- **Health and Medical Services**

- *Medical support services.* We offer health membership schemes, which provide subscribed individual users and corporate customers with a wide range of healthcare services, including but not limited to, appointment scheduling, medical agency, medical escorting, physical examination, medical consultation, and surgery appointment and scheduling. We also provide other medical support services which enable individual users to seek advice regarding diseases and health problems from physicians on our platform, and help medical institutions handle certain general routines, such as patient guidance services and patient satisfaction surveys.

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- ***Value-based medical services.*** We offer healthcare service packages, which provide subscribed individual users with healthcare service packages, which have two components, including (i) health products, such as nutritional supplements and transdermal patch; and (ii) our health membership schemes. Our value-based medical services also include pharmaceutical sales business, in which (a) we sell medicines and medical devices to patients and individual users mainly through our own pharmacies, and (b) we sell medicine(s) to various third-party pharmacies and pharmaceutical trading companies through our pharmaceutical wholesale business.
- **Corporate and Digital Marketing Services**
 - ***Corporate services.*** We provide content services, through which we work with external physicians and medical experts to address corporate demand in digital health corporate service market for quality medical content. Our content services comprise (i) wellness content services, (ii) precision content services and (iii) RWS support services. We also provide information technology services to mainly (i) pharmaceutical and healthcare companies and (ii) medical institutions, to address their operational needs for technology infrastructure and/or marketing consulting services.
 - ***Digital marketing services.*** We help advertisers promote their products and services on our platform and through other third-party online media channels.

We have experienced significant growth during the Track Record Period. Our total revenue increased by 31.9% from RMB431.3 million in 2021 to RMB569.1 million in 2022, and further increased by 118.7% to RMB1,244.5 million in 2023. Our total revenue increased by 14.5% from RMB534.0 million for the six months ended June 30, 2023 to RMB611.5 million for the six months ended June 30, 2024. Our gross profit was RMB173.5 million, RMB245.8 million, RMB398.2 million, RMB174.0 million and RMB183.7 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively. We incurred net losses of RMB155.3 million, RMB255.6 million, RMB313.9 million, RMB105.3 million and RMB57.3 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively. Our adjusted net profit (non-IFRS measure), defined as loss for the year/period, adding back equity settled share-based payment expenses, changes in carrying amount of the redemption liabilities, and listing expenses, was a profit of RMB0.5 million, RMB23.9 million, RMB39.4 million, RMB30.4 million and RMB14.8 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively. See “—Consolidated Statements of Profit or Loss—Non-IFRS Measure” for details.

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BASIS OF PRESENTATION

Our historical financial information for the years ended December 31, 2021, 2022 and 2023 and for the six months ended June 30, 2024 has been prepared in accordance with all applicable IFRSs issued by the International Accounting Standards Board. The preparation of the historical financial information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. For the purpose of preparing our historical financial information, we have adopted all applicable new and revised IFRSs that were effective during the Track Record Period. Inter-company transactions, balances and unrealized gains or losses on transactions between companies in our Group are eliminated on consolidation. See the Accountants' Report in Appendix I to this prospectus for more information on the basis of preparation of our financial information included herein.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Market Demand in the Digital Health and Wellness Industry

Our business, financial condition and results of operations are affected by factors driving the digital health and wellness industry in China, in particular, the digital health and medical service market and digital health corporate service market. China's digital health and wellness industry is expected to be driven by various factors, including the growing awareness on personal health, the rising prevalence of chronic and critical diseases, the increasing disposable income, the increasing penetration of digital health services, and the innovative technologies of digital health services. According to Frost & Sullivan, the market size of digital health and wellness in China increased from RMB179.5 billion in 2018 to RMB738.6 billion in 2023, representing a CAGR of 32.7% from 2018 to 2023; it is expected to reach RMB1,984.4 billion in 2027 from RMB738.6 billion in 2023, representing an estimated CAGR of 28.6% from 2024 to 2027. Together with the development of digital technologies, these factors have a positive effect on the market size and demand of the digital health and wellness market and the digital health corporate service market in China.

Our business and results of operations are also affected by government policies and regulations applicable to the digital health and wellness industry, including the reform on China's medical and healthcare system, policies on public and commercial health insurance, and qualification and licensing requirement for online healthcare services and sales of pharmaceutical products. We have benefited from certain recent favorable regulatory and policy changes in China. The *Opinions of the General Office of the State Council on Promoting the Development of "Internet + Medical Health"* (《國務院辦公廳關於促進「互聯網 + 醫療健康」發展的意見》) and the *Management Measures for Internet Diagnosis and Treatment* (《互聯網診療管理辦法》) promulgated by the National Health Commission of the PRC in 2018 provided regulatory guidance on the development of digital healthcare services. The *Health Insurance Management Measures* (《健康保險管理辦法》) promulgated in 2019 explicitly affirms that insurance carriers can integrate health management services into the health insurance products, to provide health risk assessment and intervention, disease prevention, medical examination, health consultation, chronic disease management,

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healthcare and other services. As various policy initiatives promoted the digitalization of health management services and the development of digital healthcare services, we expect this favorable industry policy tailwind to continue in near future.

Our Ability to Expand Portfolios of Services

Our results of operations depend on our ability to provide a broad and well-diversified portfolio of services to meet the demands of different users, and to increase their loyalty to our services and our online platform.

In order to fulfill the diversified demands of different customer groups, we expand the coverage and optimize the combination of the services under each of our business segments. Under our health and medical services, we provide our users with medical support services in different medical phases before, during and after hospital visits. For each of these phases, we continue to design, adjust and improve our services offerings to provide adequate, integrated and convenient health services, by researching the concerns and pain points of our users in the process of health management and disease treatment. For example, leveraging our insight into sophisticated disease management and the market demands of non-pharmaceutical health services, we launched the business of healthcare service packages in 2021, which integrated our health membership schemes with selected health products to alleviate different chronic diseases and medical conditions. Our services were well received by the market and further drove the increase of our revenue and growth of our business.

We offer diversified and customized marketing solutions for our corporate customers under our corporate and digital marketing services. Our ability to adjust and expand our marketing solutions according to the needs of our customers and the demand of the markets determines whether we can help our corporate customers connect with their target customers in a precise and efficient way.

Our ability to enrich and optimize our services and related products is critical for retaining existing customers and attracting new customers. We intend to further enrich, optimize and expand our services, and enhance the synergy among our business segments, to provide more fulfillment and other value-added offerings to our individual and corporate customers.

Our Ability to Expand and Deepen Collaboration with Hospitals, Medical Institutions and Physicians

Our operation of business greatly depends on the medical resources we collaborated with and utilized in providing our services. Over past years, we have closely collaborated with the medical institutions and physicians across China, and accumulated significant network resources in the health and wellness industry. As of June 30, 2024, 11,727 hospitals, including 7,471 Class I/II/III hospitals, and 4,256 primary healthcare institutions in China, were connected to our platform.

Our platform connects users to physicians in different practices across various institutions, providing real-time medical consultation services and comprehensive health

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solutions. Our in-depth collaboration with physicians nationwide and the large user base in our platform have helped us develop insights into the background and preferences of physicians and make us the platform of choice for our corporate customers, in their precision digital healthcare marketing.

Our collaboration with diversified and adequate amount of physicians and medical institutions is fundamental for our high-quality health and medical services. We have devoted a tremendous amount of effort in expanding and consolidating our collaboration with hospitals, medical institutions and physicians. We intend to engage and collaborate with more medical institutions and physicians, and further enrich the medical resources connected to our platform, to provide optimal digital health and medical service to our users.

Our Ability to Retain and Grow Our User Base, and Deepen Our Relationship with Existing Users

Our long-term success also depends on our ability to retain our existing online users and attract new users to our platform. As of June 30, 2024, the number of registered individual users of our platform has exceeded 195.0 million, and the number of medical consultations arranged on our platform was 10.2 million, 5.9 million, 4.0 million and 1.8 million in 2021, 2022 and 2023 and June 30, 2024. Our large user base and user traffic have helped us gain insights into the needs and preferences of our online users, and attract more advertisers to utilize our digital marketing services. Accordingly, we can design more interactive and bespoke learning content, optimize our services, and upgrade our platform to provide a more user-friendly interface. To maintain the attractiveness of our platform to online users, we need to continue to provide valuable platform resources, enhance our content development ability, and attract and retain qualified medical experts and physicians.

We expect to attract more new users in the foreseeable future by enhancing the quality and breadth of the health-related content in our online platform and increasing our marketing effort to promote our platform and application.

Our Ability to Create Value for Participants in the Health and Wellness Industry

Our results of operations depend in part on our ability to create value for participants in the health and wellness industry, including patients, physicians, hospitals, medical institutions, pharmaceutical companies, and local health authorities. Leveraging the successful experience of our patient-oriented service platform, we not only have built up a convenient service platform to address the health-related needs of the patients and individual users, but also provided a digital platform for various pharmaceutical companies and medical device companies to increase their brand awareness, reduce marketing expenses and help them reach out to more target customers. By accurately connecting the needs of individual users with the health related content provided by the pharmaceutical companies, we enhanced the efficiency of information flow in the health and wellness industry. Our information technology services also helped pharmaceutical companies, medical institutions and local health authorities modernize and digitalize their operation management system, which effectively enhanced their operation efficiency and transparency to provide better

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service for the patients and the public. In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, we provided information technology services to 477, 438, 430, 364 and 428 corporate and institutional customers, respectively.

With the health and medical service platform we provided to individual users and the digitalized solution and system we built for pharmaceutical companies and medical institutions, we strive to enhance and improve the efficiency of the whole health and wellness service value chain through digitalizing the overall process. On the one hand, our platform integrated online and offline health and medical resources to address patients' needs for high-quality health and medical services. On the other hand, through in-depth collaboration with physicians, medical institutions, pharmaceutical companies, insurance companies, other financial institutions and large corporations and institutions, we are able to provide both standardized and customized services to these industry participants to empower service capabilities, optimize operational efficiency, and gather valuable insights.

If we are able to utilize our digital network, allocate appropriate resources, and continuously create value for participants in the health and wellness industry, more corporate and institutional customers would be willing to collaborate with us, and more individual users would utilize our platform, which creates a reinforcing synergistic effect to strengthen our results of operations.

Our Ability to Effectively Manage Our Costs and Expenses

Our results of operations depend on our ability to control costs and expenses and enhance operating efficiency. Our costs and expenses mainly consist of content development cost, cost of services, staff costs and our advertising and marketing expenses. These costs are subject to various factors, such as the availability of physicians, fluctuations in labor costs, the ability to obtain favorable terms from third-party service providers, the development of technology and the efficiency of our staff managing system. We believe that our business model is highly scalable. As we expand our business, we expect to have stronger bargaining power with our service providers and physicians in our network, which would help us achieve higher economies of scale and profitability. In addition, when our business continues to grow, we believe the scale of our business will enable us to acquire users and provide services more cost-effectively.

IMPACT OF THE COVID-19 PANDEMIC

Since January 2020, the COVID-19 pandemic has affected China and many parts of the world. The COVID-19 pandemic resulted in temporary closure of corporate offices, retail stores, manufacturing facilities and factories. We took a series of measures to protect our employees, including temporary office closure, remote work arrangement, and reduction of face-to-face meetings and business travels.

Although some of our offline business was temporarily disrupted due to the COVID-19 pandemic, we derived the majority of our revenue from online services during the Track Record Period. In particular, all of our corporate and digital marketing services are online services. Therefore, the COVID-19 pandemic did not materially affect our results of operations and financial condition. Our revenue increased by 31.9% from RMB431.3

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million in 2021 to RMB569.1 million in 2022, and further increased by 118.7% to RMB1,244.5 million in 2023, respectively. Our revenue increased by 14.5% from RMB534.0 million for the six months ended June 30, 2023 to RMB611.5 million for the six months ended June 30, 2024. Specifically, our revenue generated from corporate and digital marketing services increased by 27.7% from RMB301.1 million in 2021 to RMB384.6 million in 2022, and further increased by 145.9% to RMB945.8 million in 2023, respectively. Our revenue generated from corporate and digital marketing services increased by 19.2% from RMB409.7 million for the six months ended June 30, 2023 to RMB488.5 million for the six months ended June 30, 2024.

While the COVID-19 pandemic has not materially affected our financial performance during the Track Record Period, there is long-term impact on the digital health and wellness market in which our two business segments operate:

- ***Health and medical services.*** The COVID-19 pandemic has accelerated the development of China's digital health and wellness market. As more patients became accustomed to online medical services in order to minimize potential exposure to the COVID-19 virus, customer habits have been cultivated. According to Frost & Sullivan, the number of online diagnosis and treatment increased 17 times from 2019 to 2020 on online hospital platforms administered by the National Health Commission. With the outbreak of COVID-19, fundamental changes in the behavior patterns of government, medical institutions, physicians and patients occurred, catalyzing the digital migration of medical services and subsequently contributing to the development of digital health and wellness market.
- ***Corporate and digital marketing services.*** The COVID-19 pandemic has irreversibly driven the digital transformation of marketing service since traditional offline marketing channels were disrupted during the outbreak of the pandemic. According to Frost & Sullivan, the digital marketing was already on the rise before the pandemic, and the outbreak of COVID-19 has pushed up the demand in digital health corporate service market, and will shift this online-offline dynamic permanently.

As the COVID-19 pandemic has subsided since late 2022, we do not anticipate the pandemic would have further adverse impact on our business and financial performance.

CRITICAL ACCOUNTING POLICY INFORMATION AND ESTIMATES

The Accountants' Report in Appendix I to this prospectus sets forth certain critical accounting policy information in note 2, which is important for understanding our financial condition and results of operations.

Some of our accounting policies involve subjective assumptions, estimates and judgments that are discussed in note 3 of "Appendix I—Accountants' Report." In the application of our accounting policies, our management is required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Our estimates and associated assumptions are based on

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historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Our estimates and underlying assumptions are reviewed by our management on an ongoing basis. See Note 3 to the Accountants' Report in Appendix I to this prospectus.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth the consolidated statements of profit or loss of our Group with line items in absolute amounts and as percentages of total revenue for the years and periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(Unaudited)</i>									
Revenue	431,305	100.0	569,068	100.0	1,244,458	100.0	534,013	100.0	611,485	100.0
Cost of sales	(257,832)	(59.8)	(323,273)	(56.8)	(846,222)	(68.0)	(359,964)	(67.4)	(427,824)	(70.0)
Gross profit	173,473	40.2	245,795	43.2	398,236	32.0	174,049	32.6	183,661	30.0
Other net income/(Loss)	7,361	1.7	8,140	1.4	3,855	0.3	(953)	(0.2)	455	0.1
Selling expenses	(126,354)	(29.3)	(147,414)	(25.9)	(211,751)	(17.0)	(78,189)	(14.6)	(98,576)	(16.1)
Administrative expenses	(106,779)	(24.8)	(41,195)	(7.2)	(79,780)	(6.4)	(37,638)	(7.0)	(29,097)	(4.8)
Research and development costs	(14,142)	(3.3)	(54,410)	(9.6)	(103,400)	(8.3)	(36,367)	(6.8)	(53,968)	(8.8)
(Loss)/profit from operations	(66,441)	(15.4)	10,916	1.9	7,160	0.6	20,902	3.9	2,475	0.4
Finance cost	(1,160)	(0.3)	(1,578)	(0.3)	(3,254)	(0.3)	(1,599)	(0.3)	(2,321)	(0.4)
Share of profits less losses of associates	(112)	(0.0)	891	0.2	(72)	(0.0)	142	0.0	(315)	(0.1)
Changes in carrying amount of the redemption liabilities	(84,370)	(19.6)	(267,834)	(47.1)	(324,779)	(26.1)	(127,132)	(23.8)	(62,989)	(10.3)
Loss before taxation	(152,083)	(35.3)	(257,605)	(45.3)	(320,945)	(25.8)	(107,687)	(20.2)	(63,150)	(10.3)
Income tax	(3,224)	(0.7)	1,966	0.3	7,063	0.6	2,348	0.4	5,875	1.0
Loss for the year/period	(155,307)	(36.0)	(255,639)	(44.9)	(313,882)	(25.2)	(105,339)	(19.7)	(57,275)	(9.4)
Attributable to:										
Equity shareholders of our Company	(157,223)	(36.5)	(258,131)	(45.4)	(310,079)	(24.9)	(101,759)	(19.1)	(55,818)	(9.1)
Non-controlling interests	1,916	0.4	2,492	0.4	(3,803)	(0.3)	(3,580)	(0.7)	(1,457)	(0.2)
Loss for the year/period	(155,307)	(36.0)	(255,639)	(44.9)	(313,882)	(25.2)	(105,339)	(19.7)	(57,275)	(9.4)

Non-IFRS Measure

To supplement our consolidated financial statements, which are presented in accordance with IFRSs, we also use adjusted net profit (non-IFRS measure) (defined below) as an additional financial measure, which is not required by, or presented in accordance with IFRSs. We believe that the presentation of this non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of items such as certain non-cash items.

We believe that this measure provides useful information to investors in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, the use of non-IFRS measure has limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for the analysis of, our results of operations or financial conditions as reported under IFRSs. In addition, the

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non-IFRS financial measure may be defined differently from similar terms used by other companies.

We define “adjusted net profit (non-IFRS measure)” as loss for the year/period, adding back equity-settled share-based payment expenses, changes in carrying amount of the redemption liabilities, and listing expenses. The equity-settled share-based payment expenses are non-cash in nature. The carrying amount of the redemption liabilities are non-cash in nature. The listing expenses are expenses related to the Global Offering.

The following table sets forth the reconciliations of our non-IFRS financial measure for the years indicated to loss for the year/period.

	<u>Year ended December 31,</u>			<u>Six months ended June 30,</u>	
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2023</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>				
Loss for the year/period	<u>(155,307)</u>	<u>(255,639)</u>	<u>(313,882)</u>	<u>(105,339)</u>	<u>(57,275)</u>
<i>Add:</i>					
Equity-settled share-based payment expenses ⁽¹⁾	65,508	–	–	–	–
Changes in carrying amount of the redemption liabilities ⁽²⁾	84,370	267,834	324,779	127,132	62,989
Listing expenses ⁽³⁾	<u>5,915</u>	<u>11,724</u>	<u>28,514</u>	<u>8,563</u>	<u>9,128</u>
Adjusted net profit (non-IFRS measure) .	<u>486</u>	<u>23,919</u>	<u>39,411</u>	<u>30,356</u>	<u>14,842</u>

Notes:

- (1) Equity-settled share-based payment expenses relate to the share awards we offered to our employees, directors and consultants under our equity incentive plans, which are primarily non-cash in nature. See Note 25 to the Accountants’ Report in Appendix I to this prospectus.
- (2) Changes in carrying amount of the redemption liabilities relate to the amount of changes in our redemption obligations arising from the preferential rights granted to the investors. Such non-cash item is not expected to result in future cash payments to be made by us. We expect all preferential rights of the convertible redeemable preferred shares to be terminated upon Listing and the relevant redemption liabilities to be re-classified to equity.
- (3) Listing expenses relate to the Listing and the Global Offering.

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Revenue

During the Track Record Period, we mainly generated revenue from our two business segments: (i) health and medical services; and (ii) corporate and digital marketing services. The following table sets out breakdown of our revenue by business segments in absolute amount and as a percentage of our total revenue for the years and periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
<i>(Unaudited)</i>										
Health and medical services										
Medical support services										
Health membership schemes	44,289	10.3	71,671	12.6	126,139	10.1	55,756	10.4	54,256	8.9
Other medical support services	21,767	5.0	19,706	3.5	11,428	0.9	3,666	0.7	2,949	0.5
Value-based medical services										
Healthcare service packages ⁽¹⁾	60,862	14.1	90,999	16.0	65,495	5.3	40,469	7.6	12,262	2.0
Pharmaceutical sales business	1,177	0.3	630	0.1	94,390	7.6	24,320	4.6	53,362	8.7
Subtotal	128,095	29.7	183,006	32.2	297,452	23.9	124,211	23.3	122,829	20.1
Corporate and digital marketing services										
Corporate services										
Content services	184,300	42.7	183,299	32.2	537,502	43.2	252,181	47.2	308,600	50.5
Information technology services	51,030	11.8	110,491	19.4	251,934	20.2	108,890	20.4	129,319	21.1
Digital marketing services	65,773	15.3	90,817	16.0	156,362	12.6	48,637	9.1	50,620	8.3
Subtotal	301,103	69.8	384,607	67.6	945,798	76.0	409,708	76.7	488,539	79.9
Others ⁽²⁾	2,107	0.5	1,455	0.2	1,208	0.1	94	0.0	117	0.0
Total⁽³⁾	431,305	100.0	569,068	100.0	1,244,458	100.0	534,013	100.0	611,485	100.0

Notes:

- (1) Including revenue generated from health products of RMB53.9 million, RMB31.0 million, RMB17.8 million, RMB5.8 million and RMB3.2 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively, and revenue generated from the health membership schemes included healthcare service packages as a component of RMB7.0 million, RMB60.0 million, RMB47.7 million, RMB34.6 million and RMB9.0 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively. See “Business—Our Services—Health and Medical Services—Value-based Medical Services—Healthcare Service Packages.”
- (2) Primarily including other sales of health services and products through various online and offline channels, such as service of visiting patients on behalf of our customers and sales of nutritional supplements.
- (3) RMB47.7 million, RMB121.9 million, RMB154.1 million, RMB84.7 million and RMB54.5 million, or 11.1%, 21.4%, 12.4%, 15.9% and 8.9% of our total revenue in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively, were breakage revenue. See “Business—Our Services—Health and Medical Services—Breakage.”

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Our revenue increased by 31.9% from RMB431.3 million in 2021 to RMB569.1 million in 2022, and further increased by 118.7% to RMB1,244.5 million in 2023. Our revenue increased by 14.5% from RMB534.0 million for the six months ended June 30, 2023 to RMB611.5 million for the six months ended June 30, 2024. The increase in our revenue during the Track Record Period was mainly attributable to the expansion and growth of our health and medical services and corporate and digital marketing services.

Health and Medical Services

Health and medical services primarily include medical support services and value-based medical services.

Medical Support Services

Our medical support services include (i) health membership schemes and (ii) other medical support services.

- *Health membership schemes.* In managing our health membership schemes business, we derived revenue from the sales of membership-based health schemes. For individual customers, we adopted a subscription-based payment structure, and charged subscription fees on a regular basis. For corporate customers, we derived revenue from charging a fixed service fee based on the services they choose from our portfolio and the number of subscriptions.
- *Other medical support services.* We derived revenue from other medical support services primarily through (i) charging a fixed service fee for each medical consultation services, the price of which is determined based on the scope and standards of services and service fees used to pay the registered physicians who provide the relevant services; (ii) charging an agreed-upon service fee for providing supporting services to hospitals; and (iii) recognizing the unused balance in relation to inactive *HealthyWay* mobile application accounts. See “Business—Our Services—Health and Medical Services—Breakage—Breakage in Relation to Inactive *HealthyWay* Mobile Application Accounts” for more details.

Value-based Medical Services

Our value-based medical services include (i) healthcare service packages and (ii) pharmaceutical sales business.

- *Healthcare service packages.* We derived revenue from sale of healthcare service packages, which include both health products and health membership schemes. The prices of the healthcare service packages were determined based on the cost of health products and the health membership schemes included in such healthcare service packages. We estimate the cost—through the anticipated utilization rate—of health membership schemes with reference to (i) the historical utilization rate of our health membership schemes; (ii) the common range of utilization rate of such health membership schemes in the industry; and (iii) our management’s insights and experience.

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- *Pharmaceutical sales business.* We derived revenue from the sales of medicines and medical devices to our individual customers through our own pharmacies, and from sales of medicine(s) to various third-party pharmacies and pharmaceutical trading companies through our pharmaceutical wholesale business.

Corporate and Digital Marketing Services

Our corporate and digital marketing services segment primarily comprises (i) corporate services, and (ii) digital marketing services.

Corporate Services

Corporate services consist of (i) content services; and (ii) information technology services.

- *Content services.* We derived revenue from charging our customers, a service fee upon the satisfactory performance of the obligation of the service contract. Our content services mainly include (i) wellness content services, in which we provide online general wellness content and real-time answers to health-related questions to our cooperative platform, Baidu, and the service fee is charged on a CPM basis; (ii) precision content services, in which we provide health-related articles, Q&A, or video-clips through cooperation with external physicians, and release such health-related articles or video-clips on our platform, and the service fee is pre-determined in the marketing service agreement based on the form and standard of such customized content, and service fees used to pay our content creators; and (iii) RWS support services, in which we provide RWS support services by assisting companies and institutions in the pharmaceutical industry to collect and analyze clinical case data, and conduct effectiveness and safety study, and the service fee is determined based on the scope of data and complexity of services.
- *Information technology services.* We derived revenue from charging medical institutions, pharmaceutical companies and other corporate customers technical service fees for providing technology infrastructure and/or marketing consulting services.

Digital Marketing Services

For our digital marketing services, we derived revenue from corporate customers, by charging a marketing service fee for promoting and advertising their products or services on our *HealthyWay* mobile application, our WeChat public accounts, and other third-party advertising service providers, the fee of which was determined based on performance-based pricing models (i.e. CPC model) and non-performance-based pricing models (i.e. CPM and CPT models).

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Breakage

During the Track Record Period, we recognized breakage amount as revenue mainly from (i) unexercised contractual rights of health membership schemes, **including the health membership schemes included in the healthcare service packages**, and (ii) the remaining balance of inactive *HealthyWay* mobile application accounts.

The following table sets forth breakage revenue by business line, for the years and periods indicated.

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(Unaudited)</i>	
Health membership schemes (excluding those in the healthcare service packages)	24,444	53,425	107,444	48,451	44,936
Health membership schemes in the healthcare service packages.	6,726	52,122	40,654	33,564	7,099
Unused balance of inactive <i>HealthyWay</i> mobile application accounts	16,479	16,403	6,007	2,718	2,462
Total	47,649	121,950	154,105	84,733	54,497

Breakage in Relation to Health Membership Schemes

Customers of the health membership schemes (including the health membership schemes in the healthcare service packages) pay us in advance for the contractual services that would be provided to them later, as and when they request, within the validity period. We recognize such payment (corresponding to all services under the health membership schemes)—which is non-refundable—as “contract liabilities” in our consolidated statements of financial position. See Note 2(k) to the Accountants’ Report in Appendix I to this prospectus. When we perform our contractual obligation and deliver the relevant health and medical services, we recognize revenue out of the balance of contract liabilities. In the event that the health membership schemes expires and the customers have not utilized in full the contractual rights, the breakage amount generated from (i) the unutilized contractual rights of health membership schemes, and (ii) the partially unutilized contractual rights of health membership schemes, would be recognized as revenue. See Note 2(t)(i)(a) to the Accountants’ Report in Appendix I to this prospectus.

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In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, the breakage amount from unexercised contractual rights of health membership schemes, including the health membership schemes in healthcare service packages, was RMB31.2 million, RMB105.5 million, RMB148.1 million, RMB82.0 million and RMB52.0 million, respectively. In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, our revenue generated from health membership schemes, including the health membership schemes in the healthcare service packages (together, the “**Health Membership Business**”), was RMB51.3 million, RMB131.6 million, RMB173.8 million, RMB90.4 million and RMB63.3 million, respectively. Such breakage amount accounted for 60.8%, 80.2%, 85.2%, 90.7% and 82.1% of our revenue generated from the Health Membership Business in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively. For details, see “Business—Our Services—Health and Medical Services—Breakage—Breakage in Relation to Health Membership Schemes.”

Breakage in Relation to Inactive HealthyWay Mobile Application Accounts

Some individual customers top up their accounts on *HealthyWay* mobile application and use their balance to purchase health and medical services provided on our platform. When there is a balance in a *HealthyWay* mobile application account, we recognize it as “receipts in advance” in our consolidated statements of financial position. See Note 24 to the Accountants’ Report in Appendix I to this prospectus.

Our historical business operations have suggested that individual users who have not made any purchases on *HealthyWay* mobile application for 36 consecutive months are very unlikely to use or withdraw their account balance. Our management has therefore adopted a revenue recognition policy, in a consistent manner, to recognize such unused remaining balance as revenue. See Note 2(t)(i)(a) to the Accountants’ Report in Appendix I to this prospectus.

In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, the breakage amount generated from the remaining balance of inactive *HealthyWay* mobile application accounts was RMB16.5 million, RMB16.4 million, RMB6.0 million, RMB2.7 million and RMB2.5 million, respectively. In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, our revenue generated from the relevant business, medical support services, was RMB66.1 million, RMB91.4 million, RMB137.6 million, RMB59.4 million and RMB57.2 million, respectively. Such breakage amount accounted for 25.0%, 17.9%, 4.4%, 4.5% and 4.4% of our revenue generated from the relevant business in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively. For details, see “Business—Our Services—Health and Medical Services—Breakage—Breakage in Relation to Inactive *HealthyWay* Mobile Application Accounts.”

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Cost of Sales

Our cost of sales primarily consists of content development cost, cost of services, technical subcontracting cost and staff costs. The following table sets out our cost of sales by nature both in absolute amount and as a percentage of our total cost of sales for the years and periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
	<i>(Unaudited)</i>									
Content development cost	143,135	55.5	137,186	42.4	397,875	47.0	195,983	54.4	213,961	50.0
Cost of services	42,773	16.6	117,983	36.5	172,264	20.4	66,491	18.5	76,814	18.0
Technical subcontracting cost	19,611	7.6	29,645	9.2	169,182	20.0	64,134	17.8	84,735	19.8
Staff cost	19,144	7.4	19,681	6.1	15,282	1.8	6,773	1.9	5,843	1.4
Cost of goods	30,041	11.7	15,488	4.8	85,799	10.1	24,386	6.8	44,394	10.4
Others	3,128	1.2	3,290	1.0	5,820	0.7	2,197	0.6	2,077	0.4
Total	<u>257,832</u>	<u>100.0</u>	<u>323,273</u>	<u>100.0</u>	<u>846,222</u>	<u>100.0</u>	<u>359,964</u>	<u>100.0</u>	<u>427,824</u>	<u>100.0</u>

Our cost of sales increased by 25.4% from RMB257.8 million in 2021 to RMB323.3 million in 2022, and further increased by 161.7% to RMB846.2 million in 2023. Our cost of sales increased by 18.8% from RMB360.0 million for the six months ended June 30, 2023 to RMB427.8 million for the six months ended June 30, 2024. The increase of our cost of sales was mainly attributable to our continuing business growth, as we increased our efforts and cost in expanding our current business and promoting new business lines.

Content development cost primarily represents (i) the cost of procuring various customized medical content from the content creators in relation to our wellness content services and precision content services, and (ii) cost of procuring real-world data and clinical evidence in relation to our RWS support services. Our content development cost decreased from RMB143.1 million in 2021 to RMB137.2 million in 2022, primarily due to our effort to control the cost and the increased bargaining power in procuring the customized medical content, as our content services expanded significantly in 2021. Our content development cost increased from RMB137.2 million in 2022 to RMB397.9 million in 2023, and from RMB196.0 million for the six months ended June 30, 2023 to RMB214.0 million for the six months ended June 30, 2024, primarily due to the cost incurred for collecting real-world clinical data through patient surveys and physician surveys, driven by the growth of our RWS support services.

Cost of services primarily represent (i) the costs associated with medical support services we provided to our customers, such as services fee paid to physicians and medical service providers in relation to our health membership schemes and other medical support services; and (ii) the service fees paid to the third-party advertising service providers in relation to our digital marketing services. Our cost of services increased from RMB42.8 million in 2021 to RMB118.0 million in 2022, primarily attributable to the increased utilization rate of our health membership scheme, and the growth of our medical support services and digital marketing services. Our cost of services increased from RMB118.0 million in 2022 to RMB172.3 million in 2023, primarily attributable to (i) the increase in

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services fees paid to physicians and medical service providers driven by the increase in customer base and utilization rate of our health membership schemes; and (ii) the increase in service fees paid to third-party advertising service providers, in line with the revenue growth of our digital marketing services. Our cost of services increased from RMB66.5 million for the six months ended June 30, 2023 to RMB76.8 million for the six months ended June 30, 2024, primarily attributable to (i) the increase in services fees paid to physicians and medical service providers driven by the increase in utilization rate of our health membership schemes; and (ii) the increase in service fees paid to third-party advertising service providers, in line with the revenue growth of our digital marketing services. From the six months ended June 30, 2023 to the six months ended June 30, 2024, utilization rate of health membership schemes sold to direct individual customers increased from 74.4% to 98.2%, primarily because we included health and medical services with higher utilization rate, such as medical agency, into more health membership schemes. During the same period, utilization rate of health membership schemes sold to corporate customers increased from 1.5% to 4.1%, primarily because we included more valuable services, such as physical examination appointments, into more health membership schemes. Such adjustment enhanced customer engagement and commitment with our platform, and also contributed to the increase in repurchase rate during the same period.

Technical subcontracting cost mainly includes the subcontracting cost in relation to our digital information services. Our technical subcontracting cost was RMB19.6 million, RMB29.6 million, RMB169.2 million, RMB64.1 million and RMB84.7 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively. The general increase in technical subcontracting cost during the Track Record Period was primarily attributable to the growth of our information technology services.

Staff cost mainly represents cost associated with salaries and benefits of our employees. Our staff cost increased from RMB19.1 million in 2021 to RMB19.7 million in 2022, primarily attributable to the expansion of our business. Our staff cost decreased from RMB19.7 million in 2022 to RMB15.3 million in 2023, primarily attributable to the decrease in staff number resulting from the disposal of our subsidiaries in the second half of 2022. Our staff cost decreased from RMB6.8 million for the six months ended June 30, 2023 to RMB5.8 million for the six months ended June 30, 2024, primarily attributable to the decrease in performance-based bonus paid to our staff, which resulted from adjustments to our performance evaluation criteria and reward system.

Cost of goods mainly represents the cost associated with the purchase of medicine, health products and electronic equipment. Our cost of goods decreased from RMB30.0 million in 2021 to RMB15.5 million in 2022, mainly because we effectively lowered the cost of our healthcare services packages. We disposed one type of healthcare service package in 2022, and chose to focus on fewer selected healthcare services packages with higher gross profit margin. We also optimized the health product portfolio in other healthcare service packages in order to better control the cost. Our cost of goods increased from RMB15.5 million in 2022 to RMB85.8 million in 2023, and from RMB24.4 million for the six months ended June 30, 2023 to RMB44.4 million for the six months ended June 30, 2024, mainly attributable to the increase in the purchase of medicine, in line with the growth of our pharmaceutical sales business.

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Our cost of sales by services was generally in line with the corresponding revenue fluctuation.

The following table sets out our cost of sales by services both in absolute amount and as a percentage of our total cost of sales for the years and periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
	<i>(Unaudited)</i>									
Health and medical services										
Medical support services . . .	14,273	5.5	36,760	11.4	79,095	9.3	33,825	9.4	41,499	9.7
Value-based medical services	28,331	11.0	17,111	5.3	90,227	10.7	26,169	7.3	45,929	10.7
Subtotal	42,604	16.5	53,871	16.7	169,322	20.0	59,994	16.7	87,428	20.4
Corporate and digital marketing services										
Corporate services	187,560	72.8	203,369	62.9	586,173	69.3	271,052	75.3	306,952	71.8
Digital marketing services . .	26,648	10.3	64,860	20.1	90,466	10.7	28,906	8.0	33,423	7.8
Subtotal	214,208	83.1	268,229	83.0	676,639	80.0	299,958	83.3	340,375	79.6
Others	1,020	0.4	1,173	0.3	261	0.0	12	0.0	21	0.0
Total	257,832	100.0	323,273	100.0	846,222	100.0	359,964	100.0	427,824	100

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales. Our gross profit margin represents our gross profit as a percentage of our revenue.

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The following table sets forth our gross profit and gross profit margin by services for the years and periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(Unaudited)</i>									
Health and medical services										
Medical support services	51,783	78.4	54,617	59.8	58,472	42.5	25,597	43.1	15,706	27.5
Value-based medical services	<u>33,708</u>	54.3	<u>74,518</u>	81.3	<u>69,658</u>	43.6	<u>38,620</u>	59.6	<u>19,695</u>	30.0
Subtotal	<u>85,491</u>	66.7	<u>129,135</u>	70.6	<u>128,130</u>	43.1	<u>64,217</u>	51.7	<u>35,401</u>	28.8
Corporate and digital marketing services										
Corporate services	47,770	20.3	90,421	30.8	203,263	25.7	90,019	24.9	130,967	29.9
Digital marketing services	<u>39,125</u>	59.5	<u>25,957</u>	28.6	<u>65,896</u>	42.1	<u>19,731</u>	40.6	<u>17,197</u>	34.0
Subtotal	<u>86,895</u>	28.9	<u>116,378</u>	30.3	<u>269,159</u>	28.5	<u>109,750</u>	26.8	<u>148,164</u>	30.3
Others	<u>1,087</u>	51.6	<u>282</u>	19.4	<u>947</u>	78.4	<u>82</u>	87.2	<u>96</u>	82.1
Total	<u>173,473</u>	40.2	<u>245,795</u>	43.2	<u>398,236</u>	32.0	<u>174,049</u>	32.6	<u>183,661</u>	30.0

In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, our gross profit was RMB173.5 million, RMB245.8 million, RMB398.2 million, RMB174.0 million and RMB183.7 million, and our gross profit margin was 40.2%, 43.2%, 32.0%, 32.6% and 30.0%, respectively. Our gross profit margins were primarily affected by our business mix, pricing policies, and cost structures.

Other Net Income/(Loss)

Our other net income/(loss) primarily consists of (i) government grants; (ii) net foreign exchange gain/(loss); (iii) interest income; (iv) net gain/(loss) on sale of property, plant and equipment; (v) net gain on disposal of subsidiaries; and (vi) net gain on disposal of associates.

Our other net income increased by 9.5% from RMB7.4 million in 2021 to RMB8.1 million in 2022, primarily due to the increases in net gain on disposal of subsidiaries and government grants, partially offset by the net foreign exchange loss and net loss on sale of property, plant and equipment. Our other net income decreased from RMB8.1 million in 2022 to RMB3.9 million in 2023, primarily due to the one-off net gain on disposal of subsidiaries recorded in 2022, partially offset by the decrease in net foreign exchange loss. We recorded other net income of RMB0.5 million for the six months ended June 30, 2024 as compared with other net loss of RMB1.0 million for the six months ended June 30, 2023, primarily due to the decrease in foreign exchange loss, partially offset by the decrease in government grants.

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The following table sets forth a breakdown of our other net income/(loss) in absolute amount and as a percentage of our total other net income for the years and periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(Unaudited)</i>									
Government grants	4,635	63.0	4,912	60.3	4,043	104.9	1,622	(170.2)	316	69.5
Net foreign exchange gain/(loss)	1,461	19.8	(4,835)	(59.4)	(1,248)	(32.4)	(2,700)	283.3	(458)	(100.7)
Interest income	547	7.4	191	2.3	683	17.7	144	(15.1)	611	134.3
Net gain/(loss) on sale of property, plant and equipment	(223)	(3.0)	(2,236)	(27.4)	361	9.4	3	(0.3)	-	-
Net gain on disposal of subsidiaries	779	10.6	10,211	125.5	-	-	-	-	-	-
Net gain on disposal of associates	290	3.9	-	-	-	-	-	-	-	-
Others	(128)	(1.7)	(103)	(1.3)	16	0.4	(22)	2.3	(14)	(3.1)
Total	<u>7,361</u>	<u>100.0</u>	<u>8,140</u>	<u>100.0</u>	<u>3,855</u>	<u>100.0</u>	<u>(953)</u>	<u>100.0</u>	<u>455</u>	<u>100.0</u>

The government grants are mainly related to subsidies we received from government for encouraging research and development activities and staff retention. There are no unfulfilled conditions or contingencies relating to these government grants. Our government grant increased by 6.5% from RMB4.6 million in 2021 to RMB4.9 million in 2022, primarily because we received more government subsidies for encouraging research and development activities in 2022. Our government grant decreased by 18.4% from RMB4.9 million in 2022 to RMB4.0 million in 2023. Our government grant decreased by 81.3% from RMB1.6 million for the six months ended June 30, 2023 to RMB0.3 million for the six months ended June 30, 2024.

The net foreign exchange gain/(loss) mainly represents gains or losses caused by the fluctuation of foreign exchange rate between Renminbi and U.S. dollar. We recorded net foreign exchange gain of RMB1.5 million in 2021, and a net foreign exchange loss of RMB4.8 million and RMB1.2 million in 2022 and 2023, respectively. We recorded a net foreign exchange loss of RMB2.7 million and RMB0.5 million for the six months ended June 30, 2023 and 2024, respectively.

Selling Expenses

Our selling expenses consist of (i) advertising and marketing expenses; (ii) staff costs; (iii) business development and travel expenses; (iv) office expenses; and (v) others. Our selling expenses were RMB126.4 million, RMB147.4 million, RMB211.8 million, RMB78.2 million and RMB98.6 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, representing approximately 29.3%, 25.9%, 17.0%, 14.6% and 16.1% of our revenue in the same years, respectively.

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The table below sets out details of our selling expenses in absolute amount and as a percentage of our total selling expenses for the years and periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Advertising and marketing expenses	105,357	83.5	131,133	88.9	187,319	88.5	67,538	86.4	85,771	87.0
Staff costs	19,249	15.2	14,392	9.8	19,375	9.1	8,810	11.3	8,722	8.8
Business development and travel expenses	821	0.6	1,210	0.8	2,035	1.0	1,053	1.3	1,468	1.5
Office expenses	420	0.3	370	0.3	482	0.2	168	0.2	128	0.1
Others	507	0.4	309	0.2	2,540	1.2	620	0.8	2,487	2.6
Total	126,354	100.0	147,414	100.0	211,751	100.0	78,189	100.0	98,576	100.0

(Unaudited)

Advertising and marketing expenses represent fees that we pay for our branding and promotion activities, which consist of offline marketing activities, as well as advertisements on online platforms. Our advertising and marketing expenses increased by 24.4% from RMB105.4 million in 2021 to RMB131.1 million in 2022, and further increased by 42.9% to RMB187.3 million in 2023. Our advertising and marketing expenses increased from RMB67.5 million for the six months ended June 30, 2023 to RMB85.8 million for the six months ended June 30, 2024. This is mainly due to the increased expenses on (i) promotion of our specific services and offerings to individual and corporate customers; and (ii) promotion of our overall brand and offerings among customers, physicians and hospitals, which were both driven by the growth of our revenue. See “—Management’s Discussion and Analysis of Results of Operations—Year Ended December 31, 2022 Compared to Year Ended December 31, 2021—Selling Expenses,” “—Management’s Discussion and Analysis of Results of Operations—Year Ended December 31, 2023 Compared to Year Ended December 31, 2022—Selling Expenses,” and “—Management’s Discussion and Analysis of Results of Operations—Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023—Selling Expenses.”

Staff costs represent the employee salaries, welfare and benefit expense we paid to employees involved in business development, sales and marketing activities. Our staff costs decreased from RMB19.2 million in 2021 to RMB14.4 million in 2022, primarily because we optimized the size and structure of our sales team to improve efficiency. Our staff costs increased from RMB14.4 million in 2022 to RMB19.4 million in 2023, primarily due to the increase in performance-based bonuses paid to our sales staff. Our staff costs remained stable at RMB8.8 million and RMB8.7 million for the six months ended June 30, 2023 and 2024, respectively.

Administrative Expenses

Our administrative expenses primarily consist of (i) staff costs; (ii) depreciation and amortization; and (iii) listing expenses. Our administrative expenses were RMB106.8 million, RMB41.2 million, RMB79.8 million, RMB37.6 million and RMB29.1 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, representing approximately 24.8%, 7.2%, 6.4%, 7.0% and 4.8% of our revenue in the same years, respectively.

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The following table sets forth the breakdown of our administrative expenses in absolute amount and as a percentage of our total administrative expenses for the years and periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(Unaudited)</i>									
Staff costs	87,068	81.6	21,099	51.1	18,968	23.8	8,099	21.5	10,831	37.2
Depreciation and amortization	3,463	3.2	2,496	6.1	2,346	2.9	2,124	5.6	1,396	4.8
Office expenses	3,350	3.1	2,462	6.0	20,463	25.6	15,720	41.8	5,499	18.9
Traveling and business development expenses	1,823	1.7	2,016	4.9	3,858	4.8	838	2.2	1,590	5.5
Listing expenses	5,915	5.5	11,724	28.5	28,514	35.7	8,563	22.8	9,128	31.4
Agency costs ⁽¹⁾	2,461	2.3	1,159	2.8	3,729	4.8	1,128	3.0	286	1.0
Others	2,699	2.6	239	0.6	1,902	2.4	1,166	3.1	367	1.2
Total	106,779	100.0	41,195	100.0	79,780	100.0	37,638	100.0	29,097	100.0

Note:

- (1) Agency costs primarily include intermediary fees not associated with the Listing, for example corporate investment consulting fees, financial reporting services fees for our subsidiaries, and Cayman agency fees.

Staff costs represent the salaries, staff welfare and equity-settled share-based payment expenses we paid to our administrative staff. Our staff cost decreased from RMB87.1 million in 2021 to RMB21.1 million in 2022, mainly due to (i) our expenses arising from granting awarded shares to our staff in 2021; and (ii) our efforts in optimizing our staff structure and controlling the staff cost. Our staff costs decreased from RMB21.1 million in 2022 to RMB19.0 million in 2023, mainly due to the decrease in administrative staff resulting from the disposal of our subsidiaries in the second half of 2022. Our staff costs increased from RMB8.1 million for the six months ended June 30, 2023 to RMB10.8 million for the six months ended June 30, 2024, mainly due to the increase in administrative staff recruited for our pharmaceutical wholesale business.

Depreciation and amortization represent depreciation expense for our long-term leases, our office equipment and office buildings and amortization of our office software. Our cost relating to depreciation and amortization decreased from RMB3.5 million in 2021 to RMB2.5 million in 2022, mainly due to the decrease in the depreciation of long-term leases resulting from our disposal of subsidiaries and the disposal of part of our intangible assets. Our cost relating to depreciation and amortization decreased from RMB2.5 million in 2022 to RMB2.3 million in 2023, mainly due to the decrease in the depreciation of right-of-use assets resulting from our disposal of subsidiaries in the second half of 2022. Our cost relating to depreciation and amortization decreased from RMB2.1 million for the six months ended June 30, 2023 to RMB1.4 million for the six months ended June 30, 2024, mainly due to the decrease in the depreciation of long-term leases.

Office expenses represent expenses in relation to the maintenance of our operating system, office supplies and decoration. In 2021 and 2022, our office expenses was RMB3.4 million and RMB2.5 million, respectively. Our office expenses increased from RMB2.5 million in 2022 to RMB20.5 million in 2023, mainly because of the expansion of our

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business scale. We upgraded and optimized our internal operating and management system, such as financial management system, order processing system, and appointment and scheduling system, in order to improve operating efficiency and payment procedure. Our office expenses decreased from RMB15.7 million for the six months ended June 30, 2023 to RMB5.5 million for the six months ended June 30, 2024, primarily because the major upgrades and optimizations to our internal operating and management systems were completed in 2023, and extensive maintenance was no longer required in 2024.

Listing expenses represent expenses associated with professional services we engaged in connection with the Listing and Global Offering, such as consultation services, legal services and accounting services. In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, we incurred listing expenses of RMB5.9 million, RMB11.7 million, RMB28.5 million, RMB8.6 million and RMB9.1 million, respectively.

Research and Development Costs

Our research and development costs primarily consist of staff costs, technical and outsourcing service fees, and depreciation and amortization. Our research and development costs were RMB14.1 million, RMB54.4 million, RMB103.4 million, RMB36.4 million and RMB54.0 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, representing approximately 3.3%, 9.6%, 8.3%, 6.8% and 8.8% of our revenue in the same years, respectively.

The following table sets forth the breakdown of our research and development costs in absolute amount and as a percentage of our total research and development costs for the years and periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(Unaudited)</i>									
Staff costs	11,681	82.6	10,979	20.2	9,375	9.1	5,121	14.1	3,949	7.3
Technical and outsourcing service fees	1,976	14.0	43,078	79.2	79,117	76.5	25,938	71.3	37,447	69.4
Depreciation and amortization	132	0.9	39	0.1	14,708	14.2	5,209	14.3	12,503	23.2
Others	353	2.5	314	0.5	200	0.2	99	0.3	69	0.1
Total	14,142	100.0	54,410	100.0	103,400	100.0	36,367	100.0	53,968	100.0

Staff costs mainly represent salaries, bonuses, and social insurances for employees involved in research and development, and technical supports. Our staff costs remained stable at RMB11.7 million and RMB11.0 million in 2021 and 2022, respectively. Our staff costs decreased from RMB11.0 million in 2022 to RMB9.4 million in 2023, primarily due to the decrease in staff number and the disposal of our subsidiaries in the second half of 2022. Our staff costs decreased from RMB5.1 million for the six months ended June 30, 2023 to RMB3.9 million for the six months ended June 30, 2024, primarily because one of our subsidiaries completed its software development projects in 2023, and did not incur research and development costs for the six months ended June 30, 2024, which led to a reduction in number of research and development staff.

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Technical and outsourcing service fees mainly represent outsourcing costs and services fees for maintaining, upgrading and developing our online platform and digital system. Our technical and outsourcing service fees increased significantly from RMB2.0 million in 2021 to RMB43.1 million in 2022, mainly because we engaged third-party software development companies to participate more in the development and maintenance of our platform. Such third-party software development companies mainly contribute to us in terms of (i) development of a proprietary health and medical platform, which potentially can provide physicians with assistance in the medical practice and provides patients with assistance in the daily health management; and (ii) other operational systems, in order to support our business and enhance operational efficiency. The services provided by these software development companies, which are Independent Third Parties, enhanced the efficiency of our platform operations because of (i) the flexibility of engaging software development companies, on an as-needed basis; (ii) the relatively lower cost compared to our own research and development team and (iii) the convenience of simultaneously developing multiple software development projects as supported by these software development companies. Our technical and outsourcing service fees further increased from RMB43.1 million in 2022 to RMB79.1 million in 2023, mainly because we invested RMB65.4 million in 2023 in the development of AI-based plugins for health consultation, wellness content, and patient management. Since 2023, we have been gradually developing several AI-based plugins for our *HealthyWay* mobile application (medical professional version) (健康之路醫務版) and *HealthyWay* mobile application. Key AI-based plugins under development include (i) AI medical assistants, facilitating seamless communication between physicians and patients by automating tasks such as appointment scheduling, pre-consultation questionnaires, diagnostic suggestions and post-consultation summaries; and (ii) *AI Tutu* (AI圖圖), health management question and answer (“Q&A”) assistant capable of providing personalized health advice, answering common health management queries, offering guidance on management of chronic conditions, and directing patients to appropriate medical departments for their specific needs. By leveraging such AI-based plugins, we aim to improve our user experience, increase accessibility to healthcare information, and promote proactive health management among our users. Our technical and outsourcing service fees increased from RMB25.9 million for the six months ended June 30, 2023 to RMB37.4 million for the six months ended June 30, 2024, primarily because we further invested in the development of AI-based plugins based on their development progress. For the six months ended June 30, 2024, we continued our research and development activities initiated in 2023, focusing on refining AI-based plugins such as AI medical assistants and *AI Tutu*. Such refinement included enhanced data collection and user feedback integration to optimize functionality and user engagement. As certain AI-based plugins approached their advanced development stages, costs were related to mainly data collection and optimization.

Depreciation and amortization mainly represent amortization of our dataset and software for research and development. Our expenses relating to depreciation and amortization were RMB0.1 million and RMB0.04 million in 2021 and 2022, respectively. Our expenses relating to depreciation and amortization increased from RMB0.04 million in 2022 to RMB14.7 million in 2023, and from RMB5.2 million for the six months ended June 30, 2023 to RMB12.5 million for the six months ended June 30, 2024, primarily due to the amortization of our dataset acquired in 2022 and 2023 and for the six months ended June 30, 2024. See “—Discussion of Selected Consolidated Statements of Financial Position Items—Non-Current Assets/Liabilities—Intangible Assets” for details of our dataset acquired.

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Finance Costs

Our finance costs consist of (i) interest on bank loans and borrowings, and (ii) interest on lease liabilities. Our finance costs were RMB1.2 million, RMB1.6 million, RMB3.3 million, RMB1.6 million and RMB2.3 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively. The general increase in finance costs during the Track Record Period was primarily because we took more bank loans and borrowings to support our business expansion.

The following table sets forth the breakdown of our finance expenses in absolute amount and as a percentage of our total finance costs for the years and periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Interest on bank loans and borrowings.	961	82.8	1,367	86.6	2,950	90.7	1,473	92.1	2,156	92.9
Interest on lease liabilities.	199	17.2	211	13.4	304	9.3	126	7.9	165	7.1
Total	1,160	100.0	1,578	100.0	3,254	100.0	1,599	100.0	2,321	100.0

(Unaudited)

Share of Profits Less Losses of Associates

During the Track Record Period, our associates primarily engaged in the business of health and medical services and information technology services, and we recognized our shares of gains or losses in such associates in our consolidated statements of profit or loss.

Our share of results of associates was a loss of RMB0.1 million in 2021, a gain of RMB0.9 million in 2022, a loss of RMB0.1 million in 2023, a gain of RMB0.1 million for the six months ended June 30, 2023 and a loss of RMB0.3 million for the six months ended June 30, 2024, respectively. See Note 15 to the Accountants' Report in Appendix I to this prospectus.

Changes in Carrying Amount of the Redemption Liabilities

During the Track Record Period, the changes in carrying amount of redemption liabilities represent the amount of changes in our obligations arising from the preferential rights granted to the investors, which was to redeem our shares for cash upon the occurrence of events beyond the control of both the investors and us. The liabilities are initially measured at the present value of the redemption amount and subsequently measured at amortized cost. See Note 21 to the Accountants' Report in Appendix I to this prospectus for the calculation of the redemption amount.

The changes in carrying amount of the redemption liabilities were loss of RMB84.4 million, RMB267.8 million, RMB324.8 million, RMB127.1 million and RMB63.0 million in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, respectively. The preferential rights will terminate upon Listing and the relevant redemption liabilities will be re-classified to equity.

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Loss before Taxation

As a result of the foregoing, in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, our loss before taxation was RMB152.1 million, RMB257.6 million, RMB320.9 million, RMB107.7 million and RMB63.2 million, respectively.

Income Tax

Income tax represents income tax expenses borne by us under relevant PRC income tax rules and regulations, as well as relevant income tax laws under different foreign jurisdictions. Income tax expenses consist of our current tax expenses and deferred taxation expenses.

The table below sets forth a breakdown of our income tax in absolute amount and as a percentage of our total income tax for the years and periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(Unaudited)</i>									
Current tax	199	6.2	109	(5.5)	3,883	(55.0)	83	(3.5)	1,243	(21.2)
Deferred tax	3,025	93.8	(2,075)	105.5	(10,946)	155.0	(2,431)	103.5	(7,118)	121.2
Total	3,224	100.0	(1,966)	100.0	(7,063)	100.0	(2,348)	100.0	(5,875)	100.0

Cayman Islands

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

Hong Kong

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

Mainland China

Our subsidiaries incorporated in China are subject to PRC enterprise income tax on their taxable income in accordance with the relevant PRC income tax laws. Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25% during the reporting period unless subject to tax concession set out below.

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According to the normal statutory PRC corporate income tax and relevant rules, certain subsidiaries of the Company have been qualified as small low-profit enterprises which can enjoy a reduced preferential tax rates of 20% for the Track Record Period.

The Company and certain branches fall within the state encouraged high-tech enterprises and are entitled to enjoy the preferential income tax rate of 15.0%. See note 7 to the Accountants' Report set out in Appendix I to this prospectus.

Our effective tax rate was 2.1%, minus 0.8% and minus 2.2% in 2021, 2022 and 2023 respectively. For the six months ended June 30, 2023 and 2024, our effective tax rate was minus 2.1% and minus 9.3%, respectively. In 2021, our income tax expenses were RMB3.2 million, and in 2022 and 2023, we recorded an income tax credit of RMB2.0 million and RMB7.1 million, respectively. For the six months ended June 30, 2023 and 2024, we recorded an income tax credit of RMB2.3 million and RMB5.9 million, respectively.

As of the Latest Practicable Date, we had fulfilled all our tax obligations and did not have any unresolved tax disputes.

Net Loss

In 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, we incurred net loss of RMB155.3 million, RMB255.6 million, RMB313.9 million, RMB105.3 million and RMB57.3 million, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023

Revenue

Our revenue increased by 14.5% from RMB534.0 million for the six months ended June 30, 2023 to RMB611.5 million for the six months ended June 30, 2024. The increase in total revenue was primarily driven by the increase in revenue generated from corporate and digital marketing services.

Health and Medical Services

Our revenue generated from health and medical services remained stable at RMB124.2 million and RMB122.8 million for the six months ended June 30, 2023 and 2024, respectively, in which revenue generated from medical support services slightly decreased, but was partially offset by the increase in revenue generated from value-based medical services.

Our revenue generated from medical support services slightly decreased by 3.7% from RMB59.4 million for the six months ended June 30, 2023 to RMB57.2 million for the six months ended June 30, 2024, primarily attributable to the decrease in revenue generated from health membership schemes. Our revenue from health membership schemes decreased slightly from RMB55.8 million for the six months ended June 30, 2023 to RMB54.3 million

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for the six months ended June 30, 2024, primarily due to the decrease in the revenue generated from our direct individual customers as we reallocated some of our sales staff to other business lines to enhance efficiency, thus decreasing the number of individual customers we directly reached. Meanwhile, our revenue for health membership schemes generated from corporate customers remained relatively stable for the six months ended June 30, 2023 and the six months ended June 30, 2024. In the six months ended June 30, 2024, we acquired new large corporate customers and further strengthened our collaboration with existing corporate customers, which offset the impact caused by the decrease in number of corporate customers from 189 for the six months ended June 30, 2023 to 164 for the six months ended June 30, 2024.

In light of the above, we are implementing new promotional activities for our health membership schemes. For corporate customers, we plan to (i) focus on maintaining and expanding customer relationships through personalized engagement and dedicated customer management; and (ii) implement targeted campaigns and offer tailored health membership schemes with customized benefits and priority support to new and existing corporate customers. For direct individual customers, we plan to (i) partner with community businesses to offer health membership schemes with a longer validity period and (ii) promote our health membership schemes through community events, such as health fairs and informational seminars. We expect these actions to lead to higher engagement and renewed interest in our health membership schemes.

Our revenue generated from value-based medical services increased by 1.2% from RMB64.8 million for the six months ended June 30, 2023 to RMB65.6 million for the six months ended June 30, 2024, primarily attributable to the increase in revenue generated from pharmaceutical sales business, especially our pharmaceutical wholesale business, which began in November 2023 and generated revenue of RMB31.6 million from selling drugs to third-party pharmacies and pharmaceutical trading companies for the six months ended June 30, 2024. Such increase in revenue from pharmaceutical sales business was partially offset by the further decrease in revenue generated from healthcare service packages, as we (i) further reduced our selling and marketing budget in response to the increase in customer acquisition cost for healthcare service packages; and (ii) allocated more resources to develop our pharmaceutical sales business.

Corporate and Digital Marketing Services

Our revenue generated from corporate and digital marketing services increased by 19.2% from RMB409.7 million for the six months ended June 30, 2023 to RMB488.5 million for the six months ended June 30, 2024, primarily due to the increases in revenue generated from corporate services and digital marketing services.

Our revenue generated from corporate services increased by 21.3% from RMB361.1 million for the six months ended June 30, 2023 to RMB437.9 million for the six months ended June 30, 2024, primarily attributable to (i) the increase in revenue from our content services, as we continued to expand our RWS support services by serving more companies in the pharmaceutical industry. and (ii) the increase in revenue generated from our information technology services driven by the development of our marketing consulting

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services, as our expanding pool of patient healthcare data has improved our ability to conduct comprehensive behavioral pattern analyses and provide detailed patient demographic insights, treatment pattern analyses, and follow-up studies, leading to more pharmaceutical and healthcare companies choosing to partner with us. From the six months ended June 30, 2023 to the six months ended June 30, 2024, the number of pharmaceutical companies that adopted our RWS support services increased from 18 to 33. From the six months ended June 30, 2023 to the six months ended June 30, 2024, the number of corporate and institutional customer for our information technology services increased from 364 to 428.

Compared to the revenue growth rate from 2022 to 2023, the revenue growth rate of our corporate services from the six months ended June 30, 2023 to the six months ended June 30, 2024 was relatively moderate, primarily because (i) the growth rate of our RWS support services has slowed down as the revenue scale expanded; and (ii) we focused on better serving existing customers of our information technology services and further improving our marketing consulting services launched in 2022.

Our revenue generated from digital marketing services increased by 4.1% from RMB48.6 million for the six months ended June 30, 2023 to RMB50.6 million for the six months ended June 30, 2024, primarily attributable to our strengthened collaboration with pharmaceutical companies. Since we expanded our service portfolio under digital marketing services in 2023, this broader range of offerings has continued to drive revenue growth and sustain positive momentum into the six months ended June 30, 2024. From the six months ended June 30, 2023 to the six months ended June 30, 2024, the average purchase amount of our digital marketing services per customer increased from approximately RMB666,300 to RMB1,012,400.

Compared to the revenue growth rate from 2022 to 2023, the revenue growth rate of our digital marketing services from the six months ended June 30, 2023 to the six months ended June 30, 2024 was relatively moderate, primarily because we allocated more resources to improving existing service offerings and maintaining current customer relationships as opposed to expanding our service portfolio.

Cost of Sales

Our cost of sales increased by 18.8% from RMB360.0 million for the six months ended June 30, 2023 to RMB427.8 million for the six months ended June 30, 2024, which was in line with our revenue growth and business expansion.

Health and Medical Services

Our cost of sales of health and medical services increased by 45.7% from RMB60.0 million for the six months ended June 30, 2023 to RMB87.4 million for the six months ended June 30, 2024, primarily due to the increases in the cost of sales of medical support services and value-based medical services.

Our cost of sales of medical support services increased by 22.8% from RMB33.8 million for the six months ended June 30, 2023 to RMB41.5 million for the six months ended June 30, 2024, primarily due to the increase in utilization rate of our health membership schemes.

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Our cost of sales of value-based medical services increased by 75.2% from RMB26.2 million for the six months ended June 30, 2023 to RMB45.9 million for the six months ended June 30, 2024, primarily due to the increase in cost of goods in relation to our pharmaceutical sales business, which was in line with its revenue growth.

Corporate and Digital Marketing Services

Our cost of sales of corporate and digital marketing services increased by 13.5% from RMB300.0 million for the six months ended June 30, 2023 to RMB340.4 million for the six months ended June 30, 2024, primarily due to the increases in the cost of sales of corporate services and digital marketing services.

Our cost of sales of corporate services increased by 13.2% from RMB271.1 million for the six months ended June 30, 2023 to RMB307.0 million for the six months ended June 30, 2024, primarily due to the increase in content development cost paid to physicians in relation to our RWS support services in order to collect real-world clinical data through patient surveys and physician surveys, which was in line with its revenue growth.

Our cost of sales of digital marketing services increased by 15.6% from RMB28.9 million for the six months ended June 30, 2023 to RMB33.4 million for the six months ended June 30, 2024, primarily due to the increase in cost of service paid to third-party advertising service providers, in line with the increase in revenue from our digital marketing services. The cost of services that we paid to third-party advertising service providers increased from RMB28.5 million for the six months ended June 30, 2023 to RMB33.2 million for the six months ended June 30, 2024.

Gross Profit and Gross Profit Margin

Our gross profit increased by 5.6% from RMB174.0 million for the six months ended June 30, 2023 to RMB183.7 million for the six months ended June 30, 2024. Our gross profit margin decreased from 32.6% for the six months ended June 30, 2023 to 30.0% for the six months ended June 30, 2024.

Health and Medical Services

The gross profit of health and medical services decreased from RMB64.2 million for the six months ended June 30, 2023 to RMB35.4 million for the six months ended June 30, 2024, primarily due to the decreases in the gross profit of medical support services and value-based medical services.

The gross profit margin of health and medical services decreased from 51.7% for the six months ended June 30, 2023 to 28.8% for the six months ended June 30, 2024, primarily due to the decreases in gross profit margin of medical support services and value-based medical services.

Our gross profit margin for medical support services decreased from 43.1% for the six months ended June 30, 2023 to 27.4% for the six months ended June 30, 2024, primarily due to (i) the increase in cost of sales as a result of increased utilization rate of our health

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membership schemes; and (ii) the decrease in breakage revenue from deposit in inactive *HealthyWay* mobile application accounts, which generally has a relatively higher gross profit margin. From the six months ended June 30, 2023 to the six months ended June 30, 2024, utilization rate of health membership schemes sold to direct individual customers increased from 74.4% to 98.2%, primarily because we included health and medical services with higher utilization rate, such as medical agency, into more health membership schemes. During the same period, utilization rate of health membership schemes sold to corporate customers increased from 1.5% to 4.1%, primarily because we included more valuable services, such as physical examination appointments, into more health membership schemes. Such adjustment enhanced customer engagement and commitment with our platform, and also contributed to the increase in repurchase rate during the same period.

Our gross profit margin for value-based medical services decreased from 59.6% for the six months ended June 30, 2023 to 30.0% for the six months ended June 30, 2024, primarily reflecting the increased revenue contribution of pharmaceutical sales business, which generally has a relatively lower gross profit margin. From the six months ended June 30, 2023 to the six months ended June 30, 2024, the gross profit of our pharmaceutical sales business increased from RMB2.6 million to RMB8.9 million, in line with its increased revenue; and its gross profit margin increased from 10.9% to 16.7%, primarily because we started pharmaceutical wholesale business in November 2023, which drives an increase in gross profit margin.

Corporate and Digital Marketing Services

The gross profit of corporate and digital marketing services increased from RMB109.7 million for the six months ended June 30, 2023 to RMB148.1 million for the six months ended June 30, 2024, mainly attributable to the increase in the gross profit of corporate services.

The gross profit margin of corporate and digital marketing services increased from 26.8% for the six months ended June 30, 2023 to 30.3% for the six months ended June 30, 2024, primarily due to the increase in gross profit margin of corporate services.

Our gross profit margin of corporate services increased from 24.9% for the six months ended June 30, 2023 to 29.9% for the six months ended June 30, 2024, primarily due to the increase in gross profit margin of content services, especially our RWS support services. Such increase in gross profit margin of our RWS support services was primarily due to the decrease in average cost per RWS report and desensitized sample delivered from RMB387 for the six months ended June 30, 2023 to RMB307 for the six months ended June 30, 2024. As our RWS support services further developed and scaled, we streamlined our operations and effectively controlled costs, allowing us to deliver RWS reports and desensitized samples at lower average cost.

Our gross profit margin for digital marketing services decreased from 40.6% for the six months ended June 30, 2023 to 34.0% for the six months ended June 30, 2024, primarily due to the increase in cost of services paid to third-party advertising service providers to reach a wider range of target audience within prescribed delivery timeframe as required by our advertisers.

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Other Net Income/(Loss)

We recorded other net loss of RMB1.0 million for the six months ended June 30, 2023 as compared with other net income of RMB0.5 million for the six months ended June 30, 2024, which was primarily attributable to the decrease in foreign exchange loss, partially offset by the decrease in government grants.

Selling Expenses

Our selling expenses increased by 26.1% from RMB78.2 million for the six months ended June 30, 2023 to RMB98.6 million for the six months ended June 30, 2024, primarily due to the increase in advertising and marketing expenses from RMB67.5 million for the six months ended June 30, 2023 to RMB85.8 million for the six months ended June 30, 2024. The increase in advertising and marketing expenses was primarily due to the increase in expenses for promotion of our overall brand and offerings among customers, physicians and hospitals. Such expenses increased from RMB42.9 million for the six months ended June 30, 2023 to RMB77.4 million for the six months ended June 30, 2024, primarily because we engaged (a) third-party online advertising service providers to expose our brand and services through clickable image advertisements on large social media platforms to target audiences. For the six months ended June 30, 2023 and 2024, we delivered 521.4 million and 1,409.6 million impressions, and received 35.2 million and 75.3 million clicks, respectively; and (b) third-party offline promotion agencies to promote our platform to physicians.

Such increase was partially offset by the decrease in the expenses for marketing campaigns specifically related to our healthcare service packages, and the decrease in expenses for promotion of health membership schemes to corporate customers.

Administrative Expenses

Our administrative expenses decreased by 22.6% from RMB37.6 million for the six months ended June 30, 2023 to RMB29.1 million for the six months ended June 30, 2024, primarily due to the decrease in office expenses, partially offset by the increase in staff costs.

Research and Development Costs

Our research and development costs increased from RMB36.4 million for the six months ended June 30, 2023 to RMB54.0 million for the six months ended June 30, 2024. The increase in research and development costs was primarily due to (i) the increase in technical and outsourcing service fees in relation to development of AI-based plugins and (ii) the increase in depreciation and amortization in relation to our dataset, partially offset by the decrease in staff costs.

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Since 2023, we have been gradually developing several AI-based plugins for our *HealthyWay* mobile application (medical professional version) (健康之路醫務版) and *HealthyWay* mobile application. Key AI-based plugins under development include (i) AI medical assistants, facilitating seamless communication between physicians and patients by automating tasks such as appointment scheduling, pre-consultation questionnaires, diagnostic suggestions and post-consultation summaries; and (ii) *AI Tutu* (AI圖圖), health management Q&A assistant capable of providing personalized health advice, answering common health management queries, offering guidance on management of chronic conditions, and directing patients to appropriate medical departments for their specific needs. By leveraging such AI-based plugins, we aim to improve our user experience, increase accessibility to healthcare information, and promote proactive health management among our users. For the six months ended June 30, 2024, we continued to refine our AI-based plugins, including enhanced data collection and user feedback integration, in order to optimize functionality and user engagement.

Finance Cost

Our finance cost increased by 43.8% from RMB1.6 million for the six months ended June 30, 2023 to RMB2.3 million for the six months ended June 30, 2024. The increase in finance cost was primarily due to the increase in interest expenses, as we took more bank loans to support our business expansion.

Loss before Taxation

As a result of the foregoing, our loss before taxation decreased by 41.3% from a loss before taxation of RMB107.7 million for the six months ended June 30, 2023 to a loss before taxation of RMB63.2 million for the six months ended June 30, 2024.

Income Tax

For the six months ended June 30, 2023 and 2024, our income tax credit was RMB2.3 million and RMB5.9 million, respectively. The increase in income tax credit was primarily due to movements in deferred tax assets and liabilities.

Net Loss

As a result of the foregoing, our net loss decreased by 45.6% from RMB105.3 million for the six months ended June 30, 2023 to RMB57.3 million for the six months ended June 30, 2024.

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Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our revenue increased by 118.7% from RMB569.1 million in 2022 to RMB1,244.5 million in 2023. The increase in total revenue was primarily driven by the increases in revenue generated from (i) health and medical services; and (ii) corporate and digital marketing services.

Health and Medical Services

Our revenue generated from health and medical services increased by 62.6% from RMB183.0 million in 2022 to RMB297.5 million in 2023, primarily due to the increases in revenue generated from our medical support services and value-based medical services.

Our revenue generated from medical support services increased by 50.5% from RMB91.4 million in 2022 to RMB137.6 million in 2023, primarily attributable to the growth of revenue generated from our health membership schemes. Such growth was mainly the result of our further deepened collaboration with existing corporate customers, especially large corporate customers with strong purchasing power. From 2022 to 2023, the average purchase amount per corporate customer increased from approximately RMB184,400 to approximately RMB411,800. The increased revenue was also attributable to the increased breakage revenue that we recognized in 2023, in relation to the unexercised contractual rights of health membership schemes. The increase in revenue generated from medical support services was partially offset by the decrease in revenue generated from other medical support services, primarily attributable to decreased breakage revenue that we recognized in 2023, in relation to deposit in inactive *HealthyWay* mobile application accounts.

Our revenue generated from value-based medical services increased by 74.6% from RMB91.6 million in 2022 to RMB159.9 million in 2023, primarily attributable to the increase in revenue generated from pharmaceutical sales business, primarily because (i) we acquired Jianmingtang in December 2022 and began to generate revenue of RMB44.6 million from six specialty pharmacies in 2023; and (ii) we started pharmaceutical wholesale business in November 2023 and generated revenue of RMB48.8 million from selling drugs to third-party pharmacies and pharmaceutical trading companies in 2023. The increase in revenue generated from value-based medical services was partially offset by the decrease in revenue generated from healthcare service packages, as we reduced selling and marketing budget due to increased customer acquisition cost for healthcare service package.

Corporate and Digital Marketing Services

Our revenue generated from corporate and digital marketing services increased by 145.9% from RMB384.6 million in 2022 to RMB945.8 million in 2023, primarily due to the increases in revenue generated from corporate services and digital marketing services.

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Our revenue generated from corporate services increased by 168.7% from RMB293.8 million in 2022 to RMB789.4 million in 2023, primarily attributable to (i) the increase in revenue from our content services, as we expanded our RWS support services by serving more companies in the pharmaceutical industry; and (ii) the increase in revenue generated from our information technology services, as we expanded the scope of our service offerings and started to provide marketing consulting services in the second half of 2022. Our RWS support services experienced rapid growth from 2022 to 2023 by (i) leveraging upward industry trends, and (ii) capitalizing on our in-depth expertise in specialized medical studies. On one hand, according to Frost & Sullivan, the RWS market in the PRC grew rapidly from RMB0.06 billion in 2018 to RMB1.1 billion in 2023, with a CAGR of 76.4%. This market is expected to continue its growth trend to reach RMB6.8 billion and RMB23.6 billion respectively, by 2027 and 2030, with a CAGR of 70.0% from 2024 to 2027 and a CAGR of 51.1% from 2027 to 2030. The expanded drug indications, comprehensive effectiveness and safety evaluation, and accelerated commercialization process facilitated by real-world studies have made pharmaceutical companies more inclined to partner with RWS support service providers like us. On the other hand, we have accumulated extensive resources and experience in studying sophisticated medical conditions in establishing our specialty-oriented disease treatment centers, which can be effectively integrated into RWS support services. Such integration is instrumental in rapidly expanding our RWS offerings, as we apply our deep clinical insights and methodologies directly to real-world data analysis and study designs. We also optimized our research system and enhanced data processing efficiency, which enabled the parallel advancement of multiple real-world studies at the same time. As a result of the foregoing, from 2022 to 2023, the number of pharmaceutical companies that adopted our RWS support services increased from six to 30, and the number of RWS reports we delivered increased from two to 450. Given these achievements and the ongoing upward industry trends, we believe that we can sustain the growth of our RWS support services. From 2022 to 2023, the average purchase amount of our information technology services per corporate and institutional customer increased from approximately RMB252,300 to approximately RMB585,900.

Our revenue generated from digital marketing services increased by 72.2% from RMB90.8 million in 2022 to RMB156.4 million in 2023, primarily attributable to our deepened collaboration with pharmaceutical companies, especially large pharmaceutical companies with budgets for advertising activities. During the Track Record Period, we have been establishing our brand image in the health and wellness market through our enhanced marketing efforts, becoming a preferred platform for pharmaceutical companies to reach their target audience effectively. Moreover, we have further expanded our service portfolio under digital marketing services in 2023 to better cater to the needs of pharmaceutical companies. In addition to promoting products and services, we also directly highlight brand images as part of content display, which could help enhance brand visibility, reputation and market presence for pharmaceutical companies. Such collaboration with pharmaceutical companies enabled us to drive our revenue growth despite intensified competition of digital marketing services.

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Cost of Sales

Our cost of sales increased by 161.7% from RMB323.3 million in 2022 to RMB846.2 million in 2023, which was in line with our revenue growth and business expansion.

Health and Medical Services

Our cost of sales of health and medical services increased by 214.1% from RMB53.9 million in 2022 to RMB169.3 million in 2023, primarily due to the increases in the cost of sales of medical support services and value-based medical services.

Our cost of sales of medical support services increased by 114.9% from RMB36.8 million in 2022 to RMB79.1 million in 2023, primarily due to the increased cost of services in relation to our medical support services, which was due to the increase in customer base and utilization rate of our health membership schemes.

Our cost of sales of value-based medical services increased by 427.5% from RMB17.1 million in 2022 to RMB90.2 million in 2023, primarily due to the increased cost of goods in relation to our pharmaceutical sales business, which was in line with its revenue growth.

Corporate and Digital Marketing Services

Our cost of sales of corporate and digital marketing services increased by 152.3% from RMB268.2 million in 2022 to RMB676.6 million in 2023, primarily due to the increases in the cost of sales of corporate services and digital marketing services.

Our cost of sales of corporate services increased by 188.2% from RMB203.4 million in 2022 to RMB586.2 million in 2023, primarily due to the increase in content development cost paid to physicians in relation to our RWS support services in order to collect real-world clinical data through patient surveys and physician surveys, which was in line with its revenue growth.

Our cost of sales of digital marketing services increased by 39.4% from RMB64.9 million in 2022 to RMB90.5 million in 2023, primarily due to increase in cost of service paid to third-party advertising service providers, in line with the increase in revenue from our digital marketing services. The cost of services that we paid to third-party advertising service providers increased from RMB63.9 million in 2022 to RMB88.9 million in 2023.

Gross Profit and Gross Profit Margin

Our gross profit increased by 62.0% from RMB245.8 million in 2022 to RMB398.2 million in 2023. Our gross profit margin decreased from 43.2% in 2022 to 32.0% in 2023.

Health and Medical Services

The gross profit of health and medical services decreased from RMB129.1 million in 2022 to RMB128.2 million in 2023, primarily due to the decreases in the gross profit of medical support services and value-based medical services.

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The gross profit margin of health and medical services decreased from 70.6% in 2022 to 43.1% in 2023, primarily due to the decreased gross profit margin of medical support services and value-based medical services.

Our gross profit margin of medical support services decreased from 59.7% in 2022 to 42.5% in 2023, primarily due to (i) the increase in cost of sales as a result of increased utilization rate of our health membership schemes; and (ii) the decrease in breakage revenue from deposit in inactive *HealthyWay* mobile application accounts, which generally has a relatively higher gross profit margin.

Our gross profit margin of value-based medical services decreased from 81.3% in 2022 to 43.6% in 2023, primarily reflecting the increased revenue contribution of pharmaceutical sales business, which generally has a relatively lower gross profit margin. From 2022 to 2023, the gross profit of our pharmaceutical sales business increased from RMB0.2 million to RMB13.9 million, in line with its increased revenue. However, its gross profit margin decreased from 34.8% to 14.7%, primarily because majority of our revenue in 2023 under pharmaceutical sales business was generated from specialty pharmacies and pharmaceutical wholesale business, as compared with community pharmacy in 2022. According to Frost & Sullivan, the gross profit margin for pharmaceutical wholesale business generally ranges from 5% to 10%, and the gross profit margin for specialty pharmacies is generally around 10%, while that for community pharmacies generally ranges from 30% to 40%. Such discrepancy in gross profit margins between specialty pharmacies and community pharmacies is primarily because (i) besides medicines, community pharmacies also sell medical devices such as blood pressure monitors and facial masks, which have higher gross profit margin; and (ii) specialty pharmacies generally incur higher operating costs because they are usually located near hospitals where rents are higher, and they require more pharmacists, which increases labor cost.

Corporate and Digital Marketing Services

The gross profit of corporate and digital marketing services increased from RMB116.4 million in 2022 to RMB269.1 million in 2023, mainly attributable to the increases in the gross profit of corporate services and digital marketing services.

The gross profit margin of corporate and digital marketing services decreased from 30.3% in 2022 to 28.5% in 2023, primarily due to the increased revenue contribution and decreased gross profit margin of corporate services, which was partially offset by the increased gross profit margin of our digital marketing services.

Our gross profit margin of corporate services decreased from 30.8% in 2022 to 25.7% in 2023, primarily due to the decrease in gross profit margin of information technology services. Such gross profit margin decreased primarily because we engaged more third-party information technology service providers and incurred more technical subcontracting cost to support our marketing consulting services.

The gross profit margin of digital marketing services increased from 28.6% in 2022 to 42.1% in 2023, primarily because we prioritized providing digital marketing services for pharmaceutical companies through our *HealthyWay* mobile application and our WeChat

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public accounts, which have a higher profit margin over third-party advertising service providers. With our expanded service portfolio under digital marketing services, we believe our *HealthyWay* mobile application and our WeChat public accounts can better serve pharmaceutical companies in relation to advertisement of their brand image over third-party advertising service providers. That is because our *HealthyWay* mobile application and our WeChat public accounts can better reach target audiences of pharmaceutical companies, enhancing the effectiveness of brand image display.

Other Net Income/(Loss)

Our other net income decreased by 51.9% from RMB8.1 million in 2022 to RMB3.9 million in 2023, which was primarily attributable to the decrease in net gain on disposal of subsidiaries, partially offset by the decrease in net foreign exchange loss.

Selling Expenses

Our selling expenses increased by 43.7% from RMB147.4 million in 2022 to RMB211.8 million in 2023, primarily due to the increase in advertising and marketing expenses from RMB131.1 million in 2022 to RMB187.3 million in 2023. The increase in advertising and marketing expenses was primarily due to the increase in expenses for promotion of our overall brand and offerings among customers, physicians and hospitals. Such expenses increased from RMB37.7 million in 2022 to RMB137.3 million in 2023, primarily because we engaged (a) third-party online advertising service providers to expose our brand and services to target audiences by advertising on social media platforms; and (b) third-party offline promotion agencies to promote our platform to physicians.

Such increase was partially offset by the decrease in the expenses for marketing campaigns specifically related to our healthcare service packages, and the decrease in expenses for promotion of health membership schemes to corporate customers.

Administrative Expenses

Our administrative expenses increased by 93.7% from RMB41.2 million in 2022 to RMB79.8 million in 2023, primarily due to the increases in office expenses and listing expenses, partially offset by the decrease in staff costs.

Research and Development Costs

Our research and development costs increased from RMB54.4 million in 2022 to RMB103.4 million in 2023. The increase in research and development costs was primarily due to the increases in technical and outsourcing service fees and depreciation and amortization.

Finance Cost

Our finance cost increased by 106.3% from RMB1.6 million in 2022 to RMB3.3 million in 2023. The increase in finance cost was primarily due to the increase in interest expenses, as we took more bank loans to support our business expansion.

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Loss before Taxation

As a result of the foregoing, our loss before taxation increased by 24.6% from a loss before taxation of RMB257.6 million in 2022 to a loss before taxation of RMB320.9 million in 2023.

Income Tax

In 2022 and 2023, our income tax credit was RMB2.0 million and RMB7.1 million, respectively. The increase in income tax credit was primarily due to movements in deferred tax assets and liabilities.

Net Loss

As a result of the foregoing, our net loss increased by 22.8% from RMB255.6 million in 2022 to RMB313.9 million in 2023.

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

Revenue

Our revenue increased by 31.9% from RMB431.3 million in 2021 to RMB569.1 million in 2022. The increase in total revenue was primarily driven by the increases in revenue generated from (i) health and medical services; and (ii) corporate and digital marketing services.

Health and Medical Services

Our revenue generated from health and medical services increased by 42.9% from RMB128.1 million in 2021 to RMB183.0 million in 2022, primarily due to the increases in revenue generated from our medical support services and value-based medical services.

Our revenue generated from medical support services increased by 38.3% from RMB66.1 million in 2021 to RMB91.4 million in 2022, primarily attributable to the growth of our health membership schemes, as we collaborated with more corporate customers, such as insurance companies and insurance brokerage companies. From 2021 to 2022, the corporate customers of our health membership schemes increased from 211 to 330.

Our revenue generated from value-based medical services increased by 47.7% from RMB62.0 million in 2021 to RMB91.6 million in 2022, primarily attributable to the breakage amount we recognized as revenue in 2022, which was generated from the unutilized health membership schemes included in the healthcare service packages sold in 2021. See “Business—Our Services—Health and Medical Services—Breakage” for more details.

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Corporate and Digital Marketing Services

The revenue generated from corporate and digital marketing services increased by 27.7% from RMB301.1 million in 2021 to RMB384.6 million in 2022, primarily due to the increases in revenue generated from digital marketing services and corporate services.

Our revenue generated from corporate services increased by 24.9% from RMB235.3 million in 2021 to RMB293.8 million in 2022, primarily attributable to the increase in revenue generated from information technology services from RMB51.0 million in 2021 to RMB110.5 million in 2022. The increase in the revenue generated from information technology services was mainly because of the increase in the average purchase amount per customer from approximately RMB107,000 in 2021 to approximately RMB252,300 in 2022. This could be attributable to our enhanced marketing efforts to strengthen our brand in the digital health corporate service market, and more importantly, the continuously improved technological solutions that we were able to deliver to the customers. Our revenue generated from content services remained relatively stable from 2021 to 2022, as the increase in revenue generated from RWS support services was offset by the decreases in revenue generated from wellness content services and precision content services. Due to the growing popularity of short video social platforms which divert online traffic and intensified the competition of digital marketing services, the amount of page views of our wellness content articles, and the amount of precision marketing content we published decreased in 2022, resulting in the decreases in revenue of our precision content services and wellness content services. As we took effort to diversify our services and customer portfolio, we launched our RWS support services in 2022, which generated revenue of RMB54.5 million in 2022, and expanded more corporate customers.

Our revenue generated from digital marketing services increased by 38.0% from RMB65.8 million in 2021 to RMB90.8 million in 2022, primarily attributable to our effort in upgrading our platform, enlarging user base of our *HealthyWay* mobile application and our WeChat public accounts, and actively collaborating with third-party advertising service providers, which made our customers more willing to promote their services and products through our digital marketing services.

Cost of Sales

Our cost of sales increased by 25.4% from RMB257.8 million in 2021 to RMB323.3 million in 2022, which was in line with our revenue growth and business expansion.

Health and Medical Services

Our cost of sales for health and medical services increased by 26.5% from RMB42.6 million in 2021 to RMB53.9 million in 2022, primarily due to the increase in the cost of sales for medical support services, partially offset by the decrease of cost of sales for value-based medical services.

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Our cost of sales of medical support services increased significantly from RMB14.3 million in 2021 to RMB36.8 million in 2022, primarily due to the increased cost of services of our medical support services, and the increased utilization rate of the services included in our health membership schemes, as we optimized the service offering by providing more valuable services in our medical membership schemes and more users were inclined to make better use of their health membership schemes.

The cost of sales of value-based medical services decreased from RMB28.3 million in 2021 to RMB17.1 million in 2022, mainly due to the decreased cost of goods of health products in our healthcare service packages. We disposed one type of healthcare service package in 2022, and chose to focus on fewer selected healthcare services packages with higher gross profit margin. We also optimized the health product portfolio in other healthcare service packages in order to better control the cost.

Corporate and Digital Marketing Services

Our cost of sales of corporate and digital marketing services increased by 25.2% from RMB214.2 million in 2021 to RMB268.2 million in 2022, primarily due to the increased costs in relation to our digital marketing services, as we engaged more third-party advertising service providers to further expand our business. The cost of services that we paid to third-party advertising service providers increased from RMB26.1 million in 2021 to RMB63.9 million in 2022.

Gross Profit and Gross Profit Margin

Our gross profit increased by 41.7% from RMB173.5 million in 2021 to RMB245.8 million in 2022. Our gross profit margin increased from 40.2% in 2021 to 43.2% in 2022.

Health and Medical Services

The gross profit of health and medical services increased from RMB85.5 million in 2021 to RMB129.1 million in 2022, primarily due to the increases in the gross profit of our medical support services and value-based medical services.

The gross profit margin of health and medical services increased from 66.7% in 2021 to 70.6% in 2022, primarily due to the increased revenue contribution and increased gross profit margin of our value-based medical services in 2022, which was partially offset by the decreased gross profit margin of our medical support services.

Our gross profit margin for medical support services decreased from 78.4% in 2021 to 59.7% in 2022. Such decrease in gross profit margin was primarily due to (i) the increased cost of services from our medical support services, as we optimized the service offering by providing more valuable services in our medical membership schemes, such as the expert appointment scheduling, surgery appointment and scheduling, and medical escorting, which usually have higher costs; and (ii) the increasing utilization rate of our services included in the health membership schemes by our customers, as we took effort in optimizing the covered services and more users were inclined to make better use of their health membership schemes, which also incurred more costs.

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Our gross profit margin for value-based medical services increased from 54.4% in 2021 to 81.3% in 2022, primarily due to the increase in the gross profit margin of healthcare service packages. Our healthcare service packages business had an increased gross profit margin in 2022 compared to 2021 mainly because (i) in 2022, we recognized the breakage amount from unutilized health membership schemes included in the healthcare service packages sold in 2021 as revenue upon the expiry of the validity period, which has low cost in nature; and (ii) we effectively controlled the cost and optimized our package mix in the healthcare service packages by focusing on providing health products with relatively higher gross profit margin. From 2021 to 2022, the gross profit of our pharmaceutical sales business decreased from RMB0.4 million to RMB0.2 million, in line with its decreased revenue. Such decrease was primarily due to the decrease in the number of community pharmacies we operate, from two as of December 31, 2021 to one as of December 31, 2022, with Beijing Dekai Xiaowei disposed in March 2022. See “History, Reorganization and Corporate Structure—Major Shareholding Changes and Corporate History of our Company, Major Subsidiaries and Consolidated Affiliated Entities—8. Major Acquisitions and Disposals—Disposal of Beijing Dekai Xiaowei” for more information. The gross profit margin of our pharmaceutical sales business remained relatively stable at 37.9% and 34.8% in 2021 and 2022.

Corporate and Digital Marketing Services

The gross profit of corporate and digital marketing services increased from RMB86.9 million in 2021 to RMB116.4 million in 2022, mainly attributable to the increase in the gross profit of our corporate services.

The gross profit margin of corporate and digital marketing services increased from 28.9% in 2021 to 30.3% in 2022, primarily due to the increased revenue contribution and increased gross profit margin of our corporate services, which was partially offset by the decreased gross profit margin of our digital marketing services.

Our gross profit margin for corporate services increased from 20.3% in 2021 to 30.8% in 2022, resulting from (i) the greater revenue contribution and increased gross profit margin of our information technology services, as we expanded our marketing consulting services and effectively controlled our cost; and (ii) the increased gross profit margin of our content services, as we implemented effective cost control measures and had stronger bargaining power after building up our customer base. As the result of our effort in 2021 to acquire more corporate customers and expand our customer portfolio, the number of corporate customers for our content services increased from two in 2021 to 20 in 2022, and the revenue generated from new corporate customers of our content services was RMB79.9 million in 2022. The gross profit generated from content services increased from RMB25.7 million in 2021 to RMB33.6 million in 2022.

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The gross profit margin of digital marketing services decreased from 59.4% in 2021 to 28.6% in 2022. According to Frost & Sullivan, the online traffic and user attention on WeChat public accounts and other mobile applications have been diverted to various short video social platforms in recent years, as reflected by the growing popularity of such platforms. In order to meet the increased market demand and to expand our digital marketing services, we actively explored different marketing channels, and engaged with more third-party advertising service providers, which provided us with resources to achieve our marketing objectives. The engagement with third-party advertising service providers incurred additional costs compared to utilization of our own marketing channels, resulting in the decrease of gross profit margin of our digital marketing services.

Other Net Income/(Loss)

Our other net income increased by 9.5% from RMB7.4 million in 2021 to RMB8.1 million in 2022, which was primarily attributable to the increase of RMB9.4 million in net gain on disposal of subsidiaries, partially offset by (i) net foreign exchange loss; and (ii) net loss on sale of property, plant and equipment.

Selling Expenses

Our selling expenses increased by 16.6% from RMB126.4 million in 2021 to RMB147.4 million in 2022, primarily due to the increase in advertising and marketing expenses from RMB105.4 million in 2021 to RMB131.1 million in 2022. The increase in advertising and marketing expenses was primarily due to (i) the increase in expenses for promotion of health membership schemes to corporate customers; and (ii) the increase in expenses for promotion of our overall brand and offerings among customers, physicians and hospitals. Such increase was partially offset by the decrease in the expenses for marketing campaigns specifically related to our healthcare service packages, and the decrease in expenses for performance-based user acquisition marketing campaigns for our platform. We engaged third-party service providers and promotion agencies, which are Independent Third Parties, to implement these marketing initiatives, primarily because of (i) their offline execution capability to promote our service offerings to target customers in an efficient manner; (ii) their expertise and experience to advertise through digital media platforms; and (iii) their technology capability to reach and convert target audience. Such third-party service providers and promotion agencies specialize in information technology consulting services, value-added telecommunications services, Internet technology services, and technology consulting services.

In terms of (i) mentioned above, such expenses increased from RMB2.0 million in 2021 to RMB29.2 million in 2022, primarily because we incurred business development expenses due to referral of corporate customers by third parties.

In terms of (ii) mentioned above, such expenses increased from RMB17.9 million in 2021 to RMB37.7 million in 2022, primarily because we engaged (a) third-party online advertising service providers to expose our brand and services to target audiences by advertising on social media platforms; and (b) third-party offline promotion agencies to promote our platform to physicians.

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Administrative Expenses

Our administrative expenses decreased by 61.4% from RMB106.8 million in 2021 to RMB41.2 million in 2022, primarily due to the decrease in our staff costs, partially offset by the increase in listing expenses.

Research and Development Costs

Our research and development costs increased significantly from RMB14.1 million in 2021 to RMB54.4 million in 2022. The increase in research and development costs was primarily because of the increased investment in our technology infrastructure and our engagement with third-party software development companies to systematically upgrade and optimize our digital platform, software and system, in order to better serve our customers and support our business growth.

Finance Cost

Our finance cost increased by 33.3% from RMB1.2 million in 2021 to RMB1.6 million in 2022. The increase in finance cost was primarily due to the increase in interest expenses, as we took more loans to support our business expansion.

Loss before Taxation

As a result of the foregoing, our loss before taxation increased by 69.4% from a loss before taxation of RMB152.1 million in 2021 to a loss before taxation of RMB257.6 million in 2022.

Income Tax

In 2021, our income tax expenses was RMB3.2 million, and in 2022 we recorded an income tax credit of RMB2.0 million. The fluctuation in income tax was primarily due to the movements in deferred tax assets and liabilities.

Net Loss

As a result of the foregoing, our net loss increased by 64.6% from RMB155.3 million in 2021 to RMB255.6 million in 2022.

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DISCUSSION OF SELECTED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ITEMS

Current Assets and Liabilities

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

	As of December 31,			As of June 30,	As of
	2021	2022	2023	2024	October 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
					<i>(Unaudited)</i>
Current assets					
Inventories	259	5,763	13,770	30,211	24,024
Contract assets	2,470	145	298	257	230
Trade and other receivables	47,720	55,627	132,625	111,339	134,031
Prepayments	21,619	34,555	23,429	26,474	20,452
Restricted deposits . . .	1,004	135	135	135	135
Cash and cash equivalents	<u>44,022</u>	<u>69,719</u>	<u>168,693</u>	<u>149,736</u>	<u>129,524</u>
Total current assets . .	<u>117,094</u>	<u>165,944</u>	<u>338,950</u>	<u>318,152</u>	<u>308,396</u>
Current liabilities					
Trade and other payables	108,474	109,728	193,885	195,209	181,114
Contract liabilities . . .	84,499	90,254	57,347	50,391	45,754
Loans and borrowings	10,010	49,371	88,479	78,406	84,311
Lease liabilities	1,615	2,188	3,211	3,046	2,703
Redemption liabilities . .	1,120,640	1,388,474	1,713,253	1,776,242	1,851,513
Current taxation	<u>969</u>	<u>991</u>	<u>4,649</u>	<u>4,961</u>	<u>5,169</u>
Total current liabilities	<u>1,326,207</u>	<u>1,641,006</u>	<u>2,060,824</u>	<u>2,108,255</u>	<u>2,170,564</u>
Net current liabilities . .	<u>(1,209,113)</u>	<u>(1,475,062)</u>	<u>(1,721,874)</u>	<u>(1,790,103)</u>	<u>(1,862,168)</u>

Our net current liabilities increased by 4.0% from RMB1,790.1 million as of June 30, 2024 to RMB1,862.2 million as of October 31, 2024, primarily due to (i) an increase of RMB75.3 million in redemption liabilities due to the increasing equity value of our Group and (ii) a decrease of RMB20.2 million in cash and cash equivalents partially offset by (i) an increase of RMB22.7 million in trade and other receivables and (ii) a decrease of RMB14.1 million in trade and other payables.

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Our net current liabilities increased by 4.0% from RMB1,721.9 million as of December 31, 2023 to RMB1,790.1 million as of June 30, 2024, primarily due to (i) an increase of RMB63.0 million in redemption liabilities due to the increasing equity value of our Group, (ii) a decrease of RMB21.3 million in trade and other receivables, as we subsequently collected trade and other receivables that were outstanding as of December 31, 2023 and (iii) a decrease of RMB19.0 million in cash and cash equivalents, partially offset by (i) an increase of RMB16.4 million in inventories in line with the expansion of our pharmaceutical sales business and (ii) a decrease of RMB10.1 million in loans and borrowings due to our repayment of outstanding loans and borrowings as of December 31, 2023.

Our net current liabilities increased by 16.7% from RMB1,475.1 million as of December 31, 2022 to RMB1,721.9 million as of December 31, 2023, primarily due to (i) an increase of RMB324.8 million in redemption liabilities due to the increasing equity value of our Group, (ii) an increase of RMB84.2 million in trade and other payables in line with our business growth and (iii) an increase of RMB39.1 million in current loans and borrowings to support our business expansion, partially offset by (i) an increase of RMB99.0 million in cash and cash equivalents, (ii) an increase of RMB77.0 million trade and other receivables in line with the business expansion of our information technology services, RWS support services and pharmaceutical sales business, and (iii) a decrease of RMB32.9 million in contract liabilities in line with the decreased revenue from healthcare service packages.

Our net current liabilities increased by 22.0% from RMB1,209.1 million as of December 31, 2021 to RMB1,475.1 million as of December 31, 2022, primarily due to (i) an increase of RMB267.8 million in redemption liabilities due to the increasing equity value of our Group and (ii) an increase of RMB39.4 million in current loans and borrowings to support our business expansion, partially offset by (i) an increase of RMB25.7 million in cash and cash equivalents, (ii) an increase of RMB13.0 million in prepayments due to increase in advance payments to third-party advertising service providers and (iii) an increase of RMB7.9 million in trade and other receivables in line with our revenue growth.

Our net liabilities increased by 3.4% from RMB1,652.1 million as of December 31, 2023 to RMB1,708.9 million as of June 30, 2024, primarily due to our loss for the period of RMB57.3 million.

Our net liabilities increased by 14.7% from RMB1,440.8 million as of December 31, 2022 to RMB1,652.1 million as of December 31, 2023, primarily due to our loss for the year of 2023 of RMB313.9 million, partially mitigated by capital injection from equity shareholders of RMB101.4 million.

Our net liabilities increased by 20.1% from RMB1,199.2 million as of December 31, 2021 to RMB1,440.8 million as of December 31, 2022, primarily due to our loss for the year of 2022 of RMB255.6 million, partially mitigated by (i) capital injection from equity shareholders of RMB9.8 million, and (ii) arising from acquisition of a subsidiary of RMB2.8 million.

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We intend to further improve our net current liabilities position through various measures, for example:

- (i) We plan to improve our operating cash flows and enlarge our net cash generated from operating activities as a result of our enhanced profitability from synergies created by our business segments and economies of scale;
- (ii) We plan to improve our trade payables management. We expect to enhance our bargaining power over our suppliers as we scale up our business, and we plan to negotiate better credit terms with our suppliers for extended payment cycles;
- (iii) We expect to optimize inventory levels and procure medicines and medical devices for our pharmaceutical sales business based on more accurate sales forecast. We will leverage historical sales data, seasonal trends, and market analysis to predict future sales more accurately, and set optimal inventory levels that balance the risk of stockouts against the cost of holding excess inventory;
- (iv) We plan to enhance our trade receivables management by closely monitoring the credit profiles and operating and financial conditions of our customers, and maintain robust collection of trade receivables by proactively following up on our customers to ensure their payments as scheduled. We also plan to increase the focus on trade receivable collection when evaluating the performance of our sales team;
- (v) We will continue to review regularly and update our liquidity and funding policies to ensure that it is aligned with our business plan and financial position. We will also utilize other financial resources available to us, including the net proceeds from the Global Offering, capital injection from equity shareholders, our current cash and cash equivalents and our net cash flows from operating activities and financing activities to fund our daily operations, which would lower our current liabilities by reducing current loans and borrowings.

Working Capital Sufficiency

Taking into account below sources of liquidity available to us:

- (i) the classification of redemption obligations of RMB1,776.2 million as of June 30, 2024 as financial liabilities, whose holders have agreed that their redemption rights will automatically be canceled upon Listing and the related liabilities will be re-classified to equity;
- (ii) the undrawn bank facilities amounting to RMB57.0 million as of June 30, 2024 which will expire from July 2025 to January 2026;
- (iii) future projection of our profit and cash inflows from operations,

our Directors believe that we have sufficient working capital to meet our present and future cash requirements for at least the next 12 months from the date of this prospectus.

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Our Directors confirm that we had no material defaults in payment of trade and non-trade payables and borrowings, and no material breaches of covenants during the Track Record Period and up to the Latest Practicable Date.

Inventories

Our inventories primarily include medicines and health products. Our inventories increased from RMB0.3 million as of December 31, 2021 to RMB5.8 million as of December 31, 2022, primarily due to the acquisition of Jianmingtang in December 2022, which is a pharmaceutical retailer with its own medicine stock. Our inventories further increased from RMB5.8 million as of December 31, 2022 to RMB13.8 million as of December 31, 2023, and further to RMB30.2 million as of June 30, 2024, primarily due to increased medicine stock in relation to our pharmaceutical sales business.

The following table sets out an aging analysis of our inventories as of the dates indicated.

	As of December 31,			As of
	2021	2022	2023	June 30,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	97	5,374	13,571	30,042
More than one year but within two years	31	377	189	142
More than two years but within three years	126	1	10	27
Over three years	5	11	—	—
Total	259	5,763	13,770	30,211

Our inventories are primarily aged one year or less. We strictly follow a first-in, first-out for the utilization of the medicines and health products, and conduct inspections on our inventories on a quarterly basis. Our Directors are of the view that there is no recoverability issue for our inventories and no write-down needs to be made.

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The following table sets forth the turnover days of our inventory for the years and period indicated.

	Year ended December 31,			Six months ended June 30,
	2021	2022	2023	2024
	Inventory turnover days ⁽¹⁾	1.0	3.4	4.2

Note:

(1) Inventory turnover days for a period equals the average of the opening and closing inventory balance divided by cost of sales for the relevant period and multiplied by 180 days or 360 days, as applicable.

Our average inventory turnover days increased from 1.0 days in 2021 to 3.4 days in 2022, primarily due to increased inventory balance from the acquisition of Jianmingtang in December 2022. Our average inventory turnover days increased from 3.4 days in 2022 to 4.2 days in 2023, primarily due to the increased inventory balance in relation to our pharmaceutical sales business. Our average inventory turnover days further increased from 4.2 days in 2023 and 9.3 days in the six months ended June 30, 2024, primarily because we strategically increased the inventories of the drug commonly used to treat Influenza A and B viruses for our pharmaceutical wholesale business. This proactive measure aims to prevent potential supply disruptions during the upcoming influenza season in the second half of the year.

As of October 31, 2024, RMB12.8 million, or 42.4% of our inventories as of June 30, 2024 had been sold or utilized, which was in line with our inventory turnover days.

Contract Assets

Our contract assets represent our right to consideration for work we have completed but have not reached the time schedule or condition set forth in the service contract for billing our customers. All of our contract assets were raised from the performance under software and technology development services, which we provided in our information technology services. When we have an unconditional right to payments, the amounts recognized as contract assets will be re-classified to trade receivables.

Our contract assets decreased from RMB2.5 million as of December 31, 2021 to RMB0.1 million as of December 31, 2022, mainly due to (i) our effort to reduce the amount of retention under our software development contract as we enjoy stronger bargaining power, and (ii) the disposal of our subsidiary with contract assets. Our contract assets remained stable at RMB0.1 million and RMB0.3 million as of December 31, 2022 and December 31, 2023, respectively. Our contract assets remained stable at RMB0.3 million as of December 31, 2023 and June 30, 2024.

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Trade and Other Receivables

Our trade receivable represents the outstanding amounts due from our customers for the purchase of the service we provided in the ordinary course of business. Our trade and other receivables increased from RMB47.7 million as of December 31, 2021 to RMB55.6 million as of December 31, 2022, and then to RMB132.6 million as of December 31, 2023, in line with our business expansion. Our trade and other receivables decreased from RMB132.6 million as of December 31, 2023 to RMB111.3 million as of June 30, 2024, primarily because we subsequently collected trade and other receivables that were outstanding as of December 31, 2023.

The following table sets out our trade and other receivables as of the dates indicated.

	<u>As of December 31,</u>			<u>As of</u>
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>June 30,</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables, net of loss allowance				
– Third parties	34,659	33,944	112,121	83,357
– Related parties	4,267	3,165	1,465	2,337
Amounts due from related parties	646	1,109	136	177
Consideration receivables from a related party	1,000	1,000	–	–
Consideration receivables from third parties	–	6,541	–	–
Deposits	2,606	3,172	3,374	4,634
Other receivables	<u>4,542</u>	<u>6,696</u>	<u>15,529</u>	<u>20,834</u>
Total	<u>47,720</u>	<u>55,627</u>	<u>132,625</u>	<u>111,339</u>

Our trade receivables, net of loss allowance from third parties mainly include trade receivables arising from our information technology services, content services and health membership schemes. Our trade receivables, net of loss allowance from third parties decreased from RMB34.7 million as of December 31, 2021 to RMB33.9 million as of December 31, 2022, primarily due to our enhanced collection of trade receivables. Our trade receivables, net of loss allowance from third parties increased from RMB33.9 million as of December 31, 2022 to RMB112.1 million as of December 31, 2023, primarily due to the business expansion and revenue growth of our information technology services, RWS support services and pharmaceutical sales business, for which we granted credit periods of around 30 days to customers. As of December 31, 2023, RMB44.8 million, RMB38.6 million, RMB8.8 million of our trade receivables, net of loss allowance were attributable to our information technology services, RWS support services and pharmaceutical sales business, respectively. Our trade receivables, net of loss allowance from third parties decreased from RMB112.1 million as of December 31, 2023 to RMB83.4 million as of June

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30, 2024, primarily because we subsequently collected trade and other receivables that were outstanding as of December 31, 2023.

Our trade receivables, net of loss allowance from related parties mainly consists of trade receivables arising from the technology cooperation contracts with Baidu Netcom and Fujian Health Management Internet Technology Limited (福建健康管家網絡科技有限公司). Our trade receivables, net of loss allowance from related party decreased from RMB4.3 million as of December 31, 2021 to RMB3.2 million as of December 31, 2022, and further decreased to RMB1.5 million as of December 31, 2023, mainly because we have settled most of the trade receivables with Fujian Health Management Internet Technology Limited in 2021, and settled most of the trade receivables with Baidu Netcom in 2022 and 2023. Our trade receivables, net of loss allowance from related party increased from RMB1.5 million as of December 31, 2023 to RMB2.3 million as of June 30, 2024, primarily due to increase in trade receivables from Baidu Netcom arising from information technology services.

Amounts due from related parties mainly include loans made to Health Road (Guangzhou) Technology to support its daily operation. The amount is non-trade in nature and is expected to be settled before Listing.

Consideration receivables from a related party represent consideration receivables arising from disposal of equity interest in subsidiaries to related party. The amount was settled by December 31, 2023.

Consideration receivables from third parties represent consideration receivables arising from disposal of equity interest in subsidiaries to third parties. The amount was settled by December 31, 2023.

Deposits mainly represent deposits for fulfilling contract obligations, deposits for participating in tender and bidding process of health service projects, deposits for office tenancy and prepayments to medical institutions for the health services procured. Our deposits increased from RMB2.6 million as of December 31, 2021 to RMB3.2 million as of December 31, 2022, and further increased to RMB3.4 million as of December 31, 2023 and RMB4.6 million as of June 30, 2024, mainly due to the increase in deposits for fulfilling contract obligation to our customers to ensure our satisfactory performance of contracts, in line with our increased revenue.

Other receivables represent borrowings, reserve fund, online account balance and VAT recoverable. Our other receivables were RMB4.5 million and RMB6.7 million as of December 31, 2021 and 2022, respectively. Our other receivables increased from RMB6.7 million as of December 31, 2022 to RMB15.5 million as of December 31, 2023, and further to RMB20.8 million as of June 30, 2024, primarily due to the increase of RMB8.7 million and RMB3.1 million in VAT recoverable in 2023 and for the six months ended June 30, 2024, respectively.

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The following table sets out an aging analysis of our trade receivables as of the dates indicated.

	<u>As of December 31,</u>			As of
	2021	2022	2023	June 30,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one month.	32,768	30,441	95,377	70,938
More than one month but within one year	5,281	4,809	17,690	14,087
More than one year but within two years	736	1,659	496	662
More than two years but within three years	<u>141</u>	<u>200</u>	<u>23</u>	<u>7</u>
Total	<u>38,926</u>	<u>37,109</u>	<u>113,586</u>	<u>85,694</u>

The following table sets out our trade receivables turnover days for the years and period indicated.

	<u>Year ended December 31,</u>			Six months
	2021	2022	2023	ended
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	June 30,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2024
Trade receivables turnover days ⁽¹⁾	<u>23.8</u>	<u>24.1</u>	<u>21.8</u>	<u>29.3</u>

Note:

(1) Trade receivables turnover days for a period equals the average of the opening and closing trade receivables balance divided by total revenue during the relevant period and multiplied by 180 days or 360 days, as applicable.

Our trade receivables turnover days remained stable at 23.8 days and 24.1 days in 2021 and 2022, respectively, and improved to 21.8 days in 2023 primarily attributable to more efficient collection of trade receivables. Our average trade receivables turnover days increased from 21.8 days in 2023 to 29.3 days for the six months ended June 30, 2024, primarily because we offered more favorable credit terms to our customers to strengthen customer relationship and drive long-term business growth and stability.

As of October 31, 2024, RMB74.8 million, or 87.3% of our trade receivables as of June 30, 2024 had been settled.

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Prepayments

Our prepayments mainly represent advance payments to suppliers for products, outsourcing developers for technical and digital system, and advance payments to third-party advertising service providers and content development suppliers. Our prepayments increased from RMB21.6 million as of December 31, 2021 to RMB34.6 million as of December 31, 2022, mainly due to the increase in advance payments to our third-party advertising service providers, in line with our business growth. Our prepayments decreased from RMB34.6 million as of December 31, 2022 to RMB23.4 million as of December 31, 2023, mainly due to the decrease in advance payments to third-party advertising service providers as a result of our enhanced management and control of cash flow. Our prepayment increased from RMB23.4 million as of December 31, 2023 to RMB26.5 million as of June 30, 2024, primarily due to the increase in advance payments to content development suppliers in support of our content services.

As of October 31, 2024, RMB15.3 million, or 54.6% of our prepayment as of June 30, 2024 had been settled.

Trade and Other Payables

Our trade and other payables represent trade creditors, amount due to related parties, salaries and bonus payables, receipts in advances, and other payables.

The following table sets forth the breakdown of our trade and other payables.

	As of December 31,			As of
	2021	2022	2023	June 30,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade creditors.	12,802	29,072	86,318	104,312
Amounts due to related parties . . .	217	2,053	95	–
Amounts due to shareholders.	1,433	1,433	4,260	4,289
Salaries and bonus payables.	21,523	20,972	24,319	20,000
Receipts in advance	45,228	26,708	20,895	18,783
Other payables	<u>27,271</u>	<u>29,490</u>	<u>57,998</u>	<u>47,825</u>
Total	<u>108,474</u>	<u>109,728</u>	<u>193,885</u>	<u>195,209</u>

Our trade and other payables were RMB108.5 million, RMB109.7 million, RMB193.9 million and RMB195.2 million as of December 31, 2021, 2022 and 2023 and June 30, 2024.

Our trade creditors mainly consist of service fees payable arising from information technology services, content services, and trade payables in relation to operational support. Our trade creditors increased from RMB12.8 million as of December 31, 2021 to RMB29.1 million as of December 31, 2022, and further increased to RMB 86.3 million as of December 31, 2023 and RMB104.3 million as of June 30, 2024. The increases were primarily attributable to the growth of our business.

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Our amounts due to related parties are unsecured, interest-free and repayable on demand. Our amounts due to related parties increased from RMB0.2 million as of December 31, 2021 to RMB2.1 million as of December 31, 2022, primarily due to the disposal of Zhongjian Xinlian (Xiamen). Our amounts due to related parties decreased from RMB2.1 million as of December 31, 2022 to RMB0.1 million as of December 31, 2023, and further decreased to nil as of June 30, 2024, primarily because we have settled most of outstanding amounts with related parties in 2023. Our amounts due to related parties are non-trade in nature and was settled by June 30, 2024.

Our amounts due to shareholders represent amounts due to Mr. Zhang and Affluent Base, which are unsecured, interest-free and repayable on demand. Our amounts due to shareholders were RMB1.4 million, RMB1.4 million, RMB4.3 million and RMB4.3 million as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively. Our amounts due to shareholders are non-trade in nature and are expected to be settled before Listing.

Salaries and bonus payables primarily consist of employees' base salaries, bonuses, insurances and housing funds. Our salaries and bonus payables remained stable at RMB21.5 million and RMB21.0 million as of December 31, 2021 and December 31, 2022, respectively. Our salaries and bonus payables increased from RMB21.0 million as of December 31, 2022 to RMB24.3 million as of December 31, 2023, primarily due to the increase in performance-based year-end bonus paid to our staff in line with the growth of our business. Our salaries and bonus payables decreased from RMB24.3 million as of December 31, 2023 to RMB20.0 million as of June 30, 2024, primarily because we paid the year-end bonus accrued as of December 31, 2023.

Receipts in advance represent receipt in advance deposited by our customers, which could be utilized in the hospital registration and purchasing any of our services or products. Our receipts in advance decreased from RMB45.2 million as of December 31, 2021 to RMB26.7 million as of December 31, 2022, and further decreased to RMB20.9 million as of December 31, 2023 and RMB18.8 million as of June 30, 2024, mainly because our customers tended to use mobile payment methods more and relied less on the top-up service when they made purchases on our platform. The prevailing mobile payment methods these days allow customers to pay the exact amount at checkouts without incurring any unused balance on their accounts.

As of October 31, 2024, RMB87.6 million, or 83.9% of our trade payables as of June 30, 2024 had been settled.

Contract Liabilities

We generally receive payments from customers based on billing schedules set in the contract for services. Under our medical support services, membership payments are usually received in advance of the provision of our health and medical services. Under the information technology services, we receive advance from customers before delivery of our software products. In addition, our contract liabilities also include advertising promotion fees from our customers of digital marketing services.

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The following tables set forth the breakdown and the movement of our contract liabilities as of the dates indicated.

	As of December 31,			As of
	2021	2022	2023	June 30,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2024
Health and medical services	64,420	79,916	47,784	40,008
Corporate and digital marketing services	19,862	10,211	9,377	10,304
Others	217	127	186	79
Total	<u>84,499</u>	<u>90,254</u>	<u>57,347</u>	<u>50,391</u>

	As of December 31,			As of
	2021	2022	2023	June 30,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2024
Balance at the beginning of the year	40,604	84,499	90,254	57,347
Breakage revenue recognised that was included in the balance of contract liabilities at the beginning of the year	(14,942)	(51,074)	(74,298)	(30,282)
Revenue excluding breakage recognised that was included in the balance of contract liabilities at the beginning of the year	(23,863)	(30,697)	(14,221)	(21,318)
Increase in contract liabilities as a result of receipt in advance arising from corporate and digital marketing services and health and medical services . . .	82,700	87,526	55,612	44,644
Balance at the end of the year/ period	<u>84,499</u>	<u>90,254</u>	<u>57,347</u>	<u>50,391</u>

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Our contract liabilities increased from RMB84.5 million as of December 31, 2021 to RMB90.3 million as of December 31, 2022. Such increases were primarily due to the growth of our health and medical services business. Our contract liabilities decreased from RMB90.3 million as of December 31, 2022 to RMB57.3 million as of December 31, 2023 and RMB50.4 million as of June 30, 2024, primarily in line with the decreased revenue from healthcare service packages.

As of October 31, 2024, RMB32.8 million, or 65.0% of our contract liabilities as of June 30, 2024, had been recognized as revenue.

Non-Current Assets/Liabilities

The following table sets forth our non-current assets and non-current liabilities as of the dates indicated.

	<u>As of December 31,</u>			<u>As of</u>
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>June 30,</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<u>2024</u>
				<i>RMB'000</i>
Non-current assets				
Property, plant and equipment	6,342	5,231	9,430	8,015
Intangible assets	2,513	16,308	39,268	45,103
Goodwill	2,871	8,605	8,605	8,605
Interests in associates	888	3,566	3,494	3,179
Deferred tax assets	<u>920</u>	<u>2,995</u>	<u>13,941</u>	<u>21,059</u>
Total non-current assets	<u>13,534</u>	<u>36,705</u>	<u>74,738</u>	<u>85,961</u>
Non-current liabilities				
Loans and borrowings	–	167	541	1,311
Lease liabilities	<u>3,647</u>	<u>2,266</u>	<u>4,375</u>	<u>3,404</u>
Total non-current liabilities	<u>3,647</u>	<u>2,433</u>	<u>4,916</u>	<u>4,715</u>

Property, Plant and Equipment

Our property, plant and equipment mainly consist of electronic and other equipment, motor vehicles, leasehold improvements and right-of-use assets as building leased for our own use. Our property, plant and equipment decreased from RMB6.3 million as of December 31, 2021 to RMB5.2 million as of December 31, 2022. The decrease was primarily due to the disposal of subsidiaries. Our property, plant and equipment increased from RMB5.2 million as of December 31, 2022 to RMB9.4 million as of December 31, 2023 primarily because we entered into new long-term lease agreements. Our property, plant and equipment decreased from RMB9.4 million as of December 31, 2023 to RMB8.0 million as of June 30, 2024, primarily due to depreciation.

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Intangible Assets

Our intangible assets mainly consist of software, dataset, and licenses. All of the intangible assets are with definite useful lives. Our intangible assets increased from RMB2.5 million as of December 31, 2021 to RMB16.3 million as of December 31, 2022, and further to RMB39.3 million as of December 31, 2023 and RMB45.1 million as of June 30, 2024, primarily because of our acquisition of dataset since 2022. The dataset we acquired in 2022 was RMB16.0 million and comprised approximately 0.3 million threads of medical and health-related Q&As. In 2023, we further invested RMB37.3 million in the dataset and purchased approximately 0.7 million threads of medical and health-related Q&As. For the six months ended June 30, 2024, we also invested RMB18.3 million in the dataset and purchased approximately 0.4 million threads of medical and health-related Q&As. We use such dataset to train advanced tools, which could potentially improve the efficiency of consultation guidance and medical consultations by reducing response time.

Our Directors assessed the impairment indication of the property, plant and equipment (including the right-of-use assets) and intangible assets as of December 31, 2021, 2022 and 2023 and June 30, 2024 by reviewing internal and external sources of information. If any such indication exists, the asset's recoverable amount is estimated by using the value in use model. Value in use was calculated by preparing discounted cash flows and any shortfall of the recoverable amount would be recognised as impairment. Although we incurred net losses throughout the Track Record Period, we did not make any impairment for the property, plant and equipment and intangible assets as of December 31, 2021, 2022 and 2023 and June 30, 2024. That is because after adding back equity-settled share-based payment expenses, changes in carrying amount of the redemption liabilities and listing expenses—which were the primary contributors to our net losses but unrelated to the performance of our property, plant and equipment and intangible assets—we recorded an adjusted net profit (non-IFRS measure) throughout the Track Record Period. Therefore, there was no indicator for impairment.

Goodwill

Our goodwill primarily represents goodwill arising from our acquisition of businesses. Our goodwill was RMB2.9 million, RMB8.6 million, RMB8.6 million and RMB8.6 million as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively, as the result of our acquisition of Choksend Communication in 2019 and our acquisition of Fujian Jianmingtang in 2022.

Our goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units (“CGUs”) for the purpose of impairment testing. For accounting policy regarding impairment of goodwill, see Note 2(i)(ii) to the Accountants' Report in Appendix I to this prospectus.

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As of December 31, 2021, 2022 and 2023 and June 30, 2024, our management performed impairment testing on goodwill arising from acquisition of ChokSend Communication (“**ChokSend Communication CGU**”). For the goodwill arising from acquisition of Jianmingtang (“**Jianmingtang CGU**”) on December 30, 2022, our management are of the view that no impairment test as of December 31, 2022 is considered necessary as the completion date of the acquisition is close to December 31, 2022. As of December 31, 2023 and June 30, 2024, we performed impairment testing on Jianmingtang CGU.

The recoverable amounts of CGUs are determined by our Directors with reference to the valuation performed by an independent valuer, and have been determined on the basis of value in use calculation. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated terminal growth rate of 3.0%. The growth rates used do not exceed the long-term average growth rates for the related industry in which CGUs operate. The discount rates used are pre-tax and reflect specific risks relating to the relevant industry, the CGU itself and macro-environment of the relevant region. Key assumptions are set out as follows.

	As of December 31,				As of June 30,	
	2021	2022	2023		2024	
	<i>ChokSend Communication</i>	<i>ChokSend Communication</i>	<i>ChokSend Communication</i>	<i>Jianmingtang</i>	<i>ChokSend Communication</i>	<i>Jianmingtang</i>
Annual growth rate of revenue	3.0%–6.0%	3.0%	2.2%	2.2%–23.3%	2.0%	2.0%–24.5%
Gross margin (% of revenue).	25.0%	30.0%	30.0%	10.9%–16.0%	30.0%	9.2%–16.1%
Long-term growth rate	3.0%	3.0%	2.2%	2.2%	2.0%	2.0%
Pre-tax discount rate.	18.6%	21.7%	24.1%	21.8%	25.7%	21.7%

As of December 31, 2021, 2022 and 2023 and June 30, 2024, the amounts of headroom calculated based on the recoverable amounts deducting the carrying amount of ChokSend Communication CGU are RMB7.3 million, RMB7.2 million, RMB5.6 million and RMB4.0 million respectively. As of December 31, 2023 and June 30, 2024, the amounts of headroom calculated based on the recoverable amounts deducting the carrying amount of Jianmingtang CGU are RMB2.0 million and RMB1.7 million.

Our management have undertaken sensitivity analysis on the impairment test of CGUs. The following table sets forth the hypothetical changes to the percentage points of long-term growth rate and pre-tax discount rate that would, in isolation, have removed the remaining headroom respectively as of December 31, 2021, 2022 and 2023 and June 30, 2024.

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	As of December 31,				As of June 30,	
	2021	2022	2023		2024	
	<i>ChokSend Communication</i>	<i>ChokSend Communication</i>	<i>ChokSend Communication</i>	<i>Jianmingtang</i>	<i>ChokSend Communication</i>	<i>Jianmingtang</i>
Decrease in long-term growth rate	12.3	13.5	75.0	3.5	54.2	3.0
Increase in pre-tax discount rate. . . .	5.8	6.0	15.1	1.9	10.3	1.5

Our Directors are of the view that, except for the pre-tax discount rates of Jianmingtang CGU as of December 31, 2023, a reasonably possible change in a key parameter will not cause the carrying amount of the CGUs to exceed their respective recoverable amounts as of December 31, 2021, 2022 and 2023 and June 30, 2024.

LIQUIDITY AND FINANCIAL RESOURCES

Summary of Cash Flows

The following table sets out selected cash flow data from our consolidated cash flow statements for the years and periods indicated.

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(Unaudited)</i>	
Net cash generated from operating activities	14,157	8,781	3,591	12,879	13,030
Net cash generated from/ (used in) investing activities	7,544	(21,050)	(37,711)	(33,694)	(18,578)
Net cash (used in)/generated from financing activities.	(14,762)	37,966	133,094	14,517	(13,409)
Net increase/(decrease) in cash and cash equivalents.	6,939	25,697	98,974	(6,298)	(18,957)
Cash and cash equivalents at the beginning of the year/ period	37,083	44,022	69,719	69,719	168,693
Cash and cash equivalents at the end of the year/period.	44,022	69,719	168,693	63,421	149,736

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Cash Flow from Operating Activities

Our cash flows from operating activities reflect our loss before tax adjusted for (i) non-cash and non-operating items (such as amortization of intangible assets, impairment losses for prepayments, deposits and other receivables, net, gain on sale of investment property, plant and equipment); (ii) the effects of movement in working capital (such as trade and notes receivables, prepayments, deposits and other receivables, other payables and accruals and contract liabilities); and (iii) other cash items (such as tax paid). Cash flows from operating activities can be significantly affected by factors such as the timing of collection of trade receivables from customers and the timing of payment of trade payables to suppliers during the ordinary course of our business, which also primarily accounted for the difference in the net cash flows generated from operating activities among the years during the Track Record Period.

For the six months ended June 30, 2024, our net cash generated from operating activities was RMB13.0 million. This net cash inflow was primarily attributable to our loss before taxation of RMB63.2 million, as adjusted by (i) non-cash items, which primarily comprised changes in carrying amount of redemption liabilities of RMB63.0 million and amortization of intangible assets of RMB12.6 million; and (ii) changes in working capital, which primarily resulted from an increase in inventories of RMB16.4 million and a decrease in trade and other receivables of RMB18.0 million.

In 2023, our net cash generated from operating activities was RMB3.6 million. This net cash inflow was primarily attributable to our loss before taxation of RMB320.9 million, as adjusted by (i) non-cash items, which primarily comprised changes in carrying amount of redemption liabilities of RMB324.8 million and amortization of intangible assets of RMB14.9 million; and (ii) changes in working capital, which primarily resulted from an increase in trade and other payables of RMB88.6 million, an increase in trade and other receivables of RMB71.4 million, and a decrease in contract liabilities of RMB32.9 million.

In 2022, our net cash generated from operating activities was RMB8.8 million. This net cash inflow was primarily attributable to our loss before taxation of RMB257.6 million, as adjusted by (i) non-cash items, which primarily comprised changes in carrying amount of redemption liabilities of RMB267.8 million, net foreign exchange loss of RMB4.8 million, depreciation of RMB2.2 million, and finance costs of RMB1.6 million; and (ii) changes in working capital, which primarily resulted from an increase in trade and other receivables of RMB26.0 million, increase in contract liabilities of RMB5.8 million, and increase in trade and other payables of RMB5.5 million.

In 2021, our net cash generated from operating activities was RMB14.2 million. This net cash inflow from operating activities was primarily attributable to our loss before taxation of RMB152.1 million, as adjusted by (i) non-cash items, which primarily comprised changes in carrying amount of redemption liabilities of RMB84.4 million, equity-settled share-based payment expenses of RMB65.5 million, and depreciation of RMB3.1 million; and (ii) changes in working capital, which primarily resulted from an increase in contract liabilities of RMB43.9 million, an increase in trade and other receivables of RMB35.5 million, and an increase in trade and other payables of RMB3.9 million.

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Cash Flow from Investing Activities

For the six months ended June 30, 2024, our net cash used in investing activities was RMB18.6 million. This net cash outflow was primarily attributable to payment for purchase of intangible assets of RMB18.4 million, and placement of structured deposits of RMB12.1 million, partially offset by redemption of structured deposits of RMB12.5 million.

In 2023, our net cash used in investing activities was RMB37.7 million. This net cash outflow was primarily attributable to the payment for purchase of intangible assets of RMB37.9 million, and the placement of structured deposits of RMB30.5 million, partially offset by the redemption of structured deposits of RMB30.6 million and the proceeds from disposal of certain interests in subsidiaries of RMB7.5 million.

In 2022, our net cash used in investing activities was RMB21.1 million. This net cash outflow from investing activities was primarily attributable to the payment for purchase of intangible assets of RMB16.1 million, the placement of structured deposits of RMB9.5 million, and the purchase of wealth management products of RMB6.7 million, partially offset by the redemption of structured deposits of RMB9.6 million and the redemption of wealth management products of RMB6.7 million.

In 2021, our net cash generated from investing activities was RMB7.5 million. This net cash inflow from investing activities was primarily due to the redemption of wealth management products of RMB16.4 million, and the redemption of structured deposits of RMB11.0 million, partially offset by the placement of structured deposits of RMB10.0 million, and the purchase of wealth management products of RMB6.0 million.

Cash Flow from Financing Activities

For the six months ended June 30, 2024, our net cash used in financing activities was RMB13.4 million. This net cash outflow was primarily attributable to repayments of bank loans of RMB16.7 million, partially offset by proceeds from bank loans of RMB7.4 million.

In 2023, our net cash generated from financing activities was RMB133.1 million. This net cash inflow was primarily attributable to the proceeds from bank loans of RMB123.8 million and capital injections from equity shareholders of RMB100.0 million, partially offset by the repayments of bank loans of RMB84.3 million and capital element of lease rentals paid of RMB4.2 million.

In 2022, our net cash generated from financing activities was RMB38.0 million. This net cash inflow from financing activities was primarily attributable to the proceeds from bank loans of RMB54.0 million and the capital injections from equity shareholders of RMB9.8 million, partially offset by the repayments of bank loans of RMB14.4 million, repayment to a third party of RMB6.0 million, and the payments of lease liabilities of RMB2.0 million.

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In 2021, our net cash used in financing activities was RMB14.8 million. This net cash outflow from financing activities was primarily attributable to the repayment of other borrowings of RMB20.0 million, the repayment of bank loans of RMB11.0 million, and the repayment to a third party of RMB3.2 million, partially offset by the proceeds from bank loans of RMB14.9 million and the advances from a third party of RMB8.9 million.

Financial Resources

Our liquidity requirements primarily relate to purchase of goods and services, amount paid to or on behalf of employees, taxes and surcharges and other expenses related to our operating activities. We have historically met our working capital and other liquidity requirements. Our principal sources of liquidity include cash received from the sales of goods and rendering of services, tax refunds received and other cash received relating to operating activities. We also from time to time generate cash from various investing activities, including cash received from disposal of investments and investment income. For information about our banking facilities, see “—Indebtedness” in this section.

INDEBTEDNESS

The following table sets forth our indebtedness as of the dates indicated.

	As of December 31,			As of	As of
	2021	2022	2023	June 30,	October 31,
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>2024</u>	<u>2024</u>
				<u>RMB'000</u>	<u>RMB'000</u>
					<i>(Unaudited)</i>
Current					
Loans and borrowings	10,010	49,371	88,479	78,406	84,311
Amounts due to shareholders . . .	1,433	1,433	4,260	4,289	4,302
Redemption liabilities	1,120,640	1,388,474	1,713,253	1,776,242	1,851,513
Lease liabilities	<u>1,615</u>	<u>2,188</u>	<u>3,211</u>	<u>3,046</u>	<u>2,703</u>
Non-current					
Loans and borrowings	–	167	541	1,311	2,357
Lease liabilities	<u>3,647</u>	<u>2,266</u>	<u>4,375</u>	<u>3,404</u>	<u>2,632</u>
Total	<u>1,137,345</u>	<u>1,443,899</u>	<u>1,814,119</u>	<u>1,866,698</u>	<u>1,947,818</u>

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Loans and Borrowings

Our loans and borrowings mainly consist of bank loans and borrowings. The following table sets forth the breakdown of our loans and borrowings as of the dates indicated.

	<u>As of December 31,</u>			<u>As of</u>	<u>As of</u>
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>June 30,</u>	<u>October 31,</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
					<i>(Unaudited)</i>
Current					
Bank loans – Guaranteed . .	10,000	49,371	88,479	78,406	84,311
Bank loans – Unguaranteed and unsecured	<u>10</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Non-current					
Bank loans – Guaranteed . .	<u>–</u>	<u>167</u>	<u>541</u>	<u>1,311</u>	<u>2,357</u>
Total	<u>10,010</u>	<u>49,538</u>	<u>89,020</u>	<u>79,717</u>	<u>86,668</u>

Our loans and borrowings increased from RMB10.0 million as of December 31, 2021 to RMB49.5 million as of December 31, 2022, and further to RMB89.0 million as of December 31, 2023, mainly due to the increase in bank loans we made in 2022 and 2023, proceeds of which we used to support our daily operation and business expansion. Our loans and borrowings decreased from RMB89.0 million as of December 31, 2023 to RMB79.7 million as of June 30, 2024, primarily due to our repayment of outstanding loans and borrowings as of December 31, 2023. The guarantee provided by related parties for our bank loans will be released prior to Listing.

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We obtained financing from banks which carry interests at the fixed rate ranging from 3.35% to 11.70% per annum. The following table sets out a summary of the age of bank loans as of the dates indicated.

	As of December 31,			As of June 30,	As of October 31,
	2021	2022	2023	2024	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>
Within one year or on demand	10,010	49,371	88,479	78,406	84,311
After one year but within two years	–	167	500	1,311	2,357
After two years but within three years	–	–	41	–	–
Total	10,010	49,538	89,020	79,717	86,668

As of October 31, 2024, we had RMB137.9 million banking facilities, of which RMB51.2 million were unutilized. As a measure to manage our cash and liquidity position, the bank facilities allow us to maintain adequate sources to fund our working capital requirements or other financing needs and provide the flexibility for us to borrow additional funds on an as-needed basis.

Amounts Due To Shareholders

Our amounts due to shareholders represent amounts due to Mr. Zhang and Affluent Base, which are unsecured, interest-free and repayable on demand. Our amounts due to shareholders were RMB1.4 million, RMB1.4 million, RMB4.3 million RMB4.3 million and RMB4.3 million as of December 31, 2021, 2022 and 2023, and June 30, 2024 and October 31, 2024 respectively. Our amounts due to shareholders are non-trade in nature and are expected to be settled before Listing.

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Lease Liabilities

Lease liabilities represent our obligation in relation to properties we lease primarily for our office premises. The following table sets forth our lease liabilities as of the dates indicated.

	As of December 31,			As of	As of
	2021	2022	2023	June 30, 2024	October 31, 2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current	1,615	2,188	3,211	3,046	2,703
Non-current	3,647	2,266	4,375	3,404	2,632
Total	5,262	4,454	7,586	6,450	5,335

Our lease liabilities decreased from RMB5.3 million as of December 31, 2021 to RMB4.5 million as of December 31, 2022, primarily due to the disposal of a few subsidiaries with lease liabilities in 2022. Our lease liabilities increased from RMB4.5 million as of December 31, 2022 to RMB7.6 million as of December 31, 2023, primarily because we entered into new long-term lease agreements. Our lease liabilities decreased from RMB7.6 million as of December 31, 2023 to RMB6.5 million as of June 30, 2024, primarily because lease payments were made for the six months ended June 30, 2024. Our lease liabilities decreased from RMB6.5 million as of June 30, 2024 to RMB5.3 million as of October 31, 2024, primarily because lease payments were made for the four months ended October 31, 2024.

Redemption Liabilities

Our redemption liabilities arise from the convertible redeemable preferred shares that we issued to certain Pre-IPO Investors. We expect all preferential rights of the convertible redeemable preferred shares to be terminated upon Listing and the relevant redemption liabilities to be re-classified to equity. Our redemption liabilities increased from RMB1,120.6 million as of December 31, 2021, to RMB1,388.5 million as of December 31, 2022, and further increased to RMB1,713.3 million as of December 31, 2023, RMB1,776.2 million as of June 30, 2024 and RMB1,851.5 million as of October 31, 2024, primarily due to the increase in the equity value of our Group. See Note 21 to the Accountants' Report in Appendix I to this prospectus.

Indebtedness Statement

Save as otherwise disclosed in “—Indebtedness,” we did not have, as of the date of this prospectus, any outstanding mortgages, charges, debentures or other loan capital (issued or agreed to be issued), bank overdrafts, loans, liabilities under acceptance or other similar indebtedness, hire purchase and finance lease commitments or any guarantees or other material contingent liabilities.

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During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material difficulty in obtaining loans, breach of financial covenants, customer default or cancelation of customers' orders.

Our Directors confirm that there has not been any material change in our indebtedness since October 31, 2024 and up to the date of this prospectus. As of the Latest Practicable Date, there was no material restrictive covenant in our indebtedness which could significantly limit our ability to obtain future financing, nor was there any material default on our indebtedness or breach of covenant during the Track Record Period and up to the date of this prospectus. As of the Latest Practicable Date, we did not have plans for other material external debt financing.

MATERIAL RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. During the Track Record Period, we entered into a number of related party transactions, primarily including (i) transactions with Baidu Group; (ii) transactions with Zhongjian Xinlian (Xiamen); and (iii) transactions with Affluent Base.

As of December 31, 2021, 2022 and 2023 and June 30, 2024, the total amount of transactions with related parties was RMB55.0 million, RMB27.6 million, RMB33.5 million and RMB8.1 million, respectively, and total outstanding balances of our transactions with related parties was RMB7.3 million, RMB8.7 million, RMB5.8 million and RMB6.7 million, respectively. As of December 31, 2021, 2022 and 2023 and June 30, 2024, (i) the trade receivables from related parties was RMB4.3 million, RMB3.2 million, RMB1.5 million and RMB2.3 million, respectively; (ii) the amount due from related parties was RMB0.5 million, RMB1.0 million, RMB0.03 million and RMB0.1 million, respectively; (iii) the consideration receivables from a related party was RMB1.0 million, RMB1.0 million, nil and nil, respectively; and (iv) the amount due to related parties was RMB1.6 million, RMB3.5 million, RMB4.3 million and RMB4.3 million, respectively.

All the amounts of non-trade nature receivables due from related parties and payables due to related parties as of June 30, 2024 will be fully settled prior to Listing. For more details about our related party transactions, see Note 30 to the Accountants' Report in Appendix I to this prospectus. Our Directors believe that our transactions with related parties during the Track Record Period were conducted on an arm's length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

CONTRACTUAL OBLIGATION

As of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively, we did not have any significant commitments.

CONTINGENT LIABILITIES

As of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively, we did not have any material contingent liabilities.

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OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

We have not entered into, nor do we expect to enter into, any off-balance sheet arrangements. Moreover, we have not entered into any financial guarantees or other commitments to guarantee the payment obligations of third parties or any derivative contracts that are indexed to our equity interests and classified as owners' equity. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us. As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

KEY FINANCIAL RATIOS

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
Revenue growth rate ⁽¹⁾	131.1%	31.9%	118.7%	86.4%	14.5%
Gross profit growth rate ⁽²⁾	54.1%	41.7%	62.0%	24.3%	5.5%
Gross profit margin	40.2%	43.2%	32.0%	32.6%	30.0%
Adjusted net profit margin ⁽³⁾ (non-IFRS measure)	0.1%	4.2%	3.2%	5.7%	2.4%

Notes:

- (1) Revenue growth rate equals our increase in total revenue divided by total revenue in the previous year or period and multiplied by 100%.
- (2) Gross profit growth rate equals our increase in gross profit divided by the gross profit in the previous year or period and multiplied by 100%.
- (3) Adjusted net profit margin (non-IFRS measure) equals our adjusted net profit (non-IFRS measure) of respective years or periods divided by our revenue of respective years or periods and multiplied by 100%.

Compared to the revenue growth from 2022 to 2023, our revenue growth from the six month ended June 30, 2023 to the six months ended June 30, 2024 was relatively moderate, primarily because:

- Compared to the increase by 62.9% of our revenue generated from health and medical services from 2022 to 2023, our revenue generated from health and medical services decreased slightly by 1.1% from the six months ended June 30, 2023 to the six months ended June 30, 2024. Such decrease was primarily due to the following reasons:
 - (i) Our revenue generated from medical support services decreased slightly from the six months ended June 30, 2023 to the six months ended June 30, 2024, primarily due to a decrease in revenue generated from health membership schemes. Such decrease in revenue from health membership scheme was primarily due to a decrease in revenue from individual customers as we

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reallocated some of our sales staff to other business lines to enhance efficiency; and

- (ii) Our revenue generated from value-based medical services increased slightly from the six months ended June 30, 2023 to the six months ended June 30, 2024. While the revenue generated from pharmaceutical sales business further increased, such increase was offset by the decrease in revenue from health service packages as we (a) further reduced our selling and marketing budget in response to the increase in customer acquisition cost for healthcare service packages and (b) allocated more resources to develop our pharmaceutical sales business.
- Compared to the increase by 145.9% of our revenue generated from corporate and digital services from 2022 to 2023, our revenue generated from corporate and digital services had a relatively moderate increase by 19.2% from the six months ended June 30, 2023 to the six months ended June 30, 2024. Such moderate increase was primarily due to the following reasons:
 - (i) The revenue growth rate of our corporate services from the six months ended June 30, 2023 to the six months ended June 30, 2024 was relatively moderate, primarily because (a) the growth rate of our RWS support services has slowed down as the revenue scale expanded; and (b) we focused on better serving existing customers of our information technology services and further improving our marketing consulting services launched in 2022; and
 - (ii) The revenue growth rate of our digital marketing services from the six months ended June 30, 2023 to the six months ended June 30, 2024 was relatively moderate, primarily because we allocated more resources to improving existing service offerings and maintaining current customer relationships as opposed to expanding our service portfolio.

Compared to the gross profit growth from 2022 to 2023, our gross profit growth from the six month ended June 30, 2023 to the six months ended June 30, 2024 was relatively moderate, primarily because:

- Compared to the slight decrease by 0.8% of our gross profit generated from health and medical services from 2022 to 2023, our gross profit generated from health and medical services decreased by 44.9% from the six months ended June 30, 2023 to the six months ended June 30, 2024. Such larger decrease was primarily due to the following reasons:
 - (i) Our gross profit generated from medical support services decreased from the six months ended June 30, 2023 to the six months ended June 30, 2024, primarily due to a decrease in gross profit generated from health membership schemes as a result of an increase in its cost of services. Such increase was due to an increase in utilization rate of our health membership schemes; and

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- (ii) Our gross profit generated from value-based medical services decreased from the six months ended June 30, 2023 to the six months ended June 30, 2024, primarily due to a decrease in our revenue from health service packages.
- Compared to the significant increase by 131.3% of our gross profit generated from corporate and digital services from 2022 to 2023, our gross profit generated from corporate and digital services had a relatively moderate increase by 35.0% from the six months ended June 30, 2023 to the six months ended June 30, 2024. Such moderate increase was primarily due to the following reasons:
 - (i) The gross profit growth rate of our corporate services from the six months ended June 30, 2023 to the six months ended June 30, 2024 was relatively moderate, primarily due to its relatively moderate increase in its revenue; and
 - (ii) The gross profit growth rate of our digital marketing services from the six months ended June 30, 2023 to the six months ended June 30, 2024 decreased, primarily due to an increase in cost of services paid to third-party advertising service providers.

FINANCIAL RISK DISCLOSURE

We are exposed to a variety of financial risks, including market risks (such as currency risk and interest rate risk), credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. Risk management is carried out by our senior management and approved by the executive directors.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to us. Our credit risk is primarily attributable to trade and other receivables and contract assets.

Our exposure to credit risk arising from cash and cash equivalents and restricted deposits is limited because the counterparties are well-known banks, which we consider representing low credit risk.

Our exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when we have significant exposure to individual customers. As of December 31, 2021, 2022 and 2023 and June 30, 2024, nil, nil, 1.1% and 22.4% of the total trade receivables and contract assets were due from our largest customer in each of those years, and 10.3%, 23.5%, 29.1% and 32.7% of the total trade receivables and contract assets were due from our five largest customers in each year during the Track Record Period, respectively.

FINANCIAL INFORMATION

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These take into account the customer's past payment history, financial position and other factors. Trade receivables are practically due within 1 to 30 days from the issuance of invoice. Normally, we do not obtain collateral from customers.

We measure loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As our historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance is not further distinguished between our different customer bases.

In respect of the amounts due from related parties, including amounts due from shareholders and consideration receivables from related parties, we expect the credit risk associated to be low, since these entities and individuals have a strong capacity to meet its contractual cash flow obligations in the near term. We review the exposures and manage them based on the need of operation and have assessed that the ECL rate for these receivables are immaterial and consider them to have low credit risk, and thus the loss allowance is immaterial.

In respect of other receivables as of December 31, 2021, 2022 and 2023 and June 30, 2024, since the credit risk on other receivables has not increased significantly since initial recognition, we measure the loss allowance for other receivables at an amount equal to 12-month expected credit loss. We measure the loss allowance for other receivables at an amount equal to the lifetime expected credit loss if the credit risk on other receivables has increased significantly since initial recognition.

The following table provides information about our exposure to credit risk and ECLs for trade receivables and contract assets as of December 31, 2021, 2022 and 2023 and June 30, 2024.

	As of December 31, 2021			
	Expected loss rate	Gross carrying amount	Loss allowance	Carrying amount
	<i>%</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current (not past due).	1.1	33,583	(357)	33,226
Less than one year past due. . . .	1.5	7,076	(107)	6,969
One to two years past due.	22.8	1,238	(282)	956
Two to three years past due. . . .	44.4	441	(196)	245
More than three years past due .	100.0	655	(655)	–
		42,993	(1,597)	41,396

FINANCIAL INFORMATION

As of December 31, 2022				
	Expected loss rate	Gross carrying amount	Loss allowance	Carrying amount
	%	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current (not past due).	0.5	30,585	(139)	30,446
Less than one year past due. . . .	1.2	4,966	(61)	4,905
One to two years past due.	16.3	1,984	(324)	1,660
Two to three years past due. . . .	42.6	423	(180)	243
More than three years past due .	100.0	580	(580)	—
		38,538	(1,284)	37,254
As of December 31, 2023				
	Expected loss rate	Gross carrying amount	Loss allowance	Carrying amount
	%	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current (not past due).	0.6	96,120	(564)	95,556
Less than one year past due. . . .	1.2	17,905	(215)	17,690
One to two years past due.	12.2	654	(80)	574
Two to three years past due. . . .	57.0	149	(85)	64
More than three years past due .	100.0	579	(579)	—
		115,407	(1,523)	113,884
As of June 30, 2024				
	Expected loss rate	Gross carrying amount	Loss allowance	Carrying amount
	%	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current (not past due).	0.7	71,394	(526)	70,868
Less than one year past due. . . .	1.3	14,388	(182)	14,206
One to two years past due.	13.5	917	(124)	793
Two to three years past due. . . .	63.2	228	(144)	84
More than three years past due .	100.0	679	(679)	—
		87,606	(1,655)	85,951

Expected loss rates are based on actual loss experience over the past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and our view of economic conditions over the expected lives of the receivables.

FINANCIAL INFORMATION

In addition to the credit risk management policy stated above, we consider the probability of default upon initial recognition of assets and considers whether there has been a significant increase in credit risk on an ongoing basis. To assess whether there has been a significant increase in credit risk, we compare the risk of default occurring on an asset as of the end of each reporting period with the risk of default as of the date of initial recognition. It considers reasonable and supportive forward-looking information that is available. Details of indicators are disclosed in Note 2(i)(i) to the Accountants' Report set forth in Appendix I to this prospectus.

The movement in the allowance for impairment of trade and other receivables and contract assets during the Track Record Period is as follows.

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Balance at the beginning of the year	1,064	1,597	1,284	1,523
Impairment losses reversed	(448)	(1,001)	(712)	(626)
Amounts written off	(493)	(144)	(152)	–
Impairment losses recognized	1,474	832	1,103	758
Balance at the end of the year	1,597	1,284	1,523	1,655

There were no trade receivables that were past due but not impaired as of December 31, 2021, 2022 and 2023 and June 30, 2024.

Liquidity Risk

Our policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each year during the Track Record Period of our financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each year during the Track Record Period) and the earliest date we can be required to pay.

FINANCIAL INFORMATION

	Within one year or on demand	More than one year but less than two years	More than two years but less than five years <i>RMB'000</i>	Total	Carrying amount
As of December 31, 2021					
Bank loans	10,440	–	–	10,440	10,010
Lease liabilities	1,887	1,476	2,406	5,769	5,262
Trade and other payables	108,474	–	–	108,474	108,474
	120,801	1,476	2,406	124,683	123,746
As of December 31, 2022					
Bank loans	50,669	178	–	50,847	49,538
Lease liabilities	2,410	1,611	731	4,752	4,454
Trade and other payables	109,728	–	–	109,728	109,728
	162,807	1,789	731	165,327	163,720
As of December 31, 2023					
Bank loans	91,615	619	43	92,277	89,020
Lease liabilities	3,492	2,163	2,506	8,161	7,586
Trade and other payables	193,885	–	–	193,885	193,885
	288,992	2,782	2,549	294,323	290,491
As of June 30, 2024					
Bank loans	80,577	1,641	–	82,218	79,717
Lease liabilities	3,420	1,548	1,920	6,888	6,450
Trade and other payables	195,209	–	–	195,209	195,209
	279,206	3,189	1,920	284,315	281,376

In addition to the above, we were also exposed to liquidity risk arising from the redemption and liquidation features of the redemption liabilities as of December 31, 2021, 2022 and 2023 and June 30, 2024. See Note 21 to the Accountants' Report in Appendix I to this prospectus.

FINANCIAL INFORMATION

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our interest-bearing financial liabilities are at fixed interest rates as of December 31, 2021, 2022 and 2023 and June 30, 2024, including bank loans, lease liabilities and redemption liabilities, and the change of market interest rate does not expose us to interest rate risk. Overall, our exposure to interest rate risk is not significant.

Fair Value Measurement

The carrying amounts of our financial assets and liabilities carried at cost or amortized cost are not materially different from their fair values as of December 31, 2021, 2022 and 2023 and June 30, 2024.

DIVIDENDS

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

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

LISTING EXPENSES

Listing expenses consist of underwriting commissions, professional fees and other fees incurred in connection with the Listing and Global Offering. Assuming full payment of the discretionary incentive fee, we expect to incur total listing expenses of approximately RMB79.7 million (based on the mid-point of the indicative Offer Price range), which accounts for approximately 41.6% of the gross proceeds from the Global Offering, including: (i) underwriting-related expenses of approximately RMB11.5 million; and (ii) non-underwriting related expenses of approximately RMB68.2 million, which consist of (a) fees and expenses of legal advisors and reporting accountants of approximately RMB43.3 million and (b) other fees and expenses of approximately RMB24.9 million.

FINANCIAL INFORMATION

During the Track Record Period, we incurred approximately RMB57.6 million in listing expenses, of which RMB55.3 million were recognized in our consolidated statement of profit or loss and RMB2.3 million were recognized as deferred listing expenses, which is expected to be accounted for as a deduction from equity upon Listing. We estimate that we will further incur listing expenses of RMB22.1 million, of which RMB11.0 million will be charged to our consolidated statements of profit or loss for the year ending December 31, 2024. The remaining balance of approximately RMB11.1 million, is expected to be accounted for as a deduction from equity upon the completion of the Global Offering. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

DISTRIBUTABLE RESERVES

As of June 30, 2024, our distributable reserves were RMB8.5 million.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See “Appendix II—Unaudited Pro Forma Financial Information” for more information.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this prospectus there has been no material adverse change in our financial or trading position or prospects since June 30, 2024, being the date on which our latest audited consolidated financial statements were prepared, and there is no event since June 30, 2024 which would materially affect the information as set out in the Accountants’ Report in Appendix I to this prospectus.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

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

FUTURE PLANS AND USE OF PROCEEDS

You should read the following discussion and analysis with our consolidated financial information, including the notes thereto, included in the Accountants' Report in Appendix I to this prospectus. Our consolidated financial information has been prepared in accordance with IFRSs.

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

FUTURE PLANS

See "Business—Our Strategies" in this prospectus for a detailed description of our future plans.

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$121.2 million after deducting the underwriting commissions and other estimated expenses paid and payable by us in relation to the Global Offering, assuming an Offer Price of HK\$8.3 per Share, being the mid-point of the indicative Offer Price range of HK\$7.8 to HK\$8.8 per Share. In line with our strategies, we intend to use our proceeds from the Global Offering for the purposes and in the amounts set forth below:

- approximately 33.5% of the net proceeds, or approximately HK\$40.6 million, is intended to be used for business expansion, specifically for health and medical services, in the next three years. Set forth below is the detailed breakdown of our intended allocation of proceeds:
 - approximately 17.5% of the net proceeds, or approximately HK\$21.2 million, for expansion of specialty pharmacy network near Class III hospitals, as an extension of our value-based medical services. During the Track Record Period, we operated pharmaceutical sales business, providing drugs to people in need via physical stores, and supplying medicine(s) to third-party pharmacies wholesale.

We possess unique advantage in expanding our customer base for specialty pharmacies, primarily because by maintaining close engagement with physicians, we will be able to deepen our understanding of the medical needs of patients, especially those suffering from sophisticated diseases and medical conditions and thus having a high demand for specialty medicines. Leveraging such deepened understanding of patients' demands, we will be able to reach a larger patient base to provide medical assistance. In addition, given that the growth of our pharmaceutical retail business would allow us to

FUTURE PLANS AND USE OF PROCEEDS

better serve our individual user base, that would in turn attract more pharmaceutical companies to collaborate with us in other business lines, such as content services and pharmaceutical wholesale business. Therefore, despite the relatively low gross profit margin of pharmaceutical retail business, we plan to enhance our capability to serve patients with drugs that are able to cure or manage sophisticated diseases and medical conditions, by opening specialty pharmacies and providing specialty drugs. We plan to open approximately 6 specialty pharmacies, mainly in Fujian Province, in the next three years, and recruit approximately 30 in-house pharmacists and other pharmacy assistants, with the average annual salary of each employee expected to range from RMB100.0 thousand to RMB110.0 thousand. In addition, we plan to recruit approximately 8 supply-chain managers to support the inventory procurement, and approximately 8 pharmacy operations specialists to manage and coordinate our specialty pharmacies. The average annual salary of a supply-chain manager is expected to range from RMB80.0 thousand to RMB90.0 thousand, and the average annual salary of a pharmacy operations specialist is expected to range from RMB120.0 thousand to RMB130.0 thousand. We expect to incur a total capital expenditure of approximately RMB1.5 million for each new specialty pharmacy, including (i) initial start-up costs of approximately RMB0.4 million, in relation to leasehold improvement and rental deposit, for one specialty pharmacy; and (ii) inventory procurement cost of approximately RMB1.1 million, for one specialty pharmacy.

In connection with the expansion of specialty pharmacy network, as of June 30, 2024, we have opened six specialty pharmacies and hired 31 employees in total for the specialty pharmacies. We expect to implement the following plan within three years after the Listing:

<u>Estimated Timeframe</u>	<u>Implementation Plans</u>			
	<u>Number of pharmacies to be opened in each year</u>	<u>Allocation of net proceeds for pharmacies</u> <i>(in millions of HK\$)</i>	<u>Accumulated number of employees</u>	<u>Allocation of net proceeds for employees</u> <i>(in millions of HK\$)</i>
First year after the Listing ("Year 1")	2	3.2	18 ⁽¹⁾	2.1
Second year after the Listing ("Year 2")	2	3.2	32 ⁽²⁾	3.8
Third year after the Listing ("Year 3")	2	3.2	46 ⁽³⁾	5.5

FUTURE PLANS AND USE OF PROCEEDS

Notes:

- (1) Include approximately 10 in-house pharmacists and other pharmacy assistants, four supply-chain managers and four pharmacy operations specialists.
- (2) Include approximately 10 in-house pharmacists and other pharmacy assistants, four supply-chain managers and four pharmacy operations specialists to be hired in Year 2, together with the 14 employees hired in Year 1.
- (3) Include approximately 10 in-house pharmacists and other pharmacy assistants, two supply-chain managers and two pharmacy operations specialists to be hired in Year 3, together with the 32 employees hired in Year 1 and Year 2 in total.

Despite the intense competition in the specialty pharmacy industry, we consider that our expansion plan feasible. That is because (i) the operation of specialty pharmacy business is relatively less complicated, mainly including establishment of supply chain of specialty drugs in the upstream industry value-chain, and accessibility to patients in the downstream industry value-chain. We have already made breakthrough in the upstream industry value-chain and has well-established presence in the downstream industry value-chain; (ii) particularly, in the downstream industry value-chain, our medical support services have established a sizeable user base of individual customers, which could potentially benefit the development of specialty pharmacy business; (iii) we are known for expertise and experience in terms of facilitating hospital operation and medical practice of physicians. We can leverage such expertise and experience in order to find out the specialty drugs that are supplementary to the pharmacy departments of hospitals; and (iv) members of the management team of specialty pharmacy business have an average experience of over eight years in pharmacy business.

While we also plan to explore appropriate opportunities to invest in or acquire other specialty pharmacies with strong regional presence and proven profitability, we intend to prioritize expanding our own specialty pharmacy network.

- approximately 16.0% of the net proceeds, or approximately HK\$19.4 million, for expansion of our on-site health assistant team, who will facilitate more physicians in terms of diagnosis, treatment and management of patients, as an extension of our medical support services. By expanding on-site health assistant team, we would be able to (i) introduce the *HealthyWay* mobile application to more patients at hospitals; and (ii) increase the popularity of the *HealthyWay* mobile application among physicians so that more physicians are willing to provide health and medical services on our platform. Through the services provided by health assistants, we expect to build up rapport with more physicians, which will further attract more physicians onto, and drive physician engagement with, our platform. The increased physician engagement contributes to greater breadth and depth of our services, particularly in respect of (i) health and

FUTURE PLANS AND USE OF PROCEEDS

medical services and (ii) creation of wellness content. We plan to recruit 80 on-site health assistants. To effectively manage on-site health assistants and implement our business strategy, we also plan to recruit approximately 10 operations managers. The annual salary for an on-site health assistant is expected to range from RMB75.0 thousand to RMB85.0 thousand, and the average annual salary for an operation manager is expected to range from RMB260.0 thousand to RMB270.0 thousand.

In connection with the expansion of our on-side health assistant team, we expect to implement the following plan within three years after the Listing:

Estimated Timeframe	Implementation Plans	
	Accumulated number of employees	Allocation of net proceeds
		<i>(in millions of HK\$)</i>
Year 1	33 ⁽¹⁾	3.5
Year 2	56 ⁽²⁾	6.1
Year 3	90 ⁽³⁾	9.9

Notes:

- (1) Include approximately 30 on-site health assistants and three operations managers.
 - (2) Include approximately 20 on-site health assistants and three operations managers to be hired in Year 2, together with the 33 employees hired in Year 1.
 - (3) Include approximately 30 on-site health assistants and four operations managers, together with the 56 employees hired in Year 1 and Year 2 in total.
- approximately 27.0% of the net proceeds, or approximately HK\$32.7 million, is intended to be used for business expansion, specifically for corporate and digital marketing services, in the next three years. Set forth below is the detailed breakdown of our intended allocation of proceeds:
 - approximately 18.6% of the net proceeds, or approximately HK\$22.5 million for recruitment of approximately 20 experienced medical experts who specialize in clinical trial, research or other clinical practice, in order to (i) build up the knowledge structure regarding more chronic diseases and sophisticated medical conditions; (ii) improve our existing online disease treatment centers and develop more online disease treatment centers and more effective treatment plans for chronic diseases; (iii) further enhance the service capabilities of our corporate services for pharmaceutical companies; and (iv) conduct more advanced analysis and provide more value-added services for RWS support services. The annual salary for an experienced medical expert is expected to range from RMB600 thousand to RMB850.0 thousand. Among the 20 experienced medical experts that we plan to recruit, (i) seven medical experts will be responsible for (a) managing the creation of

FUTURE PLANS AND USE OF PROCEEDS

general medical content on the platform; (b) reviewing the medical content created by external medical experts; and (c) participating in the creation of medical content on certain medical subjects; (ii) seven medical experts will be responsible for improving the scale and standard of RWS support services, in line with the growing demand of pharmaceutical companies; and (iii) six medical experts will be responsible for development of effective treatment plans for approximately ten diseases, as we plan to establish approximately ten new online treatment centers, such as diabetes, hypertension, hyperlipidemia, gout, asthma, allergic rhinitis, and eczema. We did not employ medical experts specializing in clinical trial, research or other clinical practice during the Track Record Period.

In connection with the recruitment of experienced medical experts, we expect to implement the following plan within three years after the Listing:

Estimated Timeframe	Implementation Plans	
	Accumulated number of experienced medical experts	Allocation of net proceeds
		<i>(in millions of HK\$)</i>
Year 1	5	3.2
Year 2	10	6.5
Year 3	20	12.7

- approximately 8.4% of the net proceeds, or approximately HK\$10.2 million for expansion of our business development representatives team. We plan to recruit approximately 20 business development representatives with relevant industry background to penetrate pharmaceutical companies, hospitals and other medical institutions. We expect that such business development representatives could help us create new business relationships and deepen existing business relationships with pharmaceutical companies, hospitals and other medical institutions, leading to more business opportunities for us. The annual salary for a business development representative is expected to range from RMB250.0 thousand to RMB280.0 thousand.

FUTURE PLANS AND USE OF PROCEEDS

In connection with the expansion of our business development representatives team, we expect to implement the following plan within three years after the Listing:

	Implementation Plans	
Estimated Timeframe	Accumulated number of business development representatives	Allocation of net proceeds
		<i>(in millions of HK\$)</i>
Year 1	5	1.5
Year 2	10	2.9
Year 3	20	5.8

- approximately 21.0% of the net proceeds, or approximately HK\$25.4 million, is intended to be used for strategic investments or acquisitions. We plan to invest in, or acquire the equity interest of companies that can generate synergies with our existing services, expand our customer base, and/or enhance our technological capabilities. In particular, we will consider businesses that have (i) established presence in pharmaceutical sales business and pharmaceutical supply chain; (ii) proven expertise and experience in managing chronic diseases or sophisticated medical conditions; and (iii) strong technological capabilities regarding medical diagnosis and treatment. We plan to focus on targets that have strong team-building, complete sales channels, established customer base, and exceptional research and development capabilities. We are seeking investment opportunities in the healthcare industry to further enhance our business portfolio. Our investment targets is expected to include pharmaceutical research and development companies, specialty pharmacies, health product companies and medical service companies, among others. We expect to make equity investments in these entities and aim to maintain individual investment size below RMB20.0 million, ensuring prudent capital allocation. Furthermore, we will prioritize investment in companies that exhibit consistent and sustainable revenue annually, to secure long-term profitability. As advised by Frost & Sullivan, there are sufficient acquisition targets that satisfy our selection criteria. As of the date of this prospectus, we have not identified any specific investment or acquisition target;
- approximately 14.5% of the net proceeds, or approximately HK\$17.5 million, is expected to be used for research and development. In particular, the proceeds are intended to be allocated for recruitment of approximately 30 information technology (IT) specialists in the fields of platform architecture and design, database analytics and artificial intelligence. The annual salary for an IT specialist is expected to range from RMB250.0 thousand to RMB300.0 thousand. During the Track Record Period, our business operations were all more or less technology-driven. The recruitment of more information technology specialists could (i) enhance our operational efficiency, (ii) develop more tools and

FUTURE PLANS AND USE OF PROCEEDS

functionalities for our services; and (iii) strengthen our overall technology research and development capabilities; and

In connection with the recruitment of IT specialists, we expect to implement the following plan in within three years after the Listing:

Estimated Timeframe	Implementation Plans	
	Accumulated number of IT specialists	Allocation of net proceeds
		<i>(in millions of HK\$)</i>
Year 1	10	3.0
Year 2	20	5.9
Year 3	30	8.8

- approximately 4.0%, or approximately HK\$4.8 million, is expected to be used for working capital and general corporate purposes.

In the event that the Offer Price is set at the maximum Offer Price or the minimum Offer Price of the indicative Offer Price range, the net proceeds of the Global Offering will increase or decrease by approximately HK\$11.7 million, respectively.

To the extent that the net proceeds from the Global Offering are more or less than expected, we may adjust our allocation of the net proceeds for the above purposes on a pro rata basis.

To the extent that the net proceeds of the Global Offering are not immediately required for the above purposes or if we are unable to put into effect any part of our plan as intended, we may hold such funds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the SFO or applicable laws and regulations in other jurisdictions) so long as it is deemed to be in our best interests. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

UNDERWRITING

HONG KONG UNDERWRITERS

CCB International Capital Limited
Shenwan Hongyuan Securities (H.K.) Limited
BOCI Asia Limited
Livermore Holdings Limited
Fosun International Securities Limited
Zhongtai International Securities Limited
China Everbright Securities (HK) Limited
Ruibang Securities Limited
Sinolink Securities (Hong Kong) Company Limited
Victory Securities Company Limited
Futu Securities International (Hong Kong) Limited
Patrons Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering 2,500,000 Hong Kong Offer Shares for subscription by the public in Hong Kong on, and subject to, the terms and conditions set out in this prospectus.

Subject to:

- (a) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus and such listing and permission not subsequently being revoked; and
- (b) certain other conditions set out in the Hong Kong Underwriting Agreement (including but not limited to the Offer Price being agreed upon between us and the Overall Coordinators (on behalf of the other Underwriters)),

the Hong Kong Underwriters have agreed severally, and not jointly, to subscribe for, or procure subscribers for, the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering, on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement. If, for any reason, the Offer Price is not agreed between us and the Overall Coordinators (on behalf of the other Hong Kong Underwriters), the Global Offering will not proceed and will lapse.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated.

UNDERWRITING

Grounds for Termination

The Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and the Sole Sponsor shall be entitled by notice (orally or in writing) to our Company to terminate the Hong Kong Underwriting Agreement with immediate effect if at any time prior to 8:00 a.m. on the Listing Date:

- (a) there develops, occurs, exists or comes into force:
 - (i) any event, or series of events, in the nature of force majeure (including, without limitation, any acts of government, declaration of a local, national, regional or international emergency or war, calamity, crisis, epidemic, pandemic, outbreaks, escalation, adverse mutation or aggravation of diseases, economic sanctions, strikes, lock-outs, other industrial actions, fire, explosion, flooding, earthquake, tsunami, volcanic eruption, civil commotion, rebellion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism (whether or not responsibility has been claimed), paralysis in government operations, interruptions or delay in transportation) in or affecting Hong Kong, Cayman Islands, the British Virgin Islands, the PRC, the United States, the United Kingdom, Singapore or other jurisdictions relevant to our Group or the Global Offering (each a “**Relevant Jurisdiction**” and collectively, the “**Relevant Jurisdictions**”); or
 - (ii) any change or development involving a prospective change, or any event or series of events likely to result in any change or development, or any prospective change or development, in any local, national, regional or international financial, economic, political, military, industrial, legal, fiscal, regulatory, currency, credit or market matters or conditions, equity securities or exchange control or any monetary or trading settlement system or other financial markets (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, interbank markets and credit markets), in or affecting any of the Relevant Jurisdictions; or
 - (iii) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or the Singapore Stock Exchange; or
 - (iv) any general moratorium on commercial banking activities in or affecting any of the Relevant Jurisdictions or any disruption in commercial banking or foreign exchange trading or securities settlement or clearing services, procedures or matters in or affecting any of the Relevant Jurisdictions; or

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- (v) any change or development involving a prospective change, or any event or series of events or circumstances likely to result in a change or prospective change, in any local, national, regional or international financial, political, military, industrial, economic, fiscal, legal, regulatory, currency, credit or market conditions or sentiments, taxation, equity securities or currency exchange rate or controls or any monetary or trading settlement system, or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar or Renminbi against United States dollars, a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or the Renminbi is linked to any foreign currency or currencies) or other financial markets (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets, the inter-bank markets and credit markets) in or affecting any Relevant Jurisdictions, or affecting an investment in the Offer Shares; or
- (vi) any proceedings of any third party being threatened or instigated against any Director, member of our Group or any of the Controlling Shareholders; or
- (vii) any change or a prospective change, or a materialization of, any of the risk set out in the section headed “Risk Factors” in the Prospectus; or
- (viii) any non-compliance of this Prospectus, the CSRC Filings (as defined in the Hong Kong Underwriting Agreement) (“**CSRC Filings**”), or any other documents used in connection with the contemplated offer of the Shares, or any aspect of the Global Offering with the Listing Rules, the CSRC Rules (as defined in the Hong Kong Underwriting Agreement) (“**CSRC Rules**”) or any other applicable Laws; or
- (ix) the commencement by any regulatory or governmental authority or a political body or organization in any of the Relevant Jurisdictions commencing any public action or investigation or other action, or announcing an intention to investigate or take other action, against any member of our Group or any Director; or
- (x) a material contravention by our Company, any member of our Group or any Director of the Listing Rules or applicable laws; or
- (xi) a valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or
- (xii) except with the prior written consent of the Overall Coordinators, the issue or requirement to issue by our Company of a supplement or amendment to this Prospectus or other documents in connection with the offer and sale of the Offer Shares pursuant to the Companies (WUMP) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange and/or the SFC;

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which, individually or in the aggregate, in the sole and absolute opinion of the Overall Coordinators and the Sole Sponsor:

- (1) has or will or may have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Company or our Group as a whole; or
 - (2) has or will have or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering or dealings in the Offer Shares in the secondary market; or
 - (3) makes or will make or may make it inadvisable, inexpedient, impracticable or incapable for the Global Offering to proceed or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by the Offering Documents (as defined in the Hong Kong Underwriting Agreement) (the "**Offering Documents**"); or
 - (4) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or
- (b) there has come to the notice of the Sole Sponsor and the Overall Coordinators:
- (i) an order or petition for the winding up of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group; or
 - (ii) that any statement contained in any of the Hong Kong Public Offering Documents (as defined in the Hong Kong Underwriting Agreement), the CSRC Filings and/or in any notices or announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect, inaccurate or misleading in any material respect, or that any estimate, forecast, expression of opinion, intention or expectation contained in any such documents, was, when it was issued, or has become unfair or misleading in any material respect or based on untrue, dishonest or unreasonable assumptions or given in bad faith; or

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- (iii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this Prospectus, not having been disclosed in this Prospectus, constitute a material omission or misstatement in any Offering Documents; or
- (iv) any breach of, or any event or circumstance rendering untrue or incorrect or misleading in any respect, any of the warranties given by our Company or the Controlling Shareholders in the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or
- (v) any event, act or omission which gives or is likely to give rise to any liability of any of the Indemnifying Parties (as defined in the Hong Kong Underwriting Agreement); or
- (vi) any breach of any of the obligations or undertakings imposed upon our Company or any of the Controlling Shareholders under the Hong Kong Agreement or the International Underwriting Agreement; or
- (vii) there is any material adverse change, or any development involving a prospective material adverse change, in or affecting the assets, liabilities, business, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Company and the other members of our Group, taken as a whole; or
- (viii) a Director or the chairman or the chief executive officer or the chief financial officer of our Company vacating his/her office, seeking to retire or being removed from his/her office; or
- (ix) that the approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld; or
- (x) any prohibition on our Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares pursuant to the terms of the Global Offering; or
- (xi) our Company withdraws this Prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or
- (xii) any of the experts named in this Prospectus (other than the Sole Sponsor) has withdrawn or is subject to withdrawal of its consent to the inclusion of its reports, letters and/or opinions (as the case may be) and being named in any of the Offering Documents or to the issue of any of the Offering Documents; or

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- (xiii) any Director or member of the senior management of our Company named in this Prospectus is being charged with an indictable offence or prohibited by operation of Law or otherwise disqualified from taking part in the management of a company or taking a directorship of a company; or
- (xiv) that a material portion of the orders placed or confirmed in the bookbuilding process, or of the investment commitments made by the cornerstone investor under the Cornerstone Investment Agreement, has been withdrawn, terminated or cancelled.

Undertakings Given to the Stock Exchange pursuant to the Listing Rules

By Our Company

We have undertaken to the Stock Exchange that we shall not issue any further Shares or securities convertible into our equity securities (whether or not of a class already listed) or enter into any agreement to issue any such Shares or securities within six months from the Listing Date (whether or not such issue of Shares will be completed within six months from the Listing Date), except in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

By Our Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of our Controlling Shareholders has undertaken to us and to the Stock Exchange that except pursuant to the Global Offering, it shall not:

- (a) in the period commencing on the date by reference to which disclosure of its shareholdings in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our securities that it is shown to beneficially own in this prospectus (the “**Relevant Shares**”); or
- (b) in the period of a further six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Relevant Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it will cease to be a controlling shareholder (as defined in the Listing Rules) of our Company.

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Each of our Controlling Shareholders has further undertaken to us and the Stock Exchange that, within the period commencing on the date by reference to which disclosure of its shareholdings in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, it will:

- (a) when it pledges or charges any securities in our Company beneficially owned by it in favor of an authorized institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform us in writing of such pledge or charge together with the number of our securities so pledged or charged; and
- (b) when it receives indications, either verbal or written, from the pledgee or chargee that any of our pledged or charged securities beneficially owned by it will be disposed of, immediately inform us in writing of such indications.

We will also inform the Stock Exchange as soon as we have been informed of the matters mentioned in the paragraphs (a) and (b) above by any of our Controlling Shareholders and subject to the then requirements of the Listing Rules disclose such matters by way of an announcement which is published in accordance with Rule 2.07C of the Listing Rules as soon as possible.

Undertakings Given to the Hong Kong Underwriters

Undertakings by Our Company

Our Company has undertaken to each of the Sole Sponsor, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners and the Joint Lead Managers and the Hong Kong Underwriters that except pursuant to the Global Offering and the Share Subdivision, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the “**First Six-Month Period**”), we will not, without the prior written consent of the Sole Sponsor and the Overall Coordinators (for themselves and on behalf of the other Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an mortgage, charge, pledge, lien, option, restriction, right of first refusal, equitable right, power of sale, hypothecation, retention of title, right of pre-emption or other third party claim, defect, right, interest or preference granted to any third party, or any other encumbrance or security interest of any kind, or an agreement, arrangement or obligation to create any of the foregoing (“**Encumbrance**”) over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the

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right to receive, or any other warrants or other rights to purchase, any Shares or other securities of the Company, as applicable), or deposit any Shares or other securities of our Company, as applicable, with a depository in connection with the issue of depository receipts;

- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of the Shares or any other securities of our Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares);
- (c) enter into any transaction with the same economic effect as any transactions specified in (a) or (b) above; or
- (d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above,

in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or other securities of our Company, as applicable, or in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-Month Period).

In the event that, during the period of six months immediately following the expiry of the First Six-Month Period (the “**Second Six-Month Period**”), our Company enters into any of the transactions specified in (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in any Shares or other securities of our Company.

By Our Controlling Shareholders

Each of our Controlling Shareholders has undertaken to each of our Company, the Sole Sponsor, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, except in compliance with the requirements of the Listing Rules, without the prior written consent of the Sole Sponsor and the Overall Coordinators (for themselves and on behalf of the other Hong Kong Underwriters):

- (a) it/he will not, at any time during the First Six-Month Period, (i) sell, offer to sell, accept subscription for, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or

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any warrants or other rights to purchase, any Shares or any such other securities, as applicable or any interest in any of the foregoing), or deposit any Shares or other securities of our Company with a depository in connection with the issue of depository receipts, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any such other securities, as applicable or any interest in any of the foregoing), or (iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above, or (iv) offer to or agree to or publicly announce any intention to effect any transaction specified in (i), (ii) or (iii) above, in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of our Company or in cash or otherwise, and whether or not the transactions will be completed within the First Six-Month Period;

- (b) it/he will not, during the Second Six-Month Period, enter into any of the transactions specified in (i), (ii) or (iii) above or offer to or agree to contract to or publicly announce any intention to effect any such transaction if, immediately following any such transaction, it/he will cease to be a Controlling Shareholder of our Company; and
- (c) until the expiry of the Second Six-Month Period, in the event that it enters into any of the transactions specified in (i), (ii) or (iii) or offer to or agrees to or contract to or publicly announce any intention to effect any such transaction, it/he will take all reasonable steps to ensure that such a disposal will not create a disorderly or false market in the securities of our Company.

Undertakings by the Existing Shareholders

Each of our existing Shareholders has given an undertaking to the Company and the Underwriters, pursuant to which it would not, within six months from the Listing Date, take any of the following actions:

- (a) lend, offer, pledge, hypothecate, hedge, encumber, sell, make any short sale of, loan, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any equity securities of the Company (other than those included in such offering), whether any such transaction described in this paragraph (a) is to be settled by delivery of equity securities of the Company or such other securities, in cash or otherwise; or

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- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the equity securities of the Company, whether any such transaction described in this paragraph (b) is to be settled by delivery of equity securities of the Company or such other securities, in cash or otherwise.

Underwriters' Interests in Our Group

Save for their respective obligations under the Hong Kong Underwriting Agreement and the International Underwriting Agreement or as otherwise disclosed in this prospectus, as of the Latest Practicable Date, none of the Underwriters was interested directly or indirectly in any of our Shares or securities or any shares or securities of any other member of our Group or had any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, any of our Shares or securities or any shares or securities of any other member of our Group.

Following the completion of the Share Subdivision and the Global Offering, the Underwriters and their affiliated companies may hold a certain portion of our Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement and International Underwriting Agreement.

The Sole Sponsor's Independence

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The International Offering

International Offering

In connection with the International Offering, we expect to enter into the International Underwriting Agreement on the Price Determination Date with, among others, the International Underwriters. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions, severally and not jointly, agree to purchase the International Offer Shares or procure purchasers for the International Offer Shares initially being offered pursuant to the International Offering. Please refer to the section headed "Structure of the Global Offering—International Offering" in this prospectus.

Total Commission and Expenses

Our Company agrees to pay to all syndicate Capital Market Intermediaries participating in the Global Offering an aggregate commission of 3% of the aggregate gross proceeds of the Global Offering (the "**Fixed Fees**"). Furthermore, the Company may, at its sole discretion, pay to all syndicate Capital Market Intermediaries participating in the Global Offering an additional incentive fee of up to 3% of the aggregate gross proceeds of the Global Offering (the "**Discretionary Fee**"), allocation of which shall be determined by the Company before the Listing in accordance with the Listing Rules. Assuming the

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Discretionary Fees are paid in full, the ratio of the Fixed Fees and the Discretionary Fees to be paid to all Capital Market Intermediaries will be 50:50. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the Overall Coordinators and the relevant International Underwriters, but not the Hong Kong Underwriters.

Based on an Offer Price of HK\$8.30 (being the mid-point of the stated range of the Offer Price between HK\$7.80 and HK\$8.80), the aggregate commissions and estimated expenses, together with the Stock Exchange listing fee, SFC transaction levy, AFRC transaction levy, Stock Exchange trading fee, legal and other professional fees, printing and other fees and expenses relating to the Global Offering, are estimated to amount in aggregate to HK\$86.4 million in total and are payable by us.

Indemnity

We have undertaken to indemnify and keep indemnified on demand and hold harmless each of the Overall Coordinators, the Sole Sponsor and the Hong Kong Underwriters (for itself and on trust for its directors, officers, employees, agents, assignees and affiliates) from and against certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

Restrictions on the Offer Shares

No action has been taken to permit a public offering of the Offer Shares, other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation.

ACTIVITIES BY THE UNDERWRITERS

The Underwriters and their respective affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Underwriters and their respective affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Underwriters or their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or

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instruments of our Company and/or persons and entities in relation with our Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with our Group's loans and other debt.

In relation to the Shares, the activities of the Underwriters or their respective affiliates could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the Shares (the financing of which may be secured by the Shares) in the Global Offering, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares, which may have a negative impact on the trading price of the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Underwriters or their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by the Underwriters or their respective affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period as described in the section headed "Structure of the Global Offering" in this prospectus. Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Underwriters or their respective affiliates will be subject to certain restrictions, including the following:

- (a) the Underwriters or their respective affiliates (other than the Stabilizing Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) the Underwriters or their respective affiliates must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO which includes the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

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The Underwriters or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking, derivative and other services to us, our affiliates or our Shareholders including cornerstone investors, for which the Underwriters or their respective affiliates have received or will receive customary fees and commissions.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering initially consists of:

- the Hong Kong Public Offering of initially 2,500,000 Offer Shares (subject to adjustments as mentioned below) in Hong Kong as described below in the paragraph headed “—The Hong Kong Public Offering”; and
- the International Offering of initially 22,500,000 Offer Shares (subject to adjustments as described below) outside the United States (including to professional, institutional and corporate investors and other investors anticipated to have a sizeable demand for the Offer Shares in Hong Kong) in offshore transactions in reliance on Regulation S.

Investors may either:

- apply for the Hong Kong Offer Shares under the Hong Kong Public Offering; or
- apply for or indicate an interest for the International Offer Shares under the International Offering,

but may not do both.

The 25,000,000 Offer Shares in the Global Offering will represent approximately 2.85% of our enlarged share capital immediately after the completion of the Share Subdivision and the Global Offering.

References to applications, application monies or procedure for applications relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares Initially Offered

We are initially offering for subscription by the public in Hong Kong 2,500,000 Offer Shares, representing 10% of the total number of Offer Shares initially available under the Global Offering. Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the number of Offer Shares offered under the Hong Kong Public Offering will represent approximately 0.28% of our enlarged issued share capital immediately after completion of the Share Subdivision and the Global Offering.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

STRUCTURE OF THE GLOBAL OFFERING

Completion of the Hong Kong Public Offering is subject to the conditions as set forth below in “—Conditions of the Global Offering”.

Allocation

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary depending on the number of Hong Kong Offer Shares validly applied for by applicants. We may, if necessary, allocate the Hong Kong Offer Shares on the basis of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Offer Shares available under the Hong Kong Public Offering is to be divided equally into two pools (with any odd lot being allocated to pool A):

- **Pool A:** The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of HK\$5 million or less (excluding brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee payable); and
- **Pool B:** The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of more than HK\$5 million and up to the value of pool B (excluding brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee payable).

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in the pool and be allocated accordingly. For the purpose of this subsection only, the “subscription price” for the Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 1,250,000 Hong Kong Offer Shares will be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation. Paragraph 4.2 of Practice Note 18 to the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain

STRUCTURE OF THE GLOBAL OFFERING

percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached. The reallocation is at the discretion of the Overall Coordinators, subject to the following:

- (a) where the International Offer Shares are fully subscribed or oversubscribed:
 - (i) if the Hong Kong Offer Shares are undersubscribed, the Overall Coordinators has the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Overall Coordinators deems appropriate;
 - (ii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offer, the Overall Coordinators has the authority to reallocate International Offer Shares originally included in the International Offering to the Hong Kong Public Offering in such number as they deem appropriate, provided that in accordance with Chapter 4.14 of the Guide for New Listing Applicants issued by the Stock Exchange, the number of International Offer Shares reallocated to the Hong Kong Public Offering should not exceed 2,500,000 Offer Shares, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 5,000,000 Offer Shares, representing approximately 20.0% of the total number of the Offer Shares initially available under the Global Offering; and
 - (iii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (1) 15 times or more but less than 50 times, (2) 50 times or more but less than 100 times, and (3) 100 times or more of the number of Offer Shares initially available under the Hong Kong Public Offering, the Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering in accordance with the clawback requirements set forth in paragraph 4.2 of Practice Note 18 of the Listing Rules, so that the total number of Hong Kong Offer Shares will be increased to 7,500,000 Offer Shares (in the case of (1)), 10,000,000 Offer Shares (in the case of (2)) and 12,500,000 Offer Shares (in the case of (3)), representing approximately 30%, 40% and 50% of the Offer Shares initially available under the Global Offering, respectively, In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Overall Coordinators deem appropriate;

STRUCTURE OF THE GLOBAL OFFERING

- (b) where the International Offer Shares are undersubscribed:
- (i) if the Hong Kong Offer Shares are also undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe for or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this prospectus and the Underwriting Agreements; and
 - (ii) if the Hong Kong Offer Shares are fully subscribed or oversubscribed (irrespective of the extent of over-subscription), the Overall Coordinators has the authority to reallocate International Offer Shares originally included in the International Offering to the Hong Kong Public Offering in such number as they deem appropriate, provided that in accordance with Chapter 4.14 of the Guide for New Listing Applicants issued by the Stock Exchange, the number of International Offer Shares reallocated to the Hong Kong Public Offering should not exceed 2,500,000 Offer Shares, representing approximately 10% of the Offer Shares initially available under the Global Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 5,000,000 Offer Shares, representing approximately 20.0% of the total number of the Offer Shares initially available under the Global Offering.

In the event of reallocation of Offer Shares from the International Offering to the Hong Kong Public Offering in the circumstances described in paragraph (a)(ii) or (b)(ii) above, the final Offer Price shall be fixed at the bottom end of the Offer Price Range (i.e. HK\$7.80 per Offer Share) according to Chapter 4.14 of the Guide for New Listing Applicants issued by the Stock Exchange.

In all cases of reallocation of Offer Shares from the International Offering to the Hong Kong Public Offering, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B in equal proportion and the number of Offer Shares allocated to the International Offering will be correspondingly reduced.

Details of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the results announcement of the Global Offering, which is expected to be published on Friday, December 27, 2024.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated International Offer Shares under the International Offering.

STRUCTURE OF THE GLOBAL OFFERING

Applicants under the Hong Kong Public Offering are required to pay, on application, maximum price of HK\$8.80 per Offer Share in addition to brokerage of 1.0%, SFC transaction levy of 0.0027%, the AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% on each Offer Share. If the Offer Price, as finally determined on the Price Determination Date in the manner as described below in “—Pricing and Allocation,” is less than the maximum price of HK\$8.80 per Offer Share, appropriate refund payments (including brokerage, SFC transaction levy, the AFRC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. For further details, see “How to Apply for Hong Kong Offer Shares”.

THE INTERNATIONAL OFFERING

Number of Offer Shares Initially Offered

We will be initially offering for subscription under the International Offering 22,500,000 Offer Shares, representing 90% of the Offer Shares under the Global Offering. Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the number of Offer Shares offered under the International Offering will represent approximately 2.56% of our enlarged issued share capital immediately after completion of the Share Subdivision and the Global Offering.

Allocation

The International Offer Shares will conditionally be offered to selected professional, institutional and corporate investors and other investors anticipated to have a sizeable demand for our Offer Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Prospective professional, institutional and other investors will be required to specify the number of the International Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to the Price Determination Date.

Allocation of the International Offer Shares pursuant to the International Offering will be determined by the Overall Coordinators and will be based on a number of factors including the level and timing of demand, total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell its Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the International Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

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The Overall Coordinators (for itself and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Overall Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any applications of Hong Kong Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued pursuant to the International Offering may change as a result of the clawback arrangement as described above in the paragraph headed “The Hong Kong Public Offering—Reallocation” and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

PRICING AND ALLOCATION

Our Company and the Overall Coordinators (on behalf of the Underwriters) will determine the Offer Price and sign an agreement on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around Tuesday, December 24, 2024.

The Offer Price will not be more than HK\$8.80 per Offer Share and is expected to be no less than HK\$7.80 per Offer Share, unless otherwise announced, as further explained below. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.** If you apply for the Offer Shares under the Hong Kong Public Offering, you must pay the maximum price of HK\$8.80 per Offer Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% fee.

If the Offer Price, as finally determined in the manner described below, is lower than HK\$8.80, we will refund the respective difference, including brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee attributable to the surplus application monies. We will not pay interest on any refunded amounts. For more details, see “How to Apply for Hong Kong Offer Shares”.

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building,” is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

The Overall Coordinators (for itself and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the Offer Price range below that

STRUCTURE OF THE GLOBAL OFFERING

stated in this prospectus prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, caused to be posted on our website at www.jkzlkj.cn and the website of the Stock Exchange at www.hkexnews.hk (the contents of the website do not form a part of this prospectus). The Company will also, as soon as practicable following the decision to make such change, issue a supplemental prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the Offer Price. The Global Offering must first be cancelled and subsequently relaunched on FINI pursuant to the supplemental prospectus.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price Range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also confirm or revise, as appropriate, the working capital statement, the Global Offering statistics as currently set out in “Summary” in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any such notice so published, the Offer Price, if agreed upon with the Company and the Overall Coordinators (on behalf of the Underwriters) will under no circumstances be set outside the Offer Price Range as stated in this prospectus. However, if the number of Offer Shares and/or the Offer Price reduced, the Company will issue a supplemental prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the Offer Price. The Global Offering must first be cancelled and subsequently relaunched on FINI pursuant to the supplemental prospectus.

If you have already submitted an application for the Hong Kong Offer Shares before the last day for lodging applications under the Hong Kong Public Offering, you will not be allowed to subsequently withdraw your application.

In the event of a reduction in the number of Offer Shares, the Overall Coordinators may, at their discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering.

The final Offer Price, the level of indication of interest in the International Offering, the basis of allotment of Offer Shares available under the Hong Kong Public Offering and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering are expected to be made available in a variety of channels in the manner described in “How to Apply for Hong Kong Offer Shares—B. Publication of Results” in this prospectus.

STRUCTURE OF THE GLOBAL OFFERING

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares is conditional on:

- the Listing Committee granting approval for the listing of, and permission to deal in, our Shares in issue and to be issued as described in this prospectus (including the Shares which may be issued pursuant to the exercise of the Over-allotment Option);
- the Offer Price having been agreed between us and the Overall Coordinators (on behalf the Underwriters);
- the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and
- the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement, as the case may be (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between us and the Overall Coordinators (on behalf of the Underwriters) on or before 12:00 noon on Tuesday, December 24, 2024, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, each other offering becoming unconditional and not having been terminated in accordance with its respective terms. If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by the Company on our website at www.jkzlkj.cn and the website of the Stock Exchange at www.hkexnews.hk on the next day following such lapse. In such an event, all application monies will be returned, without interest, on the terms set out in “How to Apply for Hong Kong Offer Shares—D. Despatch/Collection of Share Certificates and Refund of Application Monies” in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates for the Offer Shares will only become valid evidence of title at 8:00 a.m. on Monday, December 30, 2024, provided that the Global Offering has become unconditional in all respects at or before that time.

STRUCTURE OF THE GLOBAL OFFERING

UNDERWRITING AGREEMENTS

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to, among other conditions, us and the Overall Coordinators (on behalf of the Underwriters) agreeing on the Offer Price on the Price Determination Date.

We expect to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

Certain terms of the underwriting arrangements, the Hong Kong Underwriting Agreement and the International Underwriting Agreement, are summarized in the section headed “Underwriting” in this prospectus.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Monday, December 30, 2024, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Monday, December 30, 2024.

The Shares will be traded in board lots of 500 Shares each.

HOW TO APPLY FOR HONG KONG OFFER SHARES

IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering and below are the procedures for application.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the “HKEXnews > New Listings > New Listing Information” section, and our website at www.jkzlkj.cn.

The contents of this prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

A. APPLICATION FOR HONG KONG OFFER SHARES

1. Who Can Apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are 18 years of age or older;
- have a Hong Kong address (*for the White Form eIPO service only*);
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

Unless permitted by the Listing Rules or a waiver and/or consent has been granted by the Stock Exchange to us, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are an existing Shareholder or close associates; or
- are a Director or any of his/her close associates.

2. Application Channels

The Hong Kong Public Offer period will begin at 9:00 am on Wednesday, December 18, 2024 and end at 12:00 noon on Monday, December 23, 2024 (Hong Kong time).

HOW TO APPLY FOR HONG KONG OFFER SHARES

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
White Form eIPO service	www.eipo.com.hk	Investors who would like to receive a physical Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 am on Wednesday, December 18, 2024 to 11:30 a.m. on Monday, December 23, 2024, Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Monday, December 23, 2024 Hong Kong time.
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit electronic application instruction(s) on your behalf through HKSCC's FINI system in accordance with your instruction.	Investors who would not like to receive a physical Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

The White Form eIPO service and the HKSCC EIPO channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

For those applying through the White Form eIPO service, once you complete payment in respect of any application instructions given by you or for your benefit through the White Form eIPO service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the electronic application instructions are given, you shall be deemed to have declared that only one set of electronic application instructions has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of electronic application instructions for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

HOW TO APPLY FOR HONG KONG OFFER SHARES

For the avoidance of doubt, giving an application instruction under the White Form eIPO service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the White Form eIPO service, you are deemed to have authorized the White Form eIPO Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the White Form eIPO service.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the HKSCC EIPO channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through HKSCC EIPO channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this prospectus.

HOW TO APPLY FOR HONG KONG OFFER SHARES

3. Information Required to Apply

You must provide the following information with your application:

For Individual/Joint Applicants

- Full name(s)² as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
 - i. HKID card; or
 - ii. National identification document; or
 - iii. Passport; and
- Identity document number

For Corporate Applicants

- Full name(s)² as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
 - i. LEI registration document; or
 - ii. Certificate of incorporation; or
 - iii. Business registration certificate; or
 - iv. Other equivalent document; and
- Identity document number

Notes:

1. If you are applying through the White Form eIPO service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card.
2. The applicant's full name as shown on their identity document must be used. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card, the HKID number must be used when making an application to subscribe for shares in a public offer. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.
3. If the applicant is a trustee, the client identification data ("CID") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.
4. The maximum number of joint applicants on FINI is capped at 4 in accordance with market practice.

HOW TO APPLY FOR HONG KONG OFFER SHARES

5. If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii), the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.
6. If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

“Unlisted company” means a company with no equity securities listed on the Stock Exchange or any other stock exchange.

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

For those applying through HKSCC EIPO channel, and making an application under a power of attorney, we and the Overall Coordinators, as our agent, have discretion to consider whether to accept it on any conditions we think fit, including evidence of the attorney's authority.

Failing to provide any required information may result in your application being rejected.

4. Permitted Number of Hong Kong Offer Shares for Application

Board lot size : 500 shares

Permitted number of Hong Kong Offer Shares for application and amount payable on application/ successful allotment : Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below.

The maximum Offer Price is HK\$8.80 per Share.

If you are applying through the HKSCC EIPO channel, you are required to pre-fund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

HOW TO APPLY FOR HONG KONG OFFER SHARES

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the HKSCC EIPO channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the final Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the Designated Bank for your broker or custodian.

If you are applying through the White Form eIPO service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application <i>HK\$</i>	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application <i>HK\$</i>	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application <i>HK\$</i>	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application <i>HK\$</i>
500	4,444.38	7,000	62,221.23	50,000	444,437.40	400,000	3,555,499.20
1,000	8,888.75	8,000	71,109.99	60,000	533,324.88	450,000	3,999,936.60
1,500	13,333.13	9,000	79,998.73	70,000	622,212.35	500,000	4,444,374.00
2,000	17,777.50	10,000	88,887.48	80,000	711,099.85	600,000	5,333,248.80
2,500	22,221.86	15,000	133,331.22	90,000	799,987.32	700,000	6,222,123.60
3,000	26,666.24	20,000	177,774.95	100,000	888,874.80	800,000	7,110,998.40
3,500	31,110.62	25,000	222,218.70	150,000	1,333,312.20	900,000	7,999,873.20
4,000	35,554.99	30,000	266,662.45	200,000	1,777,749.60	1,000,000	8,888,748.00
4,500	39,999.37	35,000	311,106.18	250,000	2,222,187.00	1,100,000	9,777,622.80
5,000	44,443.75	40,000	355,549.92	300,000	2,666,624.40	1,250,000 ⁽¹⁾	11,110,935.00
6,000	53,332.49	45,000	399,993.65	350,000	3,111,061.80		

(1) Maximum number of Hong Kong Offer Shares you may apply for.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) and the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC; and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the AFRC).

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed “—A. Application for Hong Kong Offer Shares—3. Information Required to Apply” in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the White Form eIPO service, (ii) HKSCC EIPO channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the White Form eIPO service or HKSCC EIPO channel, you or the person(s) for whose benefit you have made the application shall not apply for any International Offer Shares.

6. Terms and Conditions of An Application

By applying for Hong Kong Offer Shares through the White Form eIPO service or HKSCC EIPO channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

- (i) undertake to execute all relevant documents and instruct and authorise us and/or the Overall Coordinators, as our agents, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the HKSCC EIPO channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant’s stock account on your behalf;
- (ii) confirm that you have read and understand the terms and conditions and application procedures set out in this prospectus and the designated website of the White Form eIPO service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;
- (iii) (if you are applying through the HKSCC EIPO channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;
- (iv) confirm that you are aware of the restrictions on offers and sales of shares set out in this prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (v) confirm that you have read this prospectus and any supplement to it and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made) and will not rely on any other information or representations;
- (vi) agree that the Sole Sponsor, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters, and any of their or our Company's respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering (collectively, the "**Relevant Persons**"), the Hong Kong Share Registrar and HKSCC will not be liable for any information and representations not in this prospectus and any supplement to it;
- (vii) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to us, the Relevant Persons, the Hong Kong Share Registrar, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under the paragraph headed "**G. Personal Data—3. Purposes and 4. Transfer of personal data**" in this section;
- (viii) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees' application) has been accepted) that you will not rescind it because of an innocent misrepresentation;
- (ix) agree that subject to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the Hong Kong Share Registrar by way of publication of the results at the time and in the manner as specified in the paragraph headed "**B. Publication of Results**" in this section;
- (x) confirm that you are aware of the situations specified in the paragraph headed "**C. Circumstances In Which You Will Not Be Allocated Hong Kong Offer Shares**" in this section;
- (xi) agree that your application or HKSCC Nominees' application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (xii) agree to comply with the Companies Ordinance, the Companies (WUMP) Ordinance, the Articles of Association and laws of any place outside Hong Kong that apply to your application and that neither we nor the Relevant Persons will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;
- (xiii) confirm that (a) your application or HKSCC Nominees' application on your behalf is not financed directly or indirectly by the Company, any of the directors, chief executives, substantial Shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from the Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in your name or otherwise held by you;
- (xiv) warrant that the information you have provided is true and accurate;
- (xv) confirm that you understand that we and the Overall Coordinators will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xvi) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;
- (xvii) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving electronic application instructions to HKSCC directly or indirectly or through the White Form eIPO service or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (1) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving electronic application instructions to HKSCC and (2) you have due authority to give electronic application instructions on behalf of that other person as its agent.

HOW TO APPLY FOR HONG KONG OFFER SHARES

B. PUBLICATION OF RESULTS

Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

Platform		Date/Time
	Applying through White Form eIPO service or HKSCC EIPO channel:	
Website	The designated results of allocation at www.iporeresults.com.hk (alternatively: www.eipo.com.hk/eIPOAllotment) with a with a “search by ID” function. The full list of (i) wholly or partially successful applicants using the White Form eIPO service and HKSCC EIPO channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed on the “Allotment Results” page of the White Form eIPO service at www.iporeresults.com.hk (alternatively: www.eipo.com.hk/eIPOAllotment). The Stock Exchange’s website at www.hkexnews.hk and our website at www.jkzlkj.cn which will provide links to the above mentioned websites of the Hong Kong Share Registrar.	24 hours, from 11:00 p.m. on Friday, December 27, 2024 to 12:00 midnight on Thursday, January 2, 2025 (Hong Kong time)
Telephone	+ 852 2862 8555—the allocation results telephone enquiry line provided by the Hong Kong Share Registrar	No later than 11:00 p.m. on Friday, December 27, 2024 (Hong Kong time). between 9:00 a.m. and 6:00 p.m., from Monday, December 30, 2024, to Friday, January 3, 2025 (excluding Saturdays, Sundays and public holidays in Hong Kong)

For those applying through HKSCC EIPO channel, you may also check with your broker or custodian from 6:00 p.m. on Tuesday, December 24, 2024 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Tuesday, December 24, 2024 (Hong Kong time) on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Allocation Announcement

We expect to announce the results of the final Offer Price, the level of indications of interest in the Global Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Hong Kong Offer Shares on the Stock Exchange's website at www.hkexnews.hk and our website at www.jkzlkj.cn by no later than 11:00 p.m. on Friday, December 27, 2024 (Hong Kong time).

C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying for:

1. If your application is revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

2. If we or our agents exercise our discretion to reject your application:

We, the Overall Coordinators, the Hong Kong Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

3. If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

4. If:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed “—A. Application for Hong Kong Offer Shares—5. Multiple Applications Prohibited” in this section on what constitutes multiple applications;
- your application instruction is incomplete;
- your payment (or confirmation of funds, as the case may be) is not made correctly;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- the Underwriting Agreements do not become unconditional or are terminated; or
- we or the Overall Coordinators believe that by accepting your application, it or we would violate applicable securities or other laws, rules or regulations.

5. If there is money settlement failure for allotted Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their designated bank before balloting. After balloting of Hong Kong Offer Shares, the receiving bank will collect the portion of these funds required to settle each HKSCC Participant's actual Hong Kong Offer Share allotment from their designated bank.

There is a risk of money settlement failure. In the extreme event of money settlement failure by a HKSCC Participant (or its designated bank), who is acting on your behalf in settling payment for your allotted shares, HKSCC will contact the defaulting HKSCC Participant and its designated bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the International Offering. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons, the Hong Kong Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

D. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the HKSCC EIPO channel where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application.

Share certificates will only become valid evidence of title at 8:00 a.m. on Monday, December 30, 2024 (Hong Kong time), provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid evidence of title do so entirely at their own risk.

HOW TO APPLY FOR HONG KONG OFFER SHARES

The right is reserved to retain any Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

The following sets out the relevant procedures and time:

	White Form eIPO service	HKSCC EIPO channel
Despatch/collection of Share certificate³		
For physical share certificates of 1,000,000 or more Offer Shares issued under your own name	<p>Collection in person: from Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong</p> <p>Time: from 9:00 a.m. to 1:00 p.m. on Monday, December 30, 2024 (Hong Kong time)</p>	<p>Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant’s stock account.</p> <p>No action by you is required.</p>
	<p>If you are an individual, you must not authorise any other person to collect for you. If you are a corporate applicant, your authorised representative must bear a letter of authorization from your corporation stamped with your corporation’s chop.</p> <p>Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.</p> <p>Note: If you do not collect your Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk.</p>	
For physical share certificates of less than 1,000,000 Offer Shares issued under your own name	<p>Your Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk</p> <p>Time: Friday, December 27, 2024</p>	
Refund mechanism for surplus application monies paid by you		
Date	Monday, December 30, 2024	Subject to the arrangement between you and your broker or custodian
Responsible party	Hong Kong Share Registrar	Your broker or custodian
Application monies paid through single bank account	White Form e-Refund payment instructions to your designated bank account	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement Application monies paid between you and it
Application monies paid between you and it through multiple bank accounts	Refund cheque(s) will be despatched to the address as specified in your application instructions by ordinary post at your own risk	

³ Except in the event of any Severe Weather Signals (as defined below) in force in Hong Kong on the business day before the Listing Date rendering it impossible for the relevant share certificates to be dispatched to HKSCC in a timely manner, the Company shall procure the Hong Kong Share Registrar to arrange for delivery of the supporting documents and share certificates in accordance with the contingency arrangements as agreed between them. You may refer to “—E. Severe Weather Arrangements” in this section.

E. SEVERE WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Monday, December 23, 2024 if, there is/are:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- Extreme Conditions,

(collectively, “**Severe Weather Signals**”),

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, December 23, 2024.

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have Severe Weather Signals in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the listing date. Should there be any changes to the dates mentioned in the section headed “Expected Timetable” in this prospectus, an announcement will be made and published on the Stock Exchange’s website at www.hkexnews.hk and our website at www.jkzlkj.cn of the revised timetable.

If a Severe Weather Signal is hoisted on Friday, December 27, 2024, the Hong Kong Share Registrar will make appropriate arrangements for the delivery of the share certificates to the CCASS Depository’s service counter so that they would be available for trading on Monday, December 30, 2024.

If a Severe Weather Signal is hoisted on Monday, December 30, 2024:

- for physical share certificates of 1,000,000 or more offer shares issued under your own name, you may pick them up from the Hong Kong Share Registrar’s office after the Severe Weather Signal is lowered or cancelled (e.g. in the afternoon of Monday, December 30, 2024 or on Tuesday, December 31, 2024).

If a Severe Weather Signal is hoisted on Friday, December 27, 2024:

- for physical share certificates of less than 1,000,000 offer shares issued under your own name, despatch will be made by ordinary post when the post office re-opens after the Severe Weather Signal is lowered or cancelled (e.g. in the afternoon of Friday, December 27, 2024 or on Monday, December 30, 2024).

HOW TO APPLY FOR HONG KONG OFFER SHARES

Prospective investors should be aware that if they choose to receive physical share certificates issued in their own name, there may be a delay in receiving the share certificates.

F. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisor for details of the settlement arrangement as such arrangements may affect your rights and interests.

G. PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data collected and held by the Company, the Hong Kong Share Registrar, the receiving bank and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

1. Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of the Company and the Hong Kong Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

2. Reasons for the collection of your personal data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to the Company or its agents and the Hong Kong Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the Hong Kong Share Registrar.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of the Company or the Hong Kong Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the despatch of Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform the Company and the Hong Kong Share Registrar immediately of any inaccuracies in the personal data supplied.

3. Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque and White Form e-Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of the Company;
- verifying identities of applicants for and holders of the Shares and identifying any duplicate applications for the Shares;
- facilitating Hong Kong Offer Shares balloting;
- establishing benefit entitlements of holders of the Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the Hong Kong Share Registrar to discharge their obligations to applicants and holders of the Shares and/or regulators and/or any other purposes to which applicants and holders of the Shares may from time to time agree.

4. Transfer of personal data

Personal data held by the Company and the Hong Kong Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but the Company and the Hong Kong Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisors, receiving bank and overseas principal share registrar;
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the Hong Kong Share Registrar for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the Hong Kong Share Registrar in connection with their respective business operation;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and
- any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

5. Retention of personal data

The Company and the Hong Kong Share Registrar will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and correction of personal data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether the Company or the Hong Kong Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the Hong Kong Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company and the Hong Kong Share Registrar, at their registered address disclosed in the section headed “Corporate information” in this prospectus or as notified from time to time, for the attention of the company secretary, or the Hong Kong Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report set out on pages I-1 to I-83, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF HEALTHYWAY INC. AND CCB INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of HealthyWay Inc. (the "Company") and its subsidiaries (together the "Group") set out on pages I-4 to I-83, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2021, 2022 and 2023 and 30 June 2024 and the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows, for each of the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024 (the "Relevant Periods"), and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-83, forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 18 December 2024 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at 31 December 2021, 2022 and 2023 and 30 June 2024 and of the Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Review of stub period corresponding financial information

We have reviewed the stub period corresponding financial information of the Group which comprises the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 June 2023 and other explanatory information (the "Stub Period Corresponding Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Corresponding Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 27(b) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its incorporation.

KPMG

Certified Public Accountants

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

18 December 2024

Historical financial information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by KPMG Huazhen LLP Xiamen Branch in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(Expressed in Renminbi)

	Note	Year ended 31 December			Six months ended 30 June	
		2021 RMB'000	2022 RMB'000	2023 RMB'000	2023 RMB'000 (unaudited)	2024 RMB'000
Revenue	4	431,305	569,068	1,244,458	534,013	611,485
Cost of sales		<u>(257,832)</u>	<u>(323,273)</u>	<u>(846,222)</u>	<u>(359,964)</u>	<u>(427,824)</u>
Gross profit		<u>173,473</u>	<u>245,795</u>	<u>398,236</u>	<u>174,049</u>	<u>183,661</u>
Other net income/(loss)	5	7,361	8,140	3,855	(953)	455
Selling expenses		(126,354)	(147,414)	(211,751)	(78,189)	(98,576)
Administrative expenses		(106,779)	(41,195)	(79,780)	(37,638)	(29,097)
Research and development costs		<u>(14,142)</u>	<u>(54,410)</u>	<u>(103,400)</u>	<u>(36,367)</u>	<u>(53,968)</u>
(Loss)/profit from operations		(66,441)	10,916	7,160	20,902	2,475
Finance cost	6(a)	(1,160)	(1,578)	(3,254)	(1,599)	(2,321)
Share of profits less losses of associates		(112)	891	(72)	142	(315)
Changes in carrying amount of the redemption liabilities	21	<u>(84,370)</u>	<u>(267,834)</u>	<u>(324,779)</u>	<u>(127,132)</u>	<u>(62,989)</u>
Loss before taxation	6	(152,083)	(257,605)	(320,945)	(107,687)	(63,150)
Income tax	7(a)	<u>(3,224)</u>	<u>1,966</u>	<u>7,063</u>	<u>2,348</u>	<u>5,875</u>
Loss for the year/period		<u>(155,307)</u>	<u>(255,639)</u>	<u>(313,882)</u>	<u>(105,339)</u>	<u>(57,275)</u>
Attributable to:						
Equity shareholders of the Company		(157,223)	(258,131)	(310,079)	(101,759)	(55,818)
Non-controlling interests		<u>1,916</u>	<u>2,492</u>	<u>(3,803)</u>	<u>(3,580)</u>	<u>(1,457)</u>
Loss for the year/period		<u>(155,307)</u>	<u>(255,639)</u>	<u>(313,882)</u>	<u>(105,339)</u>	<u>(57,275)</u>
Loss per share	10					
Basic and diluted (RMB)		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

The accompanying notes form part of the Historical Financial Information.

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

(Expressed in Renminbi)

	<i>Note</i>	Year ended 31 December			Six months ended 30 June	
		2021 <i>RMB'000</i>	2022 <i>RMB'000</i>	2023 <i>RMB'000</i>	2023 <i>RMB'000</i> (unaudited)	2024 <i>RMB'000</i>
Loss for the year/period		(155,307)	(255,639)	(313,882)	(105,339)	(57,275)
Other comprehensive income for the year/ period						
<i>Item that is or may be reclassified subsequently to profit or loss:</i>						
Exchange differences on translation of financial statements of overseas entities		(1,676)	4,854	1,227	2,695	470
Total comprehensive income for the year/period		<u>(156,983)</u>	<u>(250,785)</u>	<u>(312,655)</u>	<u>(102,644)</u>	<u>(56,805)</u>
Attributable to:						
Equity shareholders of the Company		(158,899)	(253,277)	(308,852)	(99,064)	(55,348)
Non-controlling interests		<u>1,916</u>	<u>2,492</u>	<u>(3,803)</u>	<u>(3,580)</u>	<u>(1,457)</u>
Total comprehensive income for the year/period		<u>(156,983)</u>	<u>(250,785)</u>	<u>(312,655)</u>	<u>(102,644)</u>	<u>(56,805)</u>

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Renminbi)

	Note	As at 31 December			As at
		2021 RMB'000	2022 RMB'000	2023 RMB'000	30 June 2024 RMB'000
Non-current assets					
Property, plant and equipment	11	6,342	5,231	9,430	8,015
Intangible assets	12	2,513	16,308	39,268	45,103
Goodwill	14	2,871	8,605	8,605	8,605
Interests in associates	15	888	3,566	3,494	3,179
Deferred tax assets	26(b)	920	2,995	13,941	21,059
		<u>13,534</u>	<u>36,705</u>	<u>74,738</u>	<u>85,961</u>
Current assets					
Inventories	16	259	5,763	13,770	30,211
Contract assets	17(a)	2,470	145	298	257
Trade and other receivables	18	47,720	55,627	132,625	111,339
Prepayments		21,619	34,555	23,429	26,474
Restricted deposits	19	1,004	135	135	135
Cash and cash equivalents	20	44,022	69,719	168,693	149,736
		<u>117,094</u>	<u>165,944</u>	<u>338,950</u>	<u>318,152</u>
Current liabilities					
Trade and other payables	24	108,474	109,728	193,885	195,209
Contract liabilities	17(b)	84,499	90,254	57,347	50,391
Loans and borrowings	22	10,010	49,371	88,479	78,406
Lease liabilities	23	1,615	2,188	3,211	3,046
Redemption liabilities	21	1,120,640	1,388,474	1,713,253	1,776,242
Current taxation	26(a)	969	991	4,649	4,961
		<u>1,326,207</u>	<u>1,641,006</u>	<u>2,060,824</u>	<u>2,108,255</u>
Net current liabilities		<u>(1,209,113)</u>	<u>(1,475,062)</u>	<u>(1,721,874)</u>	<u>(1,790,103)</u>

	Note	As at 31 December			As at
		2021	2022	2023	30 June
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current liabilities					
Loans and borrowings	22	–	167	541	1,311
Lease liabilities	23	<u>3,647</u>	<u>2,266</u>	<u>4,375</u>	<u>3,404</u>
		<u>3,647</u>	<u>2,433</u>	<u>4,916</u>	<u>4,715</u>
NET LIABILITIES		<u>(1,199,226)</u>	<u>(1,440,790)</u>	<u>(1,652,052)</u>	<u>(1,708,857)</u>
CAPITAL AND RESERVES					
Share capital	27(c)	89	76	93	93
Reserves		<u>(1,205,814)</u>	<u>(1,449,015)</u>	<u>(1,657,870)</u>	<u>(1,713,218)</u>
Total equity attributable to equity shareholders of the Company		(1,205,725)	(1,448,939)	(1,657,777)	(1,713,125)
Non-controlling interests		<u>6,499</u>	<u>8,149</u>	<u>5,725</u>	<u>4,268</u>
TOTAL EQUITY		<u>(1,199,226)</u>	<u>(1,440,790)</u>	<u>(1,652,052)</u>	<u>(1,708,857)</u>

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in Renminbi)

	Note	As at 31 December			As at
		2021 RMB'000	2022 RMB'000	2023 RMB'000	30 June 2024 RMB'000
Non-current asset					
Interests in subsidiaries	1	381,350	1,596,478	1,709,339	1,715,237
Current assets					
Other receivables	18	815	2,005	3,472	2,292
Prepayment		1,068	3,646	2,607	1,195
Cash and cash equivalents		–	–	367	349
		1,883	5,651	6,446	3,836
Current liabilities					
Amounts due to a subsidiary	24	7,709	23,207	51,138	57,791
Amounts due to shareholders	24	–	–	1,756	1,769
Redemption liabilities	21	–	1,388,474	1,713,254	1,776,242
		7,709	1,411,681	1,766,148	1,835,802
NET CURRENT LIABILITIES		(5,826)	(1,406,030)	(1,759,702)	(1,831,966)
NET ASSETS/(LIABILITIES)		375,524	190,448	(50,363)	(116,729)
CAPITAL AND RESERVES					
Share capital	27(c)	89	76	93	93
Reserves		375,435	190,372	(50,456)	(116,822)
TOTAL EQUITY		375,524	190,448	(50,363)	(116,729)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Renminbi)

Note	Attributable to equity shareholders of the Company						Total RMB'000	Non-controlling interests RMB'000 Note 27(d)(iv)	Total equity RMB'000
	Share capital RMB'000 Note 27(c)	Share Premium RMB'000 Note 27(d)(v)	Other reserves RMB'000 Note 27(d)(i)	Exchange reserve RMB'000 Note 27(d)(ii)	Statutory reserves RMB'000 Note 27(d)(iii)	Accumulated losses RMB'000			
Balance at 1 January 2021	89	-	489,323	18,377	333	(1,620,269)	(1,112,147)	4,688	(1,107,459)
Changes in equity for 2021:									
Loss for the year	-	-	-	-	-	(157,223)	(157,223)	1,916	(155,307)
Other comprehensive income	-	-	-	(1,676)	-	-	(1,676)	-	(1,676)
Total comprehensive income	-	-	-	(1,676)	-	(157,223)	(158,899)	1,916	(156,983)
Appropriation to statutory reserve	-	-	-	-	232	(232)	-	-	-
Acquisition of additional interests in subsidiaries	-	-	(187)	-	-	-	(187)	(23)	(210)
Equity-settled share-based payment expenses	25	-	65,508	-	-	-	65,508	-	65,508
Disposal of a subsidiary	-	-	-	-	-	-	-	(82)	(82)
Balance at 31 December 2021 and 1 January 2022	89	-	554,644	16,701	565	(1,777,724)	(1,205,725)	6,499	(1,199,226)
Changes in equity for 2022:									
Loss for the year	-	-	-	-	-	(258,131)	(258,131)	2,492	(255,639)
Other comprehensive income	-	-	-	4,854	-	-	4,854	-	4,854
Total comprehensive income	-	-	-	4,854	-	(258,131)	(253,277)	2,492	(250,785)
Capital injection from equity shareholders	-	-	9,796	-	-	-	9,796	-	9,796
Arising from acquisition of a subsidiary	-	-	-	-	-	-	-	2,844	2,844
Disposal of subsidiaries	-	-	280	-	-	-	280	(3,686)	(3,406)
Shares repurchased for reorganisation	(13)	-	-	-	-	-	(13)	-	(13)
Balance at 31 December 2022 and 1 January 2023	76	-	564,720	21,555	565	(2,035,855)	(1,448,939)	8,149	(1,440,790)
Changes in equity for 2023:									
Loss for the year	-	-	-	-	-	(310,079)	(310,079)	(3,803)	(313,882)
Other comprehensive income	-	-	-	1,227	-	-	1,227	-	1,227
Total comprehensive income	-	-	-	1,227	-	(310,079)	(308,852)	(3,803)	(312,655)
Appropriation to statutory reserve	-	-	-	-	148	(148)	-	-	-
Shares issued	14	-	-	-	-	-	14	-	14
Capital injection from equity shareholders	3	99,997	-	-	-	-	100,000	1,379	101,379
Balance at 31 December 2023	93	99,997	564,720	22,782	713	(2,346,082)	(1,657,777)	5,725	(1,652,052)

Note	Attributable to equity shareholders of the Company						Total RMB'000	Non-controlling interests RMB'000 Note 27(d)(iv)	Total equity RMB'000
	Share capital	Share Premium	Other reserve	Exchange reserve	Statutory reserve	Accumulated losses			
	RMB'000 Note 27(c)	RMB'000 Note 27(d)(v)	RMB'000 Note 27(d)(i)	RMB'000 Note 27(d)(ii)	RMB'000 Note 27(d)(iii)	RMB'000			
(unaudited)									
Balance at 1 January 2023	76	–	564,720	21,555	565	(2,035,855)	(1,448,939)	8,149	(1,440,790)
Changes in equity for the six months ended 30 June 2023:									
Loss for the period	–	–	–	–	–	(101,759)	(101,759)	(3,580)	(105,339)
Other comprehensive income	–	–	–	2,695	–	–	2,695	–	2,695
Total comprehensive income	–	–	–	2,695	–	(101,759)	(99,064)	(3,580)	(102,644)
Issuance of new shares	14	–	–	–	–	–	14	–	14
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	300	300
Balance at 30 June 2023	90	–	564,720	24,250	565	(2,137,614)	(1,547,989)	4,869	(1,543,120)
Balance at 1 January 2024	93	99,997	564,720	22,782	713	(2,346,082)	(1,657,777)	5,725	(1,652,052)
Changes in equity for the six months ended 30 June 2024:									
Loss for the period	–	–	–	–	–	(55,818)	(55,818)	(1,457)	(57,275)
Other comprehensive income	–	–	–	470	–	–	470	–	470
Balance at 30 June 2024	93	99,997	564,720	23,252	713	(2,401,900)	(1,713,125)	4,268	(1,708,857)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Renminbi)

	Note	Year ended 31 December			Six months ended 30 June	
		2021 RMB'000	2022 RMB'000	2023 RMB'000	2023 RMB'000 (unaudited)	2024 RMB'000
Operating activities						
Cash generated from operations	20(b)	14,391	8,868	3,816	12,975	13,961
Tax paid		(234)	(87)	(225)	(96)	(931)
Net cash generated from operating activities		<u>14,157</u>	<u>8,781</u>	<u>3,591</u>	<u>12,879</u>	<u>13,030</u>
Investing activities						
Proceeds from disposal of property, plant and equipment		10	–	95	95	–
Purchase of wealth management products		(6,020)	(6,700)	(2,000)	–	–
Redemption of wealth management products		16,355	6,716	2,013	–	–
Placement of structured deposits		(10,000)	(9,500)	(30,500)	(17,000)	(12,085)
Redemption of structured deposits		11,030	9,570	30,594	10,046	12,466
Payment for purchase of property, plant and equipment		(401)	(288)	(1,193)	(164)	(555)
Payment for purchase of intangible assets		(44)	(16,071)	(37,874)	(27,465)	(18,404)
Acquisition of subsidiary, net of cash acquired	13(a)	(3,000)	(1,114)	(6,647)	(6,647)	–
Proceeds from disposal of certain interests in subsidiaries		525	–	7,541	7,541	–
Net cash outflow arising from disposal of subsidiaries	13(b)	(228)	(2,357)	–	–	–
Advance to related parties		(332)	(1,562)	(1,100)	(100)	–
Repayments from related parties		459	256	1,360	–	–
Investments in associates		(1,210)	–	–	–	–
Proceeds from disposal of associates		400	–	–	–	–
Net cash generated from/(used in) investing activities		<u>7,544</u>	<u>(21,050)</u>	<u>(37,711)</u>	<u>(33,694)</u>	<u>(18,578)</u>

	Note	Year ended 31 December			Six months ended 30 June	
		2021 RMB'000	2022 RMB'000	2023 RMB'000	2023 RMB'000 (unaudited)	2024 RMB'000
Financing activities						
Proceeds from bank loans	20(c)	14,940	53,966	123,830	50,830	7,400
Repayments of bank loans	20(c)	(10,987)	(14,438)	(84,348)	(32,286)	(16,703)
Capital element of lease rentals paid	20(c)	(1,984)	(1,984)	(4,236)	(1,974)	(1,687)
Interests paid on bank loans and other borrowings	20(c)	(961)	(1,367)	(2,950)	(1,473)	(2,156)
Interest element of lease rentals paid	20(c)	(199)	(211)	(304)	(126)	(165)
Payment of listing expenses		(1,101)	(1,616)	(2,498)	(1,434)	(98)
Capital injections from equity shareholders		–	9,796	100,000	–	–
Capital contribution from non-controlling interests		–	–	1,380	300	–
Repayments to related parties	20(c)	(100)	(450)	(2,960)	(120)	–
Advances from related parties	20(c)	–	300	5,180	800	–
Repayments of other borrowings	20(c)	(20,000)	–	–	–	–
Repayment to a third party	20(c)	(3,220)	(6,030)	–	–	–
Advances from a third party	20(c)	8,850	–	–	–	–
Net cash (used in)/generated from financing activities		<u>(14,762)</u>	<u>37,966</u>	<u>133,094</u>	<u>14,517</u>	<u>(13,409)</u>
Net increase/(decrease) in cash and cash equivalents		6,939	25,697	98,974	(6,298)	(18,957)
Cash and cash equivalents at the beginning of the year/period	20(a)	<u>37,083</u>	<u>44,022</u>	<u>69,719</u>	<u>69,719</u>	<u>168,693</u>
Cash and cash equivalents at the end of the year/period	20(a)	<u>44,022</u>	<u>69,719</u>	<u>168,693</u>	<u>63,421</u>	<u>149,736</u>

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

HealthyWay Inc. (the “Company”) was incorporated in the Cayman Islands on 18 November 2014 as an exempted company with limited liability under the Cayman Islands Companies Act, Cap22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The Company is an investment holding company and has not carried on any business operations since the date of its incorporation save for the Reorganisation (as defined below) and also capital raising activities of the Company. The Company and its subsidiaries (together, “the Group”) are principally engaged in providing corporate and digital marketing services and health and medical services (the “Listing Businesses”) in the People’s Republic of China (the “PRC”).

Prior to the Reorganisation, the Group’s Listing Businesses were carried out by Fujian Health Road Information Technology Co., Ltd. (“Fujian Health Road”) (福建健康之路信息技術有限公司) and its subsidiaries. According to the PRC laws and regulations, the Group’s business related to internet content, telecommunication and medical service (the “Restricted Business”) is subject to restrictions on foreign investment while the rest of the Listing Businesses (the “Unrestricted Business”) are not subject to such restrictions. To rationalise the corporate structure in preparation for the listing of the Company’s shares on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Group underwent the Reorganisation, as detailed in the section headed “History, Reorganisation and Corporate Structure” in the Prospectus.

As part of the Reorganisation, the Unrestricted Business was transferred to and wholly owned by Fujian Health Road Health Technology Company Limited (福建健康之路健康科技有限公司) (“Health Road HealthTech”), an indirect wholly-owned subsidiary of the Company. For the Restricted Business, Health Road HealthTech entered into a series of contractual arrangements (the “Original Contractual Arrangements”) with Fujian Health Road and its registered shareholders on 31 March 2022. On 8 February 2023, Health Road HealthTech, Fujian Health Road and its registered shareholders entered into a new series of contractual arrangements (the “New Contractual Arrangements”, together with the Original Contractual Arrangements “the Contractual Arrangements”), which amended, restated and superseded the Original Contractual Arrangements on 31 March 2022. Details of the Contractual Arrangements are set out in the section headed “Contractual Arrangements” in the Prospectus. As a result of the Contractual Arrangements, the Group has rights to exercise power over the Restricted Business, receive variable returns from its involvement in the Restricted Business and has the ability to affect the returns through its power over the Restricted Business. Consequently, the Group has control over the Restricted Business and regard the entities operating the Restricted Business as controlled entities. The directors of the Group are of the view that the Contractual Arrangements are in compliance with the PRC laws and regulations and are legally enforceable. On 31 March 2022, the Company became the holding company of the companies now comprising the Group.

In addition, the Reorganisation involved inserting certain investment holding companies, which do not have any substantive business operations, as the new holding companies of the Listing Businesses. There were no changes in the economic substance of the ownership and the Listing Businesses before and after the Reorganisation. Accordingly, the Historical Financial Information has been prepared and presented as a continuation of the Listing Businesses with the assets and liabilities recognised and measured at their historical carrying amounts prior to the Reorganisation. Intra-group balances, transactions and unrealised gains/losses on intra-group transactions are eliminated in full in preparing the Historical Financial Information.

The consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of change in equity and consolidated statements of cash flow statements of the Group for the Relevant Periods as set out in this report include the financial performance and cash flows of the companies now comprising the Group as if the current group structure had been in existence throughout the Relevant Periods, or since their respective date of incorporation or establishment, whichever is a shorter period. The consolidated statements of financial position of the Group as at 31 December 2021, 2022 and 2023 and 30 June 2024 as set out in this report have been prepared to present the financial position of the companies now comprising the Group as of those dates as if the current group structure had been in existence as of the respective dates taking into account the respective dates of incorporation or establishment, where applicable.

As at the date of this report, no audited financial statements have been prepared for the Company as it has not carried on any business operations since the date of incorporation. The financial statements of the subsidiaries of the Group for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established.

Upon completion of the Reorganisation and as at the date of the report, the Company has direct or indirect interests in the following subsidiaries, all of which are private companies. The following list contains only the particulars of subsidiaries which principally affected the results, assets or liability of the Group.

Company name	Date and place of incorporation/ establishment	Registered/issued and paid-up capital	Proportion of ownership interests				30 June 2024	At the date of this report	Principal activities	Name of statutory auditor
			31 December 2021	31 December 2022	31 December 2023					
<i>Directly held by the Company</i>										
Ning Waa Limited (<i>Note (b)</i>)	6 December 2021/ British Virgin Island ("BVI")	USD1/USD1	100%	100%	100%	100%	100%	Investment holding	N/A	
<i>Indirectly held by the Company</i>										
HealthyWay (HongKong) Limited	9 December 2014/ Hong Kong	USD1/USD1	100%	100%	100%	100%	100%	Investment holding	2021, 2022 and 2023: Rich Moral CPA Limited	
Health Road (China) Information Technology Co., Ltd. ("健康之路(中國)信息技術有限公司") (<i>Notes (a) & (b) & (d)</i>)	22 April 2015/ PRC	RMB300,000,000/ RMB300,000,000	100%	100%	100%	100%	100%	Investment holding	N/A	
Health Road HealthTech (<i>Notes (a) & (d)</i>)	18 October 2021/ PRC	RMB203,200,000/ RMB9,796,069	100%	100%	100%	100%	100%	Corporate and digital marketing services and health and medical services	2023: Fujian Dazheng Accounting Firm Limited ("福建大正會計師事務所有限公司")	
Zhejiang Health Road Technology Group Co., Ltd. ("浙江健康之路科技集團有限公司") ("Zhejiang Health Road") (<i>Notes (a) & (b) & (d)</i>)	8 June 2023/ PRC	RMB203,200,000/ RMB100,000,000	N/A	N/A	100%	100%	100%	Investment holding	N/A	

Company name	Date and place of incorporation/ establishment	Registered/issued and paid-up capital	Proportion of ownership interests			30 June 2024	At the date of this report	Principal activities	Name of statutory auditor
			31 December 2021	31 December 2022	31 December 2023				
Fujian Health Road (Notes (c) & (e))	10 December 2014/ PRC	RMB166,381,403/ RMB27,381,403	100%	100%	100%	100%	100%	Corporate and digital marketing services and health and medical services	2021 and 2022: Fuzhou Tongyue Certified Public Accountants Firm (General Partnership) (“福州同月會計師事務所(普通合夥)”) 2023: Fujian Dazheng Accounting Firm Limited (“福建大正會計師事務所有限公司”)
Fujian ChokSend Communication Technology Co., Ltd. (“福建省創科訊達通信科技有限公司”) (“ChokSend Communication”) (Notes (a) & (e))	13 August 2012/ PRC	RMB10,000,000/ RMB10,000,000	51%	51%	51%	51%	51%	Corporate and digital marketing services and medical support services	2021: Fujian Zhongzheng Hengrui Accounting Firm Co., Ltd. (“福建中正恒瑞會計師事務所有限公司”) 2022: Fujian Hongyang Certified Public Accountants Co., Ltd. (“福建鴻陽會計師事務所有限公司”) 2023: Fuzhou Rongrui Certified Public Accountants Co., Ltd. (“福州榕瑞會計師事務所有限公司”)
Yinchuan Borderless Internet Hospital Co., Ltd. (“銀川無邊界互聯網醫院有限公司”) (Notes (a) & (b) & (e))	23 January 2019/ PRC	RMB10,000,000/ RMB10,000,000	100%	100%	100%	100%	100%	Health and medical services	N/A
Hubei Health Zhilu Health Technology Co., Ltd. (“湖北健康之路健康科技有限公司”) (Notes (a) & (b) & (e))	15 April 2008/ PRC	RMB5,000,000/ RMB5,000,000	100%	100%	100%	100%	100%	Corporate and digital marketing services	N/A

Notes:

All companies comprising the Group have adopted 31 December as their financial year end date at the date of this report.

- (a) The official names of these entities are in Chinese. The English names are for identification purpose only.
- (b) At the date of the report, no statutory or audited financial statements have been prepared for these entities.
- (c) The Company does not have direct or indirect legal ownership in the equity of this entity. Nevertheless, the Company and its other legally owned subsidiaries control this entity by way of entering into the Contractual Arrangements with this entity and its registered owners, details of which are set out in the section headed “Contractual Arrangements” in the Prospectus.
- (d) These entities are wholly foreign-owned enterprises established in the PRC.
- (e) These entities are limited liability companies established in the PRC.

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (the “IASB”). Further details of the material accounting policy information adopted are set out in Note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards consistently throughout the Relevant Periods, except for any new standards or interpretations that are not yet effective for the Relevant Periods. The revised and new accounting standards and interpretations issued but not yet effective for the Relevant Periods are set out in Note 32.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Stub Period Corresponding Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

The Historical Financial Information has been prepared assuming the Group will continue as a going concern notwithstanding the net current liabilities and net liabilities of the Group as at 30 June 2024 and net losses for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, by taking into account: (1) the classification of redemption obligations totalling RMB1,776,242,000 as financial liabilities as set out in Note 21. The holders have agreed that their redemption rights will automatically be cancelled upon completing a qualified IPO and the related liabilities will be re-classified to equity; (2) the undrawn bank facilities amounting to RMB57,000,000 which will expire from July 2025 to January 2026; (3) future projection of the Group’s profit and cash inflows from operations. The directors are of the opinion that the Group has sufficient financial resources to continue as a going concern for at least the next twelve months from 30 June 2024 and there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group’s ability to continue as a going concern.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement and functional and presentation currency

The measurement basis used in the preparation of the financial statements is the historical cost basis.

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (the “Functional Currency”).

The financial statements is presented in Renminbi (“RMB”), rounded to the nearest thousands, except when otherwise indicated, which is the functional currency of the Group’s subsidiaries established in Chinese Mainland. Almost all the Group’s operating activities are carried out in Chinese Mainland with most of the transactions denominated in RMB. The Group translates the financial statements of the Company and the Company’s subsidiaries outside the Chinese Mainland from foreign currency into RMB.

(b) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the

circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is included into the financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the period between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate (see Note 2(d)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(i)(ii)).

(d) Associates

An associate is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Note 2(i)(ii)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the period are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with the other long-term interests that in substance form part of the Group's net investment in the associate, after applying the expected credit losses ("ECLs") model to such other long-term interests where applicable (see Note 2(i)(i)).

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

(e) Goodwill

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see Note 2(i)(ii)).

On disposal of a cash generating unit during the period, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(i)(ii)):

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

– Electronic and other equipment	3–5 years
– Motor vehicles	5–10 years
– Leasehold improvements	3–5 years
– Buildings leased for own use	Over the unexpired lease terms

Both the useful life of an asset and its residual value, if any, are reviewed annually.

(g) Intangible assets (other than goodwill)

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see Note 2(i)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Since the internal development of artificial intelligence tools was in early stage as at 30 June 2024, all relevant expenditure incurred (including amortization of datasets acquired for training artificial intelligence tools) was recognised as an expense during the reporting period.

Other intangible assets that are acquired by the Group (including datasets acquired for training artificial intelligence tools) are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(i)(ii)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss unless IFRS Accounting Standards permits or requires it to be included in the carrying amount of another asset on a straight-line basis over the intangible assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated/contracted useful lives are as follows:

– Software	2–5 years
– Dataset	estimated period of training artificial intelligence tools not exceeding 3 years (<i>see Note 3(ii)</i>)
– License	4.5 years

Both the period and method of amortisation are reviewed annually. A change in the estimate of the useful life or amortisation method is accounted for prospectively as a change in estimate by adjusting amortisation in the current and future period.

(h) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(f) and 2(i)(ii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract (“lease modification”) that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of IFRS 16 Leases. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

The Group presents right-of-use assets in “Property, plant and equipment” and presents lease liabilities separately in the consolidated statement of financial position. The current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 2(h)(i), then the Group classifies the sub-lease as an operating lease.

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses (“ECLs”) on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, restricted cash, trade receivables and other receivables); and
- contract assets as defined in IFRS 15.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- Fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof; and
- Variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within 12 months after the reporting date; and
- Lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecasted general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in the financial instrument's credit risk since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- Failure to make payments of principal or interest on their contractually due dates;
- An actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

- An actual or expected significant deterioration in the operating results of the debtor; and
- Existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instruments credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- Significant financial difficulties of the debtor;
- Significant decrease in property management and other service fees collection rate;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- It becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- Significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- The disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment, including right-of-use assets;
- intangible assets (other than goodwill);
- goodwill;
- investments in a associates; and
- investment in a subsidiary in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior periods. Reversals of impairment losses are credited to profit or loss in the period in which the reversals are recognised.

(j) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(k) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see Note 2(l)).

(l) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see Note 2(i)(i)).

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(i)(i).

(n) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Redemption liability

The Group's obligation to redeem its shares for cash upon the occurrence of events that are beyond the control of both the Group and the holders give rise to a financial liability. The financial liability is initially measured at the present value of the redemption amount and subsequently measured at amortised cost.

(p) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

(q) Employee benefits***(i) Short-term employee benefits and contributions to defined contribution retirement plans.***

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to the PRC local retirement schemes pursuant to the relevant labour rules and regulations in the PRC are recognised as an expense in profit or loss as incurred.

(ii) Share-based payments transactions

The fair value of shares granted to employees is recognised as an employee cost with a corresponding increase in other reserve within equity. The fair value is measured at grant date when the shares were granted. Where the shares granted without vesting conditions and contract life, the total fair value is recognised as an employee cost immediately on the grant date. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the shares, the total estimated fair value of the shares is spread over the vesting period, taking into account the probability that the shares will vest.

During the vesting period, the number of shares that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior periods is charged/credited to the profit or loss for the period of the review. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of shares that vest (with a corresponding adjustment to other reserve).

(r) Income tax

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous periods.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(s) Provisions and contingent liabilities

Provisions are recognised when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(t) Revenue and other income recognition

Income is classified by the Group as revenue when it arises from the sale of goods, and the provision of services in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax.

When another party is involved in providing goods or services to a customer, the Group assesses the nature of its promise for each specified good or service promised to the customer. The specified good or service may be a physical product that is sourced externally or a right to the underlying service that is provided by a third party. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the goods or services before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the goods or services. The Group recognises the corresponding revenue on a gross basis when it acts a principal and on a net basis when it acts an agent.

For physical products, the Group considers itself a principal when it has physical possession or the right to direct the use of the products and substantive risk and rewards associated with the ownership before the products are delivered to the customers.

For services rendered, the Group considers itself a principal when it controls the right to the specified service to be performed by another party before the Group directs that party to provide the service to the customer on its behalf. Relevant indicators considered by the Group include: taking the primary responsibility for fulfilling the promise to provide the specified service, being exposed to the customer complaints about service quality issues, having its own discretion to appoint service providers and being able to establish service fees with customers and the procurement cost charged by suppliers separately.

(a) Health and medical services and health care related products

The Group provides medical support services and healthcare related products to customers. It usually offers to customers health membership schemes containing entitlements to multiple services (the schemes), and healthcare service packages of the schemes bundled with physical products (the packages), where applicable.

The customer's entitlements to services included in the schemes usually have a fixed valid usage period. During the valid period, the customer has unlimited access to some services and specified quantities of access to other services.

Each of the (series of) services and products within the schemes/packages is a separate performance obligation as it has a stand-alone benefit to the customer and not highly interrelated or interdependent with each other. The transaction price is allocated based on their relative stand-alone selling prices. Generally, the Group establishes stand-alone selling prices with reference to the observable prices of products or services sold separately in comparable circumstances to similar customers.

For the sale of service entitlements in schemes and packages, the Group collects up-front payments that are non-refundable upon receipt or become non-refundable at the expiry of a refund period. The amount received is recognised as a contract liability when the customers no longer have the right to cancel the purchases. The customers have one to twelve months to activate the service entitlements in various schemes and packages, followed by a valid usage period commencing from the activation date. The customers' outstanding entitlements would expire if the schemes are not activated or utilised within the respective period.

During the valid usage period, each time when the customer utilises one entitlement to access the service of a specified quantity in the schemes, the Group recognises the corresponding revenue as the service is rendered to the customer. The Group recognises the revenue associated with the customers' entitlements to unlimited services in the schemes on a straight-line basis over the valid usage period.

Due to the current lack of adequate historical experience over the wide range of service packaged in the schemes offerings to form a reasonable basis for estimating the amount of customers' unexercised rights (breakage), the Group does not recognise any breakage revenue until the likelihood of customers exercising their rights becomes remote (i.e. upon contract expiry or being after the *HealthyWay* mobile application accounts are identified as an inactive status for thirty-six consecutive months).

For the health care related products sold separately or in the packages, the Group collects the consideration when receiving the customer order and revenue is recognised when the customer takes possession of and accepts the products. The Group typically offers customers a right of return for a period of seven days upon customer acceptance, and records the product sales revenue based on the estimated variable consideration after constraint, which is updated at the end of each reporting period.

In limited cases, the Group acts as an agent to arrange the underlying service to be rendered by a third-party provider that is specified by the customers. The Group recognises the commission revenue upon completion of the arrangement.

(b) Corporate and digital marketing services

The Group mainly generates revenue of corporate and digital marketing services by providing content services, digital marketing services, and information technology services.

Content services primarily consists of three categories as follows:

- The Group provides web-article-based advertising services with precision marketing content ordered by pharmaceutical companies. Service fee is generally charged at a fixed unit price for each eligible web article on display which has attracted a required minimum number of user browses or clicks during the period specified by the customer, and revenue is recognised when the customer's specification is met.
- The Group provides general wellness content ordered by internet companies. Service fee is primarily charged on a CPM (cost per mille-impression) basis to the customer and revenue is recognised when the relevant impressions are delivered.
- The Group provides real-world study (RWS) support services to pharmaceutical companies regarding clinical case studies for drug development and drug effectiveness and safety studies. A common RWS project contains a number of surveys that are usually conducted and completed on a monthly basis. Service fee is generally charged at a fixed price for each survey in the RWS project and revenue is recognised when the related survey and study results are delivered to and accepted by the customer.

Digital marketing services mainly includes content display and sponsored story delivered on the Group's various media channels and other third-party advertising space sourced by the Group. Service fee is generally charged at a fixed unit price on the number of specific actions (such as clicks or effective activations) taken by the users, or on a pro-rata basis over the display period agreed with the customer. Revenue is recognised when the specific user actions occur or as the display continues.

Information technology services primarily consist of two categories as follows:

- The Group develops and transfers digital infrastructure systems, such as online applications and onsite software (which is occasionally bundled with supplies of hardware equipment), to medical institutions, local health authorities and other corporates. The Group generally identifies the system development, hardware equipment and/or post-sales maintenance (if any) as separate performance obligations in the contract with customer and allocates the fixed transaction price based on their relative stand-alone selling prices. Revenue for the system development and hardware equipment is recognised when the related deliverables are transferred to and accepted by the customer. Revenue for post-sales maintenance is recognised as the services is provided during the contractual period.
- The Group provides data analytical services to customers regarding the market insights and customer behaviour portraits in the healthcare sector. The Group usually charges a fixed amount for the consulting project and recognises revenue when the result is reported to the customer.

(ii) *Revenue from other sources and other income*

(a) *Dividends*

Dividend income from unlisted investments is recognised when the equity shareholder's right to receive payment is established.

(b) *Interest income*

Interest income is recognised as it accrues under the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(i)(i)).

(c) *Government grants*

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised initially as deferred income and amortised to profit or loss on a straight-line basis over the useful life of the asset by way of recognition in other revenue.

(u) **Translation of foreign currencies**

Foreign currency transactions during the period are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(v) **Related parties**

- (a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or

- (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various service lines.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

No geographical segment analysis is shown as all of the Group's revenue are derived from activities in, and from customers located in the PRC and almost all of carrying values of the Group's assets are situated in the PRC.

(x) Asset acquisition

Groups of assets acquired and liabilities assumed are assessed to determine if they are business or asset acquisitions. On an acquisition-by-acquisition basis, the Group chooses to apply a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

When a group of assets acquired and liabilities assumed do not constitute a business, the overall acquisition cost is allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. An exception is when the sum of the individual fair values of the identifiable assets and liabilities differs from the overall acquisition cost. In such case, any identifiable assets and liabilities that are initially measured at an amount other than cost in accordance with the Group's policies are measured accordingly, and the residual acquisition cost is allocated to the remaining identifiable assets and liabilities based on their relative fair values at the date of acquisition.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty in the preparation of the financial statements are as follows:

(i) Expected credit loss for trade and other receivables

The Group estimates impairment losses for trade and other receivables by using expected credit loss models. Expected credit loss are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and loss allowance in the periods in which such estimate has been changed.

(ii) Amortisation of intangible assets

As disclosed in Note 2(g), datasets acquired for training artificial intelligence tools have been amortised over their estimated useful lives, which is the period such datasets are expected to be used for such training ending with the expected completion of development of the artificial intelligence tools. In determining the estimated useful lives, the management has considered the nature and the intended use of the datasets, and the expected development time for the artificial intelligence tools.

(iii) Recognition of deferred tax assets

Deferred tax assets in respect of tax losses carried forward and deductible temporary differences are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting date. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future periods.

(iv) Measurement of the redemption liability

When calculating the redemption amount, the Group has used the discounted cash flow method to determine the total equity value of the Company, which involved the use of significant accounting estimates and judgements. Key assumptions, such as weighted average cost of capital and discount for lack of marketability are disclosed in Note 21.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are providing corporate and digital marketing services and health and medical services.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by products at major service line and the timing of revenue recognition is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Revenue from contracts with customers within the scope of IFRS 15					
Revenue recognised at a point in time					
– corporate and digital marketing services	127,040	255,496	819,567	319,374	443,844
– health and medical services	103,297	155,180	267,589	115,433	111,234
– others	2,107	1,455	1,208	94	117
	<u>232,444</u>	<u>412,131</u>	<u>1,088,364</u>	<u>434,901</u>	<u>555,195</u>
Revenue recognised over time					
– corporate and digital marketing services	174,063	129,111	126,231	90,334	44,695
– health and medical services	24,798	27,826	29,863	8,778	11,595
	<u>198,861</u>	<u>156,937</u>	<u>156,094</u>	<u>99,112</u>	<u>56,290</u>
Total	<u>431,305</u>	<u>569,068</u>	<u>1,244,458</u>	<u>534,013</u>	<u>611,485</u>

The Group's customer base is diversified and revenue from major customers which accounts for 10% or more of the Group's revenue are set out below:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Customer A	50,584	N/A*	N/A*	N/A*	N/A*
Customer B	137,526	85,041	N/A*	N/A*	N/A*
Customer C	–	–	N/A*	N/A*	78,600

* Less than 10% of the Group's revenue in the respective years/periods.

Revenues from the major customers above are mainly included in provision of corporate and digital marketing services.

Details of concentrations of credit risk arising from these customers are set out in Note 28(a).

- (ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at 31 December 2021, 2022 and 2023 and 30 June 2024.

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Within 1 year	88,045	88,873	61,886	45,053
1 year to 2 years	770	1,015	1,110	940
2 years to 3 years	1,526	934	625	2,401
More than 3 years	<u>626</u>	<u>3,623</u>	<u>4,011</u>	<u>2,356</u>
	<u>90,967</u>	<u>94,445</u>	<u>67,632</u>	<u>50,750</u>

(b) Segment reporting

The Group manages its businesses by service lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented three separate segments as follows:

- Provision of corporate and digital marketing services ("Corporate and digital marketing services") which mainly consists of content services, information technology services and digital marketing services;
- Provision of health and medical services ("Health and medical services") which mainly consists of (i) medical support services; and (ii) value-based medical services; and
- Others.

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results based on the revenue and gross profit of each segment.

No geographical segment analysis is presented as substantially all assets, liabilities, revenue and gross profit of the Group are attributable to the operations in the PRC.

(i) Reportable segment revenue and gross profit

	Corporate and digital marketing services RMB'000	Health and medical services RMB'000	Others RMB'000	Total RMB'000
Year ended 31 December 2021				
Revenue	301,103	128,095	2,107	431,305
Cost of sales	<u>(214,208)</u>	<u>(42,604)</u>	<u>(1,020)</u>	<u>(257,832)</u>
Reportable segment gross profit	<u>86,895</u>	<u>85,491</u>	<u>1,087</u>	<u>173,473</u>
Year ended 31 December 2022				
Revenue	384,607	183,006	1,455	569,068
Cost of sales	<u>(268,229)</u>	<u>(53,871)</u>	<u>(1,173)</u>	<u>(323,273)</u>
Reportable segment gross profit	<u>116,378</u>	<u>129,135</u>	<u>282</u>	<u>245,795</u>
Year ended 31 December 2023				
Revenue	945,798	297,452	1,208	1,244,458
Cost of sales	<u>(676,639)</u>	<u>(169,322)</u>	<u>(261)</u>	<u>(846,222)</u>
Reportable segment gross profit	<u>269,159</u>	<u>128,130</u>	<u>947</u>	<u>398,236</u>
Six months ended 30 June 2023 (unaudited)				
Revenue	409,708	124,211	94	534,013
Cost of sales	<u>(299,958)</u>	<u>(59,994)</u>	<u>(12)</u>	<u>(359,964)</u>
Reportable segment gross profit	<u>109,750</u>	<u>64,217</u>	<u>82</u>	<u>174,049</u>
Six months ended 30 June 2024				
Revenue	488,539	122,829	117	611,485
Cost of sales	<u>(340,375)</u>	<u>(87,428)</u>	<u>(21)</u>	<u>(427,824)</u>
Reportable segment gross profit	<u>148,164</u>	<u>35,401</u>	<u>96</u>	<u>183,661</u>

Substantially all of the Group's revenue were arising from Chinese Mainland. The Group does not allocate any specific assets or expenditure for property, plant and equipment to the operating segments as the Group's senior executive management does not use the information to measure the performance of the reportable segments.

(ii) Reconciliations of reportable segment profit or loss

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Reportable segment gross profit	173,473	245,795	398,236	174,049	183,661
Other net income/(loss)	7,361	8,140	3,855	(953)	455
Selling expenses	(126,354)	(147,414)	(211,751)	(78,189)	(98,576)
Administrative expenses	(106,779)	(41,195)	(79,780)	(37,638)	(29,097)
Research and development costs	(14,142)	(54,410)	(103,400)	(36,367)	(53,968)
Finance costs	(1,160)	(1,578)	(3,254)	(1,599)	(2,321)
Share of profits less losses of associates	(112)	891	(72)	142	(315)
Changes in carrying amount of the redemption liabilities	<u>(84,370)</u>	<u>(267,834)</u>	<u>(324,779)</u>	<u>(127,132)</u>	<u>(62,989)</u>
Consolidated loss before taxation	<u>(152,083)</u>	<u>(257,605)</u>	<u>(320,945)</u>	<u>(107,687)</u>	<u>(63,150)</u>

5 OTHER NET INCOME/(LOSS)

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Government grants (Note (i))	4,635	4,912	4,043	1,622	316
Net foreign exchange gain/(loss)	1,461	(4,835)	(1,248)	(2,700)	(458)
Interest income	547	191	683	144	611
Net (loss)/gain on sale of property, plant and equipment	(223)	(2,236)	361	3	–
Net gain on disposal of subsidiaries	779	10,211	–	–	–
Net gain on disposal of associates	290	–	–	–	–
Others	<u>(128)</u>	<u>(103)</u>	<u>16</u>	<u>(22)</u>	<u>(14)</u>
	<u>7,361</u>	<u>8,140</u>	<u>3,855</u>	<u>(953)</u>	<u>455</u>

Note:

- (i) The government grants received by the Group for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024 were government subsidies for research and development activities, staff retention and weighted deduction of VAT.

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Finance costs

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Interest on bank loans (<i>Note 20</i>)	961	1,367	2,950	1,473	2,156
Interest on lease liabilities	199	211	304	126	165
	<u>1,160</u>	<u>1,578</u>	<u>3,254</u>	<u>1,599</u>	<u>2,321</u>

(b) Staff costs

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries, wages and other benefits	69,978	68,549	62,018	28,991	29,727
Equity-settled share-based payment expenses (<i>Note 25</i>)	65,508	-	-	-	-
Contributions to defined contribution retirement plan	<u>2,715</u>	<u>2,583</u>	<u>2,109</u>	<u>1,054</u>	<u>1,335</u>
	<u>138,201</u>	<u>71,132</u>	<u>64,127</u>	<u>30,045</u>	<u>31,062</u>

Note: Employees of the Group's PRC subsidiaries are required to participate in a defined contribution scheme administered and operated by the local municipal governments. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group has no other material obligation for the payment of retirement benefits associated with these schemes beyond the contributions described above.

(c) Other items

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Depreciation charge (<i>Note 11</i>)					
– owned property, plant and equipment	1,099	417	624	241	410
– right-of-use assets	2,012	1,828	4,004	1,922	2,111
Amortisation cost of intangible assets (<i>Note 12</i>)	591	291	14,914	5,306	12,569
Auditors' remuneration	31	53	49	39	35
Listing expenses	5,915	11,724	28,514	8,563	9,128
Recognition/(reversal) of impairment losses on trade and other receivables and contract assets	1,026	(169)	391	681	132

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(a) Taxation in the consolidated statements of profit or loss represents:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Current tax					
Provision for the year/period	199	109	3,883	83	1,243
Deferred tax					
Origination and reversal of temporary differences	3,025	(2,075)	(10,946)	(2,431)	(7,118)
	<u>3,224</u>	<u>(1,966)</u>	<u>(7,063)</u>	<u>(2,348)</u>	<u>(5,875)</u>

(b) Reconciliation between tax expense/(credit) and accounting loss at applicable tax rates:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Loss before taxation	<u>(152,083)</u>	<u>(257,605)</u>	<u>(320,945)</u>	<u>(107,687)</u>	<u>(63,150)</u>
Notional tax on loss before taxation, calculated at the rates applicable to profits in the countries concerned	(40,957)	(7,764)	8,925	7,015	2,320
Tax effect of PRC preferential tax treatments (Notes (iv)(v))	15,186	627	(1,534)	(2,719)	489
Tax effect of non-deductible expenses	22,494	10,348	1,333	726	620
Tax effect of non-taxable income	(241)	(134)	–	(21)	–
Tax effect of deductible temporary differences or unused tax losses not recognised	15,296	16,532	4,454	3,499	4,160
Utilisation of previously unrecognised tax losses and other temporary differences	(6,834)	(14,693)	(17,972)	(9,481)	(1,817)
Tax effect of deduction for qualified research and development costs (Note (iv))	<u>(1,720)</u>	<u>(6,882)</u>	<u>(2,269)</u>	<u>(1,367)</u>	<u>(11,647)</u>
Actual tax expense/(credit)	<u>3,224</u>	<u>(1,966)</u>	<u>(7,063)</u>	<u>(2,348)</u>	<u>(5,875)</u>

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Island, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Island.
- (ii) The provision for Hong Kong Profits Tax during the Relevant Periods is calculated at 16.5%. No provision has been made for Hong Kong Profits Tax as the Group did not have assessable profits during Relevant Periods.
- (iii) The Group's PRC subsidiaries are subject to Corporate Income Tax ("CIT") at a statutory rate of 25% on their respective taxable income during the Relevant Periods except for certain subsidiaries mentioned in Notes (iv) and (v) below.
- (iv) In accordance with the relevant PRC Corporate Income Tax Laws, regulations and implementation guidance notes, Fujian Health Road was granted the Advanced and New Technology Enterprise Status for a valid period of 3 years from 2020 to 2022 which entitles Fujian Health Road to a reduced income tax rate at 15% during the valid period. The qualification was renewed in 2023 and the valid period was extended to 2025. Accordingly, Fujian Health Road is subject to PRC income tax at 15% for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024.

Fuzhou Zhiyi Technology Co., Ltd. ("福州智醫科技股份有限公司") ("Zhiyi Technology") was granted the Advanced and New Technology Enterprise Status for a valid period of 3 years from 2020 to 2022 which entitles Zhiyi Technology to a reduced income tax rate at 15% during the valid period and before it ceased to be a subsidiary of the Group (see Note 13(b)).

Zhongjian Xinlian (Xiamen) Technology Company Limited ("Zhongjian Xinlian (Xiamen)") (眾健信聯(廈門)科技有限公司) was granted the Advanced and New Technology Enterprise Status for a valid period of 3 years from 2019 to 2021 and renewed the qualification subsequently in 2022 which entitles it to a reduced income tax rate at 15% during the valid period. Accordingly, the income tax of Zhongjian Xinlian (Xiamen) is subject to PRC income tax at 15% before it ceased to be the subsidiary of the Group (see Note 13(b)).

According to the relevant tax rules in the PRC, qualified research and development costs are allowed for bonus deduction for income tax purpose, as a result, an additional 75%, 100%, 100%, 100% (unaudited) and 100% of the qualified research and development costs could be deemed as deductible expenses for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024 respectively.

- (v) According to the PRC Corporate Income Tax Law and its implementation regulations, certain subsidiaries were qualified as “Small Low-profit Enterprise”. These subsidiaries enjoyed a reduced corporate income tax rate of 20%.

8 DIRECTORS' EMOLUMENTS

Directors' emoluments are set out below:

	Directors' fees <i>RMB'000</i>	Salaries, allowances and benefits in kind <i>RMB'000</i>	Discretionary bonuses <i>RMB'000</i>	Retirement scheme contributions <i>RMB'000</i>	For the year ended 31 December 2021 Total <i>RMB'000</i>
Executive director					
Mr. Zhang Wanneng	–	442	–	8	450
	–	519	–	8	527
Mr. Chen Jing (<i>Note (ii)</i>)	–	537	–	8	545
	–	1,056	–	16	1,072
Non-executive director					
Mr. Chen Yong (<i>Notes (i)&(ii)</i>)	–	–	–	–	–

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	For the period ended 30 June 2024 Total RMB'000
Executive directors					
Mr. Zhang Wanneng	–	227	–	4	231
Mr. Chen Jing (<i>Note (ii)</i>)	–	258	–	4	262
	–	485	–	8	493
Non-executive directors					
Mr. Chen Yong (<i>Notes (i)&(ii)</i>)	–	–	–	–	–
Mr. Zhang Xiangming (<i>Note (iii)</i>)	–	–	–	–	–
	–	–	–	–	–

During the Relevant Periods, there were no amounts paid or payable by the Group to the directors or any of the highest paid individuals set out in Note 9 below as an inducement to join or upon joining the Group or a compensation for loss of office.

Note (i): During the Relevant Periods, this director did not receive any emoluments from the Group.

Note (ii): Mr. Chen Jing was appointed as an executive director of the Company and Mr. Chen Yong was appointed as a non-executive director of the Company on 9 March 2022.

Note (iii): Mr. Zhang Xiangming was appointed as a non-executive director of the Company on 3 April 2023. Pursuant to resolutions of shareholders on 15 May 2023, Mr. Xu Jing, Dr. Lu Tao and Ms. Deng Xiaolan will be appointed as independent non-executive directors of the Company upon listing of the Company's shares on the Stock Exchange of Hong Kong Limited.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Nil, two, one, one (unaudited) and two of the five individuals with the highest emoluments are directors whose emoluments are disclosed in Note 8 for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024, respectively. The aggregate of the emoluments in respect of the remaining five, three, four, four (unaudited) and three individuals with the highest emoluments for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024 are as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Salaries and other emoluments	1,333	1,537	2,095	1,012	657
Share-based payments (<i>Note 25</i>)	52,237	–	–	–	–
Retirement scheme contributions	24	41	23	10	9
	<u>53,594</u>	<u>1,578</u>	<u>2,118</u>	<u>1,022</u>	<u>666</u>

The emoluments of the above five, three, four, four (unaudited) and three individuals with the highest emoluments for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024 are within the following bands:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	Number of individuals	Number of individuals	Number of individuals	Number of individuals	Number of individuals
HK\$Nil–HK\$1,000,000	1	3	4	4	3
HK\$1,000,001–HK\$1,500,000	2	–	–	–	–
HK\$24,000,001–HK\$24,500,000	1	–	–	–	–
HK\$36,500,001–HK\$37,000,000	1	–	–	–	–

10 LOSS PER SHARE

Loss per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the preparation of the results of the Group for the Relevant Periods on the basis as disclosed in Note 1.

11 PROPERTY, PLANT AND EQUIPMENT

	Electronic and other equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Buildings leased for own use RMB'000	Total RMB'000
Cost:					
At 1 January 2021	13,521	811	295	6,088	20,715
Additions	306	–	95	2,495	2,896
Disposals	(6,393)	–	–	(1,010)	(7,403)
At 31 December 2021 and 1 January 2022	7,434	811	390	7,573	16,208
Additions	288	–	–	1,126	1,414
Addition through acquisition of a subsidiary (<i>Note 13(a)</i>)	–	–	158	929	1,087
Disposals	(185)	–	–	(492)	(677)
Disposal of subsidiaries	(272)	–	(69)	(2,077)	(2,418)
At 31 December 2022 and 1 January 2023	7,265	811	479	7,059	15,614
Additions	942	–	251	9,268	10,461
Disposals	(940)	–	–	(4,628)	(5,568)
At 31 December 2023 and 1 January 2024	7,267	811	730	11,699	20,507
Additions	555	–	–	616	1,171
Disposals	(5)	–	–	(139)	(144)
At 30 June 2024	7,817	811	730	12,176	21,534
Accumulated depreciation:					
At 1 January 2021	12,212	321	22	1,370	13,925
Charge for the year	882	146	71	2,012	3,111
Written back on disposals	(6,160)	–	–	(1,010)	(7,170)
At 31 December 2021 and 1 January 2022	6,934	467	93	2,372	9,866
Charge for the year	222	130	65	1,828	2,245
Written back on disposals	(185)	–	–	(492)	(677)
Disposal of subsidiaries	(147)	–	(24)	(880)	(1,051)
At 31 December 2022 and 1 January 2023	6,824	597	134	2,828	10,383
Charge for the year	309	107	208	4,004	4,628
Written back on disposals	(940)	–	–	(2,994)	(3,934)
At 31 December 2023 and 1 January 2024	6,193	704	342	3,838	11,077
Charge for the period	255	54	101	2,111	2,521
Written back on disposals	(5)	–	–	(74)	(79)
At 30 June 2024	6,443	758	443	5,875	13,519
Net book value:					
At 31 December 2021	500	344	297	5,201	6,342
At 31 December 2022	441	214	345	4,231	5,231
At 31 December 2023	1,074	107	388	7,861	9,430
At 30 June 2024	1,374	53	287	6,301	8,015

Included in property, plant and equipment, the net book value of the Group's right-of-use assets at 31 December 2021, 2022 and 2023 and 30 June 2024 are RMB5,201,000, RMB4,231,000, RMB7,861,000 and RMB6,301,000 respectively, which are mainly related to the capitalised lease payments under tenancy agreements. The Group has obtained the right to use properties as its office through tenancy agreements. The leases typically run for an initial period of 1 to 5 years and do not include an option to renew the lease for an additional period after the end of the contract term.

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Depreciation charge of right-of-use assets (Note 6(c))	2,012	1,828	4,004	1,922	2,111
Interests on lease liabilities (Note 6(a))	199	211	304	126	165
Expense relating to short-term leases	<u>257</u>	<u>373</u>	<u>218</u>	<u>59</u>	<u>135</u>
	<u>2,468</u>	<u>2,412</u>	<u>4,526</u>	<u>2,107</u>	<u>2,411</u>

12 INTANGIBLE ASSETS

	Software RMB'000	Dataset RMB'000	License RMB'000	Total RMB'000
Cost:				
At 1 January 2021	1,029	–	–	1,029
Addition through acquisition of a subsidiary (Note 13(a))	–	–	3,000	3,000
Addition	<u>44</u>	<u>–</u>	<u>–</u>	<u>44</u>
At 31 December 2021 and 1 January 2022	1,073	–	3,000	4,073
Addition	44	16,027	–	16,071
Addition through acquisition of a subsidiary (Note 13(a))	251	–	–	251
Disposal of a subsidiary	<u>–</u>	<u>–</u>	<u>(3,000)</u>	<u>(3,000)</u>
At 31 December 2022 and 1 January 2023	1,368	16,027	–	17,395
Addition	<u>561</u>	<u>37,313</u>	<u>–</u>	<u>37,874</u>
At 31 December 2023	1,929	53,340	–	55,269
Addition	<u>116</u>	<u>18,288</u>	<u>–</u>	<u>18,404</u>
At 30 June 2024	<u>2,045</u>	<u>71,628</u>	<u>–</u>	<u>73,673</u>
Accumulated amortisation:				
At 1 January 2021	969	–	–	969
Amortisation	<u>45</u>	<u>–</u>	<u>546</u>	<u>591</u>
At 31 December 2021 and 1 January 2022	1,014	–	546	1,560
Amortisation	73	–	218	291
Disposal of a subsidiary	<u>–</u>	<u>–</u>	<u>(764)</u>	<u>(764)</u>
At 31 December 2022 and 1 January 2023	1,087	–	–	1,087
Amortisation	<u>629</u>	<u>14,285</u>	<u>–</u>	<u>14,914</u>
At 31 December 2023	1,716	14,285	–	16,001
Amortisation	<u>160</u>	<u>12,409</u>	<u>–</u>	<u>12,569</u>
At 30 June 2024	<u>1,876</u>	<u>26,694</u>	<u>–</u>	<u>28,570</u>
Net book value:				
At 31 December 2021	<u>59</u>	<u>–</u>	<u>2,454</u>	<u>2,513</u>
At 31 December 2022	<u>281</u>	<u>16,027</u>	<u>–</u>	<u>16,308</u>
At 31 December 2023	<u>213</u>	<u>39,055</u>	<u>–</u>	<u>39,268</u>
At 30 June 2024	<u>169</u>	<u>44,934</u>	<u>–</u>	<u>45,103</u>

13 ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

(a) Acquisitions of subsidiaries

- (i) On 4 January 2021, the Group entered into a sale and purchase agreement to acquire 100% equity interest in Jumei 302 (Hainan) Medical Technology Co., Ltd. (“菊梅二零二(海南)醫療科技有限公司”) (“302 Medical Technology”) and its subsidiaries (together “Hainan Jumei”). The principal activity of Hainan Jumei is providing internet hospital services and its identifiable asset is mainly license for online medical services. The transaction was completed on 23 March 2021 and accounted for as an acquisition of assets, rather than a business combination, given that all of the fair value of the assets acquired was concentrated in a group of similar identifiable assets, i.e., the license for online medical services. Total amount of RMB3,000,000 was paid as consideration of the license obtained in the transaction.

The effect of the acquisitions on the Group’s assets and liabilities at the acquisition date:

	<i>Note</i>	<i>RMB'000</i>
Licence	12	<u>3,000</u>
Cash consideration paid		(3,000)
Cash acquired		<u>–</u>
Net cash outflow arising from acquisition		<u>(3,000)</u>

- (ii) During the year ended 31 December 2022, the Group entered into a share purchase agreement to acquire 51% of equity interest in Fujian Jianmingtang Pharmacy Chain Co., Ltd. (“福建健明堂大藥房連鎖有限公司”) (“Jianmingtang”) from a third party with consideration of RMB8,693,200. On 30 December 2022, the Group completed the acquisition. The principal activity of Jianmingtang is providing pharmaceutical sales business.

The effect of the acquisitions on the Group's assets and liabilities at the acquisition date:

	<i>Note</i>	<i>RMB'000</i>
Property, plant and equipment	11	1,087
Intangible assets	12	251
Inventories		5,408
Trade and other receivables		4,515
Cash and cash equivalents		932
Trade and other payables		(5,416)
Lease liabilities		<u>(973)</u>
Total identifiable net assets acquired		5,804
Non-controlling interests		<u>(2,845)</u>
Net identifiable assets acquired attributable to the equity shareholders of the Company		<u><u>2,959</u></u>
Consideration, payable in cash (<i>Note</i>)		8,693
Less: Net identifiable assets acquired attributable to the equity shareholders of the Company		<u>2,959</u>
Goodwill	14	<u><u>5,734</u></u>
Net cash outflow arising from acquisitions		
Cash consideration paid (<i>Note</i>)		(2,046)
Cash acquired		<u>932</u>
		<u><u>(1,114)</u></u>

Note: The Group settled RMB2,046,000 of the total consideration on 29 December 2022 and the remaining consideration on 12 January 2023.

- (iii) There were no revenue and profit contributed by Jianmingtang from the acquisition date to the end of reporting period.
- (iv) Had the acquisition of Jianmingtang been completed on 1 January 2022, the total Group's revenue and loss for the year ended 31 December 2022 would be as follows:

	Year ended 31 December 2022
	<i>RMB'000</i>
Revenue	610,175
Loss for the year	<u><u>(354,745)</u></u>

(b) Disposal of subsidiaries

- (i) During the Relevant Periods, the Group entered into agreements with related parties to dispose certain subsidiaries. Subsequent to the disposals, these entities are no longer subsidiaries of the Group and certain of these subsidiaries became associates of the Group (Note 15(a)).

During the years ended 31 December 2021 and 2022, the Group disposed 100% equity interests in Anhui Health Road Health Management Co., Ltd. (“安徽健康之路健康管理有限公司”), 54.95% equity interests in Zhongjian Xinlian (Xiamen), 53.25% equity interests in Zhiyi Technology and other various insignificant subsidiaries.

The consolidated effect of such disposals on the Group's assets and liabilities at the respective date of disposal is set out below:

	Effect of the subsidiaries disposed of during the year ended 31 December 2021 RMB'000	Effect of the subsidiaries disposed of during the year ended 31 December 2022 RMB'000
Current assets	491	17,138
Non-current assets	–	1,195
Current liabilities	(188)	(15,862)
Non-current liabilities	–	(668)
Total identifiable net assets	303	1,803
Less: Non-controlling interests	82	3,686
Net assets/(liabilities) attributable to the Group	<u>221</u>	<u>(1,883)</u>
Consideration receivables (<i>Note 18</i>)	1,000	6,541
Remaining interest after disposal as interest in associates	–	1,787
Less: Net assets/(liabilities) attributable to the Group	<u>221</u>	<u>(1,883)</u>
Net gain on disposal of the subsidiaries	<u>779</u>	<u>10,211</u>
Net cash outflow arising from disposal	<u>(228)</u>	<u>(2,357)</u>

- (ii) During the Relevant Periods, certain subsidiaries were deregistered. As these subsidiaries did not have substantial operating activities since incorporation, the management considered that the deregistration of these companies did not have any material financial impact to the Group.

14 GOODWILL

RMB'000

Cost:

At 1 January 2021 and 31 December 2021	2,871
Arising from acquisition of a subsidiary (<i>Note 13(a)</i>)	<u>5,734</u>
At 31 December 2022 and 2023 and 30 June 2024	<u>8,605</u>

Accumulated impairment losses:

At 1 January 2021, 31 December 2021, 2022 and 2023 and 30 June 2024	<u>—</u>
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Carrying amount:

At 31 December 2021	<u>2,871</u>
At 31 December 2022 and 2023 and 30 June 2024	<u>8,605</u>

The excess of the considerations transferred over the fair value of the identifiable net assets of the subsidiaries acquired is recorded as goodwill.

Impairment test for goodwill

As at 31 December 2021, 2022 and 2023 and 30 June 2024, management performed impairment testing on goodwill arising from acquisition of ChokSend Communication (“ChokSend Communication CGU”).

For the goodwill arising from acquisition of Jianmingtang (“Jianmingtang CGU”) on 30 December 2022 (see Note 13(a)(ii)), the management are of the view that no impairment test as at 31 December 2022 is considered necessary as the completion date of the acquisition is close to 31 December 2022. As at 31 December 2023 and 30 June 2024, management performed impairment testing on goodwill arising from acquisition of Jianmingtang (“Jianmingtang CGU”).

The recoverable amounts of CGUs are determined by the directors of the Group with reference to the valuation performed by an independent valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited (“JLL”) and have been determined on the basis of value in use (“VIU”) calculation. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated terminal growth rate as disclosed below. The growth rates used do not exceed the long-term average growth rates for the related industry in which CGUs operate. The discount rates used are pre-tax and reflect specific risks relating to the relevant industry, the CGU itself and macro-environment of the relevant region. Key assumptions are set out as follows:

	31 December 2021 <i>ChokSend Communication</i>	31 December 2022 <i>ChokSend Communication</i>	31 December 2023 <i>ChokSend</i>		30 June 2024 <i>ChokSend</i>	
			<i>Communication</i>	<i>Jianmingtang</i>	<i>Communication</i>	<i>Jianmingtang</i>
Annual growth rate of revenue	3.0%–6.0%	3.0%	2.2%	2.2%–23.3%	2.0%	2.0%–24.5%
Gross margin (% of revenue)	25.0%	30.0%	30.0%	10.9%–16.0%	30.0%	9.2%–16.1%
Long-term growth rate	3.0%	3.0%	2.2%	2.2%	2.0%	2.0%
Pre-tax discount rate	18.6%	21.7%	24.1%	21.8%	25.7%	21.7%

As at 31 December 2021, 2022 and 2023 and 30 June 2024, the amounts of headroom calculated based on the recoverable amounts deducting the carrying amount of ChokSend Communication CGU are RMB7,316,000, RMB7,226,000, RMB5,561,000 and RMB3,998,000 respectively. As at 31 December 2023 and 30 June 2024, the amounts of headroom calculated based on the recoverable amounts deducting the carrying amount of Jianmingtang CGU are RMB1,991,000 and RMB1,726,000.

Management have undertaken sensitivity analysis on the impairment test of CGUs. The following table sets forth the hypothetical changes to the percentage points of long-term growth rate and pre-tax discount rate that would, in isolation, have removed the remaining headroom respectively as at 31 December 2021, 2022 and 2023 and 30 June 2024:

	31 December	31 December	31 December 2023		30 June 2024	
	2021	2022	ChokSend		ChokSend	
	ChokSend	ChokSend	ChokSend	Jianmingtang	ChokSend	Jianmingtang
	Communication	Communication	Communication	Communication	Communication	Communication
Decrease in long-term growth rate	12.3	13.5	75.0	3.5	54.2	3.0
Increase in pre-tax discount rate	5.8	6.0	15.1	1.9	10.3	1.5

The directors of the Company are of the view that, except for the pre-tax discount rates of Jianmingtang CGU at 31 December 2023 and 30 June 2024, a reasonably possible change in a key parameter will not cause the carrying amount of the CGUs to exceed their respective recoverable amounts at 31 December 2021, 2022 and 2023 and 30 June 2024.

15 INTERESTS IN ASSOCIATES

(a) Investments in associates

The following list contains associates of the Group, which are unlisted corporate entities, whose quoted market price are not available:

Name of associates	Form of business structure	Place of incorporation and business	Particulars of issued and paid-up capital	Effective interest held by the Group				Principal activities
				As at 31 December 2021	As at 31 December 2022	As at 31 December 2023	As at 30 June 2024	
Beijing Huayi Lianhe Technology Company Limited ("北京華醫聯合信息技術有限公司") (Note (i))	Incorporated	PRC	RMB1,000,000/ RMB1,000,000	49.00%	49.00%	49.00%	49.00%	Digital information services
Suzhou Zhikang structure Pharmaceutical Technology Company Limited ("蘇州致康結構醫藥科技有限公司") (Note (i))	Incorporated	PRC	RMB1,000,000/ RMB391,500	22.50%	22.50%	22.50%	22.50%	Medical services
Zhongjian Xinlian (Xiamen) (Note 13(b)(i))	Incorporated	PRC	RMB10,000,000/ RMB10,000,000	N/A	39.80%	39.80%	39.80%	Digital information services
Zhongjian Xinlian (Hangzhou) Technology Company Limited ("眾健信聯(杭州)科技有限公司") (Note (i)) (Note 13(b)(i))	Incorporated	PRC	RMB5,000,000/ RMBnil	N/A	39.80%	39.80%	39.80%	Digital information services

Note:

- (i) The English translation of the company name is for reference only. The official name of the company is in Chinese.

All of the above associates are accounted for using the equity method in the consolidated financial statements.

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Aggregate carrying amounts of individually immaterial associates in the consolidated financial statements	<u>888</u>	<u>3,566</u>	<u>3,494</u>	<u>3,179</u>
Aggregate amounts of the Group's share of those associates' (loss)/profit from continuing operations and total comprehensive income	<u>(112)</u>	<u>891</u>	<u>(72)</u>	<u>(315)</u>

The management considered none of the associate are financially material to the Group.

(b) Disposal of associates

On 18 January 2021, Jiangxi Quanjing Health Care Service Company Limited (江西全景醫療服務有限公司) was deregistered under the PRC Law.

On 21 July and 27 December 2021, the Group entered into shares sale and purchase agreements with independent third parties to dispose its entire equity interests in Fujian Jishu Internet Technology Company Limited (福建極數網絡科技有限公司) ("Fujian Jishu") and Fujian Health Management Internet Technology Limited (福建健康管家網絡科技有限公司) ("Fujian Health Management Internet") at consideration of RMB150,000 and RMB250,000 respectively. As a result, Fujian Jishu and Fujian Health Management ceased to be the associates of the Company from the disposal date.

16 INVENTORIES

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Finished goods	<u>259</u>	<u>5,763</u>	<u>13,770</u>	<u>30,211</u>

(a) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Carrying amount of inventories sold	26,026	13,234	86,854	25,176
Write down of inventories	–	384	–	–
Reversal of write-down of inventories	<u>(10)</u>	<u>–</u>	<u>(222)</u>	<u>(107)</u>
	<u>26,016</u>	<u>13,618</u>	<u>86,632</u>	<u>25,069</u>

17 CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Contract assets arising from performance under software and technology development services	2,470	145	298	257
Receivables from contracts with customers within the scope of IFRS15 which are included in "Trade and other receivables" (Note 18)	38,926	37,109	113,586	85,694

The Group's software development contracts include payment schedules which require stage payments over the development period once milestones are reached. Contract assets primarily relate to the Group's rights to consideration for work completed but not yet reached the milestones for billing at the reporting date. The Group also typically agrees to a retention for 5% to 10% of the contract value. The retention period normally ranges from one to two years upon the completion of work. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional on the Group's work satisfactorily passing inspection.

As at 31 December 2021, 2022 and 2023 and 30 June 2024, the amount of contract assets that was expected to be recovered after more than one year were RMB1,571,000, RMB121,000, RMB30,000 and RMB62,000 respectively.

Contract assets are transferred to trade receivables when the rights become unconditional.

(b) Contract liabilities

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Health and medical services	64,420	79,916	47,784	40,008
Digital marketing and corporate services	19,862	10,211	9,377	10,304
Others	217	127	186	79
	84,499	90,254	57,347	50,391

When the Group receives a deposit before related services are provided, this will give rise to contract liabilities. The Group receives deposits on acceptance of orders on a case-by-case basis with customers before related service provided.

Movements in contract liabilities were as follows:

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Balance at the beginning of the year/ period	40,604	84,499	90,254	57,347
Breakage revenue recognised that was included in the balance of contract liabilities at the beginning of the year/ period	(14,942)	(51,074)	(74,298)	(30,282)
Revenue excluding breakage recognised that was included in the balance of contract liabilities at the beginning of the year/period	(23,863)	(30,697)	(14,221)	(21,318)
Increase in contract liabilities as a result of receipt in advance arising from corporate and digital marketing services and health and medical services	<u>82,700</u>	<u>87,526</u>	<u>55,612</u>	<u>44,644</u>
Balance at the end of the year/period	<u>84,499</u>	<u>90,254</u>	<u>57,347</u>	<u>50,391</u>

The amounts of contract liabilities expected to be recognised as income after more than one year are RMB2,728,000, RMB5,572,000, RMB5,746,000 and RMB5,697,000 as at 31 December 2021, 2022 and 2023 and 30 June 2024, respectively. All of the other contract liabilities are expected to be recognised as income within one year.

18 TRADE AND OTHER RECEIVABLES

The Group

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Trade receivables, net of loss allowance				
– third parties	34,659	33,944	112,121	83,357
– related parties	4,267	3,165	1,465	2,337
Amounts due from related parties (<i>Note (i)</i>)	646	1,109	136	177
Consideration receivables from a related party (<i>Note 13(b)</i>)	1,000	1,000	–	–
Consideration receivables from third parties (<i>Note 13(b)</i>)	–	6,541	–	–
Deposits (<i>Note (ii)</i>)	2,606	3,172	3,374	4,634
Other receivables (<i>Note (iii)</i>)	<u>4,542</u>	<u>6,696</u>	<u>15,529</u>	<u>20,834</u>
	<u>47,720</u>	<u>55,627</u>	<u>132,625</u>	<u>111,339</u>

The Company

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Other receivables	815	2,005	3,472	2,292
	<u>815</u>	<u>2,005</u>	<u>3,472</u>	<u>2,292</u>

As at 31 December 2021, 2022 and 2023 and 30 June 2024, deposits of the Group amounting to RMB1,486,000, RMB1,231,000, RMB2,624,000 and RMB2,584,000 respectively were expected to be recovered or recognised as expense after more than one year. All of the other trade and other receivables are expected to be recovered or recognised as expense within one year or repayable on demand.

Notes:

- (i) Amounts due from related parties are non-trade nature, unsecured, interest-free and repayable on demand at the end of each reporting period. The outstanding balances as at 30 June 2024 are expected to be settled before listing.
- (ii) The balances mainly represent those deposits for participating in tender and bidding process for certain health service project and deposits for office tenancy.
- (iii) The balances as at 31 December 2023 and 30 June 2024 mainly represent VAT recoverable.

Ageing analysis

As at the end of each reporting period, the ageing analysis of trade receivables based on the date of billing and net of loss allowance, is as follows:

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Whin 1 month	32,768	30,441	95,377	70,938
More than 1 month but within 1 year	5,281	4,809	17,690	14,087
More than 1 year but within 2 years	736	1,659	496	662
More than 2 years but within 3 years	<u>141</u>	<u>200</u>	<u>23</u>	<u>7</u>
	<u>38,926</u>	<u>37,109</u>	<u>113,586</u>	<u>85,694</u>

Further details on the Group's credit policy and credit risk arising from trade and other receivables are set out in Note 28(a).

19 RESTRICTED DEPOSITS

Restricted deposits mainly represent certain deposits in the designated banks as guarantees for the execution of development of online service platform, especially for government and public facilities.

20 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Cash at bank and on hand	44,022	69,719	168,693	149,736

As at 31 December 2021, 2022 and 2023 and 30 June 2024, cash at bank that were placed with banks in Chinese Mainland amounted to RMB44,022,000, RMB69,719,000, RMB168,326,000 and RMB149,387,000. Remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

(b) Reconciliation of loss before taxation to cash generated from operations:

	Note	Year ended 31 December			Six months ended 30 June	
		2021	2022	2023	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Loss before taxation		(152,083)	(257,605)	(320,945)	(107,687)	(63,150)
Adjustments for:						
Depreciation	6(c)	3,111	2,245	4,628	2,163	2,521
Amortisation of intangible assets	6(c)	591	291	14,914	5,306	12,569
Finance costs	6(a)	1,160	1,578	3,254	1,599	2,321
Recognition/(reversal) of impairment losses on trade and other receivables and contract assets	6(c)	1,026	(169)	391	681	132
Impairment loss on inventories	16(a)	(10)	384	(222)	159	(107)
Net foreign exchange (gain)/loss	5	(1,461)	4,835	1,248	2,700	458
Share of profits less losses of associates		112	(891)	72	(142)	315
Net loss/(gain) on sale of property, plant and equipment	5	223	2,236	(361)	(3)	–
Equity-settled share-based payment expenses	6(b)	65,508	–	–	–	–
Changes in carrying amount of the redemption obligations	21	84,370	267,834	324,779	127,132	62,989
Changes in working capital:						
Decrease/(increase) in inventories		915	(480)	(7,785)	(1,504)	(16,334)
(Increase)/decrease in contract assets		(1,070)	2,442	(443)	9	(100)
(Increase)/decrease in trade and other receivables		(35,527)	(25,974)	(71,391)	(48,250)	17,978
(Increase)/decrease in restricted bank balances		(285)	869	–	–	–
Increase in trade and other payables		3,916	5,518	88,584	46,112	1,325
Increase/(decrease) in contract liabilities		43,895	5,755	(32,907)	(15,300)	(6,956)
Cash generated from operations		14,391	8,868	3,816	12,975	13,961

(c) Reconciliation of liabilities arising from financing activities:

	Bank loans and other borrowings RMB'000 (Note 22)	Interest payable RMB'000	Amounts due to related parties RMB'000	Lease liabilities RMB'000 (Note 23)	Payables to a third party RMB'000 (Note 24(iii))	Total RMB'000
At 1 January 2021	26,057	–	3,207	4,751	400	34,415
Changes from financing cash flows:						
Proceeds from bank loans	14,940	–	–	–	–	14,940
Repayment of bank loans	(10,987)	–	–	–	–	(10,987)
Repayments of other borrowings	(20,000)	–	–	–	–	(20,000)
Interests paid on bank loans and other borrowings	–	(961)	–	–	–	(961)
Capital element of lease rentals paid	–	–	–	(1,984)	–	(1,984)
Interest element of lease rentals paid	–	(199)	–	–	–	(199)
Repayments to related parties	–	–	(100)	–	–	(100)
Repayments to a third party	–	–	–	–	(3,220)	(3,220)
Advances from a third party	–	–	–	–	8,850	8,850
Total changes from financing cash flows	(16,047)	(1,160)	(100)	(1,984)	5,630	(13,661)
Other changes:						
Increase in lease liabilities from entering into new leases during the year	–	–	–	2,495	–	2,495
Interest expenses (Note 6(a))	–	1,160	–	–	–	1,160
Non-cash transaction as offset liabilities with related parties	–	–	(3,107)	–	–	(3,107)
Total other changes	–	1,160	(3,107)	2,495	–	548
At 31 December 2021	10,010	–	–	5,262	6,030	21,302

	Bank loans RMB'000 (Note 22)	Interest payable RMB'000	Amounts due to related parties RMB'000	Lease liabilities RMB'000 (Note 23)	Payables to a third party RMB'000 (Note 24(iii))	Total RMB'000
At 1 January 2022	10,010	–	–	5,262	6,030	21,302
Changes from financing cash flows:						
Proceeds from bank loans	53,966	–	–	–	–	53,966
Repayment of bank loans	(14,438)	–	–	–	–	(14,438)
Interests paid on bank loans	–	(1,367)	–	–	–	(1,367)
Capital element of lease rentals paid	–	–	–	(1,984)	–	(1,984)
Interest element of lease rentals paid	–	(211)	–	–	–	(211)
Repayments to a related party	–	–	(450)	–	–	(450)
Advances from a related party	–	–	300	–	–	300
Repayments to a third party	–	–	–	–	(6,030)	(6,030)
Total changes from financing cash flows	39,528	(1,578)	(150)	(1,984)	(6,030)	29,786
Other changes:						
Increase in lease liabilities from entering into new leases during the year	–	–	–	1,338	–	1,338
Interest expenses (Note 6(a))	–	1,578	–	–	–	1,578
Arising from acquisition of a subsidiary (Note 13(a))	–	–	–	973	–	973
Arising from disposal of a subsidiary	–	–	2,190	(1,135)	–	1,055
Total other changes	–	1,578	2,190	1,176	–	4,944
At 31 December 2022	49,538	–	2,040	4,454	–	56,032

	Bank loans	Interest payable	Amounts due to related parties	Lease liabilities	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Note 22)</i>			<i>(Note 23)</i>	
At 1 January 2023	49,538	–	2,040	4,454	56,032
Changes from financing cash flows:					
Proceeds from bank loans	123,830	–	–	–	123,830
Repayment of bank loans	(84,348)	–	–	–	(84,348)
Interests paid on bank loans	–	(2,950)	–	–	(2,950)
Capital element of lease rentals paid	–	–	–	(4,236)	(4,236)
Interest element of lease rentals paid	–	(304)	–	–	(304)
Advances from related parties	–	–	5,180	–	5,180
Repayments to related parties	–	–	(2,960)	–	(2,960)
Total changes from financing cash flows	39,482	(3,254)	2,220	(4,236)	34,212
Other changes:					
Increase in lease liabilities from entering into new leases during the year	–	–	–	9,268	9,268
Interest expenses <i>(Note 6(a))</i>	–	3,254	–	–	3,254
Early termination of lease liabilities	–	–	–	(1,900)	(1,900)
Total other changes	–	3,254	–	7,368	10,622
At 31 December 2023	89,020	–	4,260	7,586	100,866

	Bank loans <i>RMB'000</i> <i>(Note 22)</i>	Interest payable <i>RMB'000</i>	Amounts due to related parties <i>RMB'000</i>	Lease liabilities <i>RMB'000</i> <i>(Note 23)</i>	Total <i>RMB'000</i>
(unaudited)					
At 1 January 2023	49,538	–	2,040	4,454	56,032
Changes from financing cash flows:					
Proceeds from bank loans	50,830	–	–	–	50,830
Repayment of bank loans	(32,286)	–	–	–	(32,286)
Interests paid on bank loans	–	(1,473)	–	–	(1,473)
Capital element of lease rentals paid	–	–	–	(1,974)	(1,974)
Interest element of lease rentals paid	–	(126)	–	–	(126)
Proceeds from related parties	–	–	800	–	800
Repayments to a related party	–	–	(120)	–	(120)
Total changes from financing cash flows	<u>18,544</u>	<u>(1,599)</u>	<u>680</u>	<u>(1,974)</u>	<u>15,651</u>
Other changes:					
Increase in lease liabilities from entering into new leases during the period	–	–	–	2,403	2,403
Interest expenses <i>(Note 6(a))</i>	–	1,599	–	–	1,599
Early termination of lease liabilities	–	–	–	(92)	(92)
Total other changes	<u>–</u>	<u>1,599</u>	<u>–</u>	<u>2,311</u>	<u>3,910</u>
At 30 June 2023	<u>68,082</u>	<u>–</u>	<u>2,720</u>	<u>4,791</u>	<u>75,593</u>

	Bank loans	Interest payable	Amounts due to related parties	Lease liabilities	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Note 22)</i>			<i>(Note 23)</i>	
At 1 January 2024	89,020	–	4,260	7,586	100,866
Changes from financing cash flows:					
Proceeds from bank loans	7,400	–	–	–	7,400
Repayment of bank loans	(16,703)	–	–	–	(16,703)
Interests paid on bank loans	–	(2,156)	–	–	(2,156)
Capital element of lease rentals paid	–	–	–	(1,687)	(1,687)
Interest element of lease rentals paid	–	(165)	–	–	(165)
Total changes from financing cash flows	(9,303)	(2,321)	–	(1,687)	(13,311)
Other changes:					
Increase in lease liabilities from entering into new leases during the period	–	–	–	616	616
Interest expenses <i>(Note 6(a))</i>	–	2,321	–	–	2,321
Exchange adjustments	–	–	29	–	29
Early termination of lease liabilities	–	–	–	(65)	(65)
Total other changes	–	2,321	29	551	2,901
At 30 June 2024	79,717	–	4,289	6,450	90,456

(d) Total cash outflow for leases

Amounts included in the consolidated statements of cash flows for leases comprise the following:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within operating cash flows	257	373	218	59	135
Within financing cash flows	2,184	1,984	4,236	1,974	1,687
	2,441	2,357	4,454	2,033	1,822

These amounts relate to the following:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Lease rentals paid	2,441	2,357	4,454	2,033	1,822

21 REDEMPTION LIABILITY

The Group issued the following instruments to investors for financing purpose:

- (i) On 18 January 2017, Fujian Health Road (the operating entity in Chinese Mainland) entered into an agreement with Chuanke Computer System (Beijing) Co., Ltd. (“Chuanke Computer”) (傳課計算機系統(北京)有限公司), which is a company within the Baidu Group, pursuant to which Chuanke Computer agreed to acquire 13.26% equity interests of Fujian Health Road from the controlling shareholder of Fujian Health Road. The purpose of the transaction is to maintain Baidu’s interest in the Group post a group restructure. In 2014, Baidu (Hong Kong) Limited (“Baidu (HK)”) acquired 13.26% equity interests of the Company for USD60,000,000 (equivalent to RMB368,840,000). As a result of the group restructure, the redemption rights attached to the preferred shares issued to Baidu (HK) were terminated on 18 January 2017 and replaced by the special rights granted to Chuanke Computer by Fujian Health Road. The rights granted to Chuanke Computer were substantially the same as those granted to Baidu (HK) in 2014.
- (ii) On 6 June 2017 and 4 December 2017, Fujian Health Road entered into an agreement with Shangrao State Owned Assets Management Group Co., Ltd. (上饒市國有資產經營集團有限公司) (“Shangrao SOA”) and Shanghai Jiejia Investment Management Center (Limited Partnership) (上海界佳投資管理中心(有限合夥)) (“Shanghai Jiejia”) separately, pursuant to which Shangrao SOA and Shanghai Jiejia invested RMB113,750,000, in aggregate, in Fujian Health Road. As a result, Shangrao SOA and Shanghai Jiejia have an equity interest of 2.67% and 1.0157% in Fujian Health Road respectively. In addition, Shangrao SOA and Shanghai Jiejia were granted preferential rights which are similar to those granted to Chuanke Computer.
- (iii) On 31 March 2022, the Company took over the redemption obligations of the preferential rights as a result of reorganisation of the Group from Fujian Health Road.

The key terms of the preferential rights granted to Chuanke Computer, Baidu (HK), Shangrao SOA and Shanghai Jiejia (together the “Investors”) are summarised as follows:

Liquidation preferences

Upon the occurrence of a liquidation, dissolution or winding up of Fujian Health Road, the Investors are entitled to receive, prior and in preference in any distribution of assets or surplus funds of Fujian Health Road to other shareholders, an amount equal to the investment amount paid, plus any declared but unpaid dividends and a compound interest of 10% per annum. Any remaining net assets of Fujian Health Road are distributed amongst all shareholders rateably.

The Investors mentioned above also has a right to require the Company to redeem their shares upon the occurrence of certain contingent events including but not limited to a change in control of Fujian Health Road. The redemption amount equals to the sum of (i) the investment amount paid by the Investors; (ii) a compound interest of 10% per annum calculated based on the investment amount; (iii) a pro-rata share of Fujian Health Road’s remaining distributable net assets; and (iv) any declared but unpaid dividends.

In addition, Chuanke Computer has a right to require Fujian Health Road and/or its founding shareholder to purchase its shares upon the occurrence of certain contingent events, including but not limited to the failure of the Group to complete a qualified IPO by 30 June 2024 and a material breach of the transaction agreement by the founding shareholder. The redemption amount is the higher of (i) the investment amount paid by Baidu (HK) plus a compound interest of 10% per annum and any declared but unpaid dividends; and (ii) the then fair value of the shares. The right shall be terminated upon first submission of an application for a qualified IPO and will be automatically restored if such application is withdrawn or rejected.

The movements of the financial liability arising from the redemption option are set out below:

	Total <i>RMB'000</i>
At 1 January 2021	1,036,270
Changes in carrying amount	<u>84,370</u>
At 31 December 2021	1,120,640
Changes in carrying amount	<u>267,834</u>
At 31 December 2022	1,388,474
Changes in carrying amount	<u>324,779</u>
At 31 December 2023	1,713,253
Changes in carrying amount	<u>62,989</u>
At 30 June 2024	<u><u>1,776,242</u></u>

The Group has applied the discounted cash flow (“DCF”) method to determine the underlying equity value.

The DCF method involves applying an appropriate weighted average cost of capital (“WACC”) to discount the future cash flows to present value. The WACC was determined based on a consideration of factors including the risk-free rate, comparative industry risk, equity risk premium, company size and non-systematic risk factors. The Group also applied a discount for lack of marketability (“DLOM”) to take into account that the shares of Fujian Health Road are not publicly traded. DLOM was estimated by using the Black-Scholes Option Pricing Model and the Finnerty Model, which assumed that a put option is struck at the spot price of the stock before the privately held shares can be sold.

Key inputs used in determining the equity value of Fujian Health Road are set out as below:

	31 December 2021	31 December 2022	31 December 2023	30 June 2024
WACC	15.7%	16.3%	16.3%	17.0%
DLOM	30.0%	14.0%	7.0%	9.0%

22 LOANS AND BORROWINGS

As at the end of each reporting period, the bank loans were as follows:

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Current				
Bank loans				
– Guaranteed (<i>Note (ii)</i>)	10,000	49,371	88,479	78,406
– Unguaranteed and unsecured	<u>10</u>	<u>–</u>	<u>–</u>	<u>–</u>
	10,010	49,371	88,479	78,406
Non-current				
Bank loans				
– Guaranteed (<i>Note (ii)</i>)	<u>–</u>	<u>167</u>	<u>541</u>	<u>1,311</u>
	<u>10,010</u>	<u>49,538</u>	<u>89,020</u>	<u>79,717</u>

The analysis of the repayment schedule of bank loans is as follows:

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Within 1 year or on demand	10,010	49,371	88,479	78,406
After 1 year but within 2 years	–	167	500	1,311
After 2 years but within 3 years	<u>–</u>	<u>–</u>	<u>41</u>	<u>–</u>
	<u>10,010</u>	<u>49,538</u>	<u>89,020</u>	<u>79,717</u>

Notes:

- (i) At the end of each reporting period, all borrowings were denominated in RMB and interest-bearing at 4.10%–4.62%, 4.50%–5.40%, 3.35%–11.70% and 3.80%–11.70% per annum, respectively.
- (ii) As at 31 December 2021, 2022 and 2023 and 30 June 2024, bank loans of RMBnil, RMB762,000, RMB1,190,000 and RMB4,717,000 which were guaranteed by the director of ChokSend Communication for the loans borrowed by ChokSend Communication. The guarantee provided by the key management personnel of ChokSend Communication will be released prior to listing.

As at 31 December 2021, 2022 and 2023 and 30 June 2024, bank loans of RMB10,000,000, RMB48,776,000, RMB87,830,000 and RMB75,000,000 were guaranteed by a shareholder of the Company. The guarantee provided by the shareholder of the Company will be released prior to listing.

23 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at each reporting date:

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Within 1 year	1,615	2,188	3,211	3,046
After 1 year but within 2 years	1,342	1,545	2,011	1,500
After 2 years but within 5 years	2,305	721	2,364	1,904
	<u>3,647</u>	<u>2,266</u>	<u>4,375</u>	<u>3,404</u>
	<u>5,262</u>	<u>4,454</u>	<u>7,586</u>	<u>6,450</u>

24 TRADE AND OTHER PAYABLES

The Group

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Trade creditors	12,802	29,072	86,318	104,312
Amounts due to related parties (<i>Note(i)</i>)	217	2,053	95	–
Amounts due to shareholders (<i>Note(i)</i>)	1,433	1,433	4,260	4,289
Salaries and bonus payables	21,523	20,972	24,319	20,000
Receipts in advance (<i>Note(ii)</i>)	45,228	26,708	20,895	18,783
Other payables (<i>Note(iii)</i>)	27,271	29,490	57,998	47,825
	<u>108,474</u>	<u>109,728</u>	<u>193,885</u>	<u>195,209</u>

The Company

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Amounts due to a subsidiary (<i>Note(i)</i>)	7,709	23,207	51,138	57,791
Amounts due to shareholders (<i>Note(i)</i>)	–	–	1,756	1,769
	<u>7,709</u>	<u>23,207</u>	<u>52,894</u>	<u>59,560</u>

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

Notes:

- (i) The amounts are non-trade nature, unsecured, interest-free and repayable on demand.

- (ii) The amount represents receipt in advance deposited by the customers which is expected to be utilised in the health and medical services in the future.
- (iii) As at 31 December 2021, other payables with amount of RMB6,030,000 were financed from a third party by ChokSend Communication. The balances were settled in the year ended 31 December 2022.

The remaining mainly represents retention deposits, bidding deposits, other miscellaneous deposits received, technical and outsourcing service fees and agency costs.

As at the end of each reporting period, the ageing analysis of trade payables, based on invoice date is as follows:

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Within 1 year	12,117	28,522	85,421	103,887
More than 1 year but within 2 years	111	57	375	240
More than 2 years but within 3 years	120	6	32	79
More than 3 years	<u>454</u>	<u>487</u>	<u>490</u>	<u>106</u>
	<u>12,802</u>	<u>29,072</u>	<u>86,318</u>	<u>104,312</u>

25 EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

On 31 December 2021, Fuzhou Health Road Investment Center (Limited Partnership) (福州健康之路投資中心(有限合夥)) (“Healthy Road Investment centre”) which held 46.37% of Fujian Healthy Way, granted awarded shares to certain eligible persons to recognise and reward the contribution of these eligible persons to the growth and development of the Group.

According to the agreements between Mr. Zhang Wanneng and these eligible persons, 9,760,000 shares of the limited partnership shares of Healthy Road Investment centre were granted to eligible participants without cash consideration. The shares granted are generally vested on the grant date without vesting conditions and contractual life.

With assistance of the independent valuer, JLL, the directors determined the fair value of the awarded shares on 31 December 2021, the grant date, were RMB65,508,000. The Group has applied DCF method to determine the underlying equity value which is in line with the method and assumptions disclosed in Note 21.

For the year ended 31 December 2021, the Group recognised expenses of RMB65,508,000 in relation to the awarded shares.

26 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

- (a) Current taxation in the consolidated statements of financial position represent:

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
PRC corporate income tax payable	<u>969</u>	<u>991</u>	<u>4,649</u>	<u>4,961</u>

(b) Deferred tax recognised:**(i) Movement of each component of deferred tax assets and liabilities**

The components of deferred tax assets recognised in the consolidated statements of financial position and the movements during the Relevant Periods are as follows:

Deferred tax arising from:	Credit loss allowance RMB'000	Unused tax loss RMB'000	Deferred income RMB'000	Promotion and advertising expenses RMB'000	Others RMB'000	Total RMB'000
At 1 January 2021	102	3,417	(222)	–	648	3,945
Credited/(charged) to profit or loss	<u>38</u>	<u>(3,417)</u>	<u>724</u>	<u>–</u>	<u>(370)</u>	<u>(3,025)</u>
At 31 December 2021 and 1 January 2022	140	–	502	–	278	920
Credited/(charged) to profit or loss	<u>26</u>	<u>–</u>	<u>2,240</u>	<u>–</u>	<u>(191)</u>	<u>2,075</u>
At 31 December 2022 and 1 January 2023	166	–	2,742	–	87	2,995
Credited to profit or loss	<u>82</u>	<u>2,469</u>	<u>2,841</u>	<u>4,008</u>	<u>1,546</u>	<u>10,946</u>
At 31 December 2023	248	2,469	5,583	4,008	1,633	13,941
Credited/(charged) to profit or loss	<u>8</u>	<u>766</u>	<u>5,745</u>	<u>(1,589)</u>	<u>2,188</u>	<u>7,118</u>
At 30 June 2024	<u>256</u>	<u>3,235</u>	<u>11,328</u>	<u>2,419</u>	<u>3,821</u>	<u>21,059</u>

(c) Deferred tax assets not recognised

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December			As at 30 June
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000
Unused tax losses	42,988	41,279	26,996	27,267
Others	<u>2,518</u>	<u>3,433</u>	<u>2,270</u>	<u>3,829</u>
	<u>45,506</u>	<u>44,712</u>	<u>29,266</u>	<u>31,096</u>

The Group has not recognised deferred tax assets in respect of unused tax losses as it is not probable that sufficient future taxable profits will be available against which unused tax losses can be utilised.

Set out below are the potential tax impacts of the unrecognised tax losses at the end of the reporting period which will expire in the respective years pursuant to the relevant laws and regulations in the PRC:

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
2022	4,217	–	–	–
2023	4,996	4,821	–	–
2024	3,412	3,230	2,561	–
2025	2,296	2,170	2,170	2,156
2026	21,180	18,688	14,071	13,578
2027	5,477	12,370	5,947	5,944
2028	229	–	2,247	2,064
2029	96	–	–	3,525
2030	1,045	–	–	–
2031	40	–	–	–
	<u>42,988</u>	<u>41,279</u>	<u>26,996</u>	<u>27,267</u>

The unused tax losses can be carried forward to offset against taxable profits of subsequent years for up to five years from the year in which they arose in accordance with PRC Corporate Income Tax Law and its implementation regulations.

Pursuant to the notice of the Ministry of Finance and the State Administration of Taxation on extending the loss carrying forward period of Advanced and New Technology Enterprise (Cai Shui [2018] No. 76), with effect from 1 January 2018, the maximum carry-forward period of the loss for qualified Advanced and New Technology Enterprise shall be extended from five years to ten years. Therefore, the unused tax losses of Fujian Health Road will be expired in ten years from the year that the tax loss was occurred.

(d) Deferred tax liabilities not recognised

At 31 December 2021, 2022 and 2023 and 30 June 2024, temporary differences relating to the undistributed profits of the Group's certain subsidiaries in Chinese Mainland amounted to RMB4,841,000, RMB3,642,000, RMB4,700,000 and RMB8,508,000. Deferred tax liabilities were not recognised in respect of the withholding tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries in Chinese Mainland and the directors have determined that these profits are not likely to be distributed in the foreseeable future.

27 CAPITAL, RESERVES AND DIVIDENDS

(a) Movement in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity are set below:

	Share capital <i>RMB'000</i>	Share Premium <i>RMB'000</i>	Other reserve <i>RMB'000</i>	Exchange reserve <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Total <i>RMB'000</i>
Balance at 1 January 2021	89	–	787,819	24,690	(422,233)	390,365
Changes in equity for 2021:						
Loss for the year	–	–	–	–	(5,915)	(5,915)
Other comprehensive income	–	–	–	(8,926)	–	(8,926)
Balance at 31 December 2021	<u>89</u>	<u>–</u>	<u>787,819</u>	<u>15,764</u>	<u>(428,148)</u>	<u>375,524</u>
Changes in equity for 2022:						
Loss for the year	–	–	–	–	(220,295)	(220,295)
Other comprehensive income	–	–	–	35,232	–	35,232
Total comprehensive income	–	–	–	35,232	(220,295)	(185,063)
Shares repurchased for reorganisation	<u>(13)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(13)</u>
Balance at 31 December 2022	<u>76</u>	<u>–</u>	<u>787,819</u>	<u>50,996</u>	<u>(648,443)</u>	<u>190,448</u>

	Share capital RMB'000	Share Premium RMB'000	Other reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Changes in equity for 2023:						
Loss for the year	-	-	-	-	(353,718)	(353,718)
Other comprehensive income	-	-	-	12,893	-	12,893
Total comprehensive income	-	-	-	12,893	(353,718)	(340,825)
Shares issued	14	-	-	-	-	14
Capital injection from equity shareholders	3	99,997	-	-	-	100,000
Balance at 31 December 2023	93	99,997	787,819	63,889	(1,002,161)	(50,363)
Changes in equity for the six months ended 30 June 2024:						
Loss for the period	-	-	-	-	(72,263)	(72,263)
Other comprehensive income	-	-	-	5,897	-	5,897
Balance at 30 June 2024	93	99,997	787,819	69,786	(1,074,424)	(116,729)
(unaudited)						
Balance at 1 January 2023	76	-	787,819	50,996	(648,443)	190,448
Changes in equity for the six months ended 30 June 2023:						
Loss for the period	-	-	-	-	(135,745)	(135,745)
Other comprehensive income	-	-	-	31,289	-	31,289
Total comprehensive income	-	-	-	31,289	(135,745)	(104,456)
Shares issued	14	-	-	-	-	14
Balance at 30 June 2023	90	-	787,819	82,285	(784,188)	86,006

(b) Dividends

No dividend has been declared by the Company since its incorporation.

(c) Share capital***Authorised share capital***

The Company was incorporated as an exempted company under the laws of the Cayman Islands with limited liability on 18 November 2014 with the authorised share capital of the Company of US\$50,000, divided into 478,750,980 ordinary shares with a par value of US\$0.0001 per share, and 21,249,020 preferred shares which designated as Series A preferred shares with a par value of US\$0.0001 per share.

On 3 May 2023, pursuant to the resolutions of the directors of the Company, among 478,750,980 ordinary shares, 14,691,450 ordinary shares were converted to 1,930,000 Series B-1 preferred shares with a par value of US\$0.0001 per share, 4,442,380 Series B-2 preferred shares with a par value of US\$0.0001 per share and 8,319,070 Series C preferred shares with a par value of US\$0.0001 per share, respectively.

(i) Issued share capital

	As at 31 December 2021		As at 31 December 2022		As at 31 December 2023		As at 30 June 2024	
	Number of shares	Share capital RMB'000	Number of shares	Share capital RMB'000	Number of shares	Share capital RMB'000	Number of shares	Share capital RMB'000
Ordinary shares, issued and fully paid								
Balance at the beginning of the year/period	139,000,000	89	139,000,000	89	119,200,600	76	142,919,560	93
Shares repurchased for reorganisation	–	–	(19,799,400)	(13)	–	–	–	–
Shares issued	–	–	–	–	19,559,400	14	–	–
Capital injection from equity shareholders	–	–	–	–	4,159,560	3	–	–
Balance at the end of the year/period	<u>139,000,000</u>	<u>89</u>	<u>119,200,600</u>	<u>76</u>	<u>142,919,560</u>	<u>93</u>	<u>142,919,560</u>	<u>93</u>

The Series A preferred shares, Series B-1 preferred shares and Series B-2 preferred shares are presented as liabilities in the consolidated financial statements. Further details of the terms are set out in Note 21.

In September 2023, the Company issued 4,159,560 ordinary shares with a par value of US\$0.0001 per share to a shareholder. Net proceeds from such issues amounted to RMB100,000,000, out of which RMB3,000 and RMB99,997,000 were recorded in share capital and share premium respectively.

(d) Nature and purpose of reserves***(i) Other reserves***

Other reserves mainly comprise the following:

- (1) the paid-in capital and capital reserve of the PRC subsidiaries;
- (2) recognition of the difference between the proceeds received and the full amount of the redemption liabilities arising from the preferential rights granted (Note 21);
- (3) adjustment of other reserve arising from the process of the Reorganisation;
- (4) difference between the net identifiable assets and the consideration paid for acquisition of non-controlling interests; and
- (5) reserve arising from awarded shares granted to certain employees of the Group (Note 25).

(ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside the PRC. The reserve is dealt with in accordance with the accounting policies set out in Note 2(u).

(iii) Statutory reserves

Statutory reserves are established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which are incorporated in the PRC until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before distribution of a dividend to equity holders.

For the entities concerned, statutory reserves can be used to cover previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of equity holders, provided that the balance of the reserve after such conversion is not less than 25% of the entity's registered capital.

(iv) Non-controlling interests

Non-controlling interests represent the non-controlling interests of the subsidiaries during the Relevant Periods.

(v) Share premium

Share premium represents difference between the par value of shares issued and the consideration received.

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity and interest rate risks arise in the normal course of the Group's business. The Group does not have significant financial instruments that are denominated in foreign currencies, i.e. a currency other than the functional currency of the operations to which the transactions relate as at 31 December 2021, 2022 and 2023 and 30 June 2024, and consequently does not have significant exposure to foreign currency risk.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables and contract assets.

The Group's exposure to credit risk arising from cash and cash equivalents and restricted deposits is limited because the counterparties are well-known banks, which the Group considers representing low credit risk.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At 31 December 2021, 2022 and 2023 and 30 June 2024, nil, nil, 1.1% and 22.4% of the total trade receivables and contract assets were due from the Group's largest customer, and 10.3%, 23.5%, 29.1% and 32.7% of the total trade receivables and contract assets were due from the Group's five largest customers respectively.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These take into account the customer's past payment history, financial position and other factors. Trade receivables are practically due within 1 to 30 days from the issuance of invoice. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance is not further distinguished between the Group's different customer bases.

In respect of the amounts due from related parties, including amounts due from a shareholder and consideration receivables from related parties, the Group expects the credit risk associated to be low, since these entities and individual have a strong capacity to meet its contractual cash flow obligations in the near term. The Group reviews the exposures and manages them based on the need of operation and has assessed that the ECL rate for these receivables are immaterial and considered them to have low credit risk, and thus the loss allowance is immaterial.

In respect to other receivables at 31 December 2021, 2022 and 2023 and 30 June 2024, since the credit risk on other receivable has not increased significantly since initial recognition, the Group measures the loss allowance for other receivable at an amount equal to 12-month expected credit loss. The Group measures the loss allowance for other receivables at an amount equal to the lifetime expected credit loss if the credit risk on other receivable has increased significantly since initial recognition.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets as at 31 December 2021, 2022 and 2023 and 30 June 2024.

	As at 31 December 2021			
	Expected	Gross carrying	Loss	Carrying
	loss rate	amount	allowance	amount
	%	RMB'000	RMB'000	RMB'000
Current (not past due)	1.1	33,583	(357)	33,226
Less than 1 year past due	1.5	7,076	(107)	6,969
1–2 years past due	22.8	1,238	(282)	956
2–3 years past due	44.4	441	(196)	245
More than 3 years past due	100.0	655	(655)	–
		<u>42,993</u>	<u>(1,597)</u>	<u>41,396</u>
	As at 31 December 2022			
	Expected	Gross carrying	Loss	Carrying
	loss rate	amount	allowance	amount
	%	RMB'000	RMB'000	RMB'000
Current (not past due)	0.5	30,585	(139)	30,446
Less than 1 year past due	1.2	4,966	(61)	4,905
1–2 years past due	16.3	1,984	(324)	1,660
2–3 years past due	42.6	423	(180)	243
More than 3 years past due	100.0	580	(580)	–
		<u>38,538</u>	<u>(1,284)</u>	<u>37,254</u>
	As at 31 December 2023			
	Expected	Gross carrying	Loss	Carrying
	loss rate	amount	allowance	amount
	%	RMB'000	RMB'000	RMB'000
Current (not past due)	0.6	96,120	(564)	95,556
Less than 1 year past due	1.2	17,905	(215)	17,690
1 – 2 years past due	12.2	654	(80)	574
2 – 3 years past due	57.0	149	(85)	64
More than 3 years past due	100.0	579	(579)	–
		<u>115,407</u>	<u>(1,523)</u>	<u>113,884</u>
	As at 30 June 2024			
	Expected	Gross carrying	Loss	Carrying
	loss rate	amount	allowance	amount
	%	RMB'000	RMB'000	RMB'000
Current (not past due)	0.7	71,394	(526)	70,868
Less than 1 year past due	1.3	14,388	(182)	14,206
1 – 2 years past due	13.5	917	(124)	793
2 – 3 years past due	63.2	228	(144)	84
More than 3 years past due	100.0	679	(679)	–
		<u>87,606</u>	<u>(1,655)</u>	<u>85,951</u>

Expected loss rates are based on actual loss experience over the past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

In addition to the credit risk management policy stated above, the Group considers the probability of default upon initial recognition of assets and considers whether there has been a significant increase in credit risk on an ongoing basis. To assess whether there has been a significant increase in credit risk, the Group compares the risk of default occurring on an asset as at the end of each reporting period with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward-looking information that is available. Details of indicators are disclosed in Note 2(i)(i).

The movement in the allowance for impairment of trade and other receivables and contract assets during the Relevant Periods is as follows:

Impairment of trade receivables and contract assets.

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at the beginning of the year/ period	1,064	1,597	1,284	1,523
Impairment losses reversed	(448)	(1,001)	(712)	(626)
Amounts written off	(493)	(144)	(152)	–
Impairment losses recognised	<u>1,474</u>	<u>832</u>	<u>1,103</u>	<u>758</u>
Balance at the end of the year/period	<u>1,597</u>	<u>1,284</u>	<u>1,523</u>	<u>1,655</u>

There were no trade receivables that were past due but not impaired at the end of each reporting period.

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting period) and the earliest date the Group can be required to pay:

As at 31 December 2021					
Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	Total RMB'000	Carrying amount at 31 December RMB'000
Bank loans	10,440	–	–	10,440	10,010
Lease liabilities	1,887	1,476	2,406	5,769	5,262
Trade and other payables	108,474	–	–	108,474	108,474
	<u>120,801</u>	<u>1,476</u>	<u>2,406</u>	<u>124,683</u>	<u>123,746</u>
As at 31 December 2022					
Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	Total RMB'000	Carrying amount at 31 December RMB'000
Bank loans	50,669	178	–	50,847	49,538
Lease liabilities	2,410	1,611	731	4,752	4,454
Trade and other payables	109,728	–	–	109,728	109,728
	<u>162,807</u>	<u>1,789</u>	<u>731</u>	<u>165,327</u>	<u>163,720</u>
As at 31 December 2023					
Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	Total RMB'000	Carrying amount at 31 December RMB'000
Bank loans	91,615	619	43	92,277	89,020
Lease liabilities	3,492	2,163	2,506	8,161	7,586
Trade and other payables	193,885	–	–	193,885	193,885
	<u>288,992</u>	<u>2,782</u>	<u>2,549</u>	<u>294,323</u>	<u>290,491</u>

	As at 30 June 2024				Carrying amount at 30 June RMB'000
	Contractual undiscounted cash outflow			Total RMB'000	
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000		
Bank loans	80,577	1,641	–	82,218	79,717
Lease liabilities	3,420	1,548	1,920	6,888	6,450
Trade and other payables	195,209	–	–	195,209	195,209
	<u>279,206</u>	<u>3,189</u>	<u>1,920</u>	<u>284,315</u>	<u>281,376</u>

In addition to the above, the Group was also exposed to liquidity risk arising from the redemption and liquidation features of the redemption liabilities at 31 December 2021, 2022 and 2023 and 30 June 2024, which are further detailed in Note 21.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest-bearing financial liabilities are at fixed interest rates at the end of the Relevant Periods, including bank loans, lease liabilities and redemption liabilities, and the change of market interest rate does not expose the Group to interest rate risk. Overall, the Group's exposure to interest rate risk is not significant.

(d) Fair value measurement

The carrying amounts of the Group's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values at 31 December 2021, 2022 and 2023 and 30 June 2024.

29 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Commitments

There were no material capital commitments outstanding not provided for in the consolidated financial statements.

(b) Contingent liabilities

The Group did not have any material contingent liabilities as at 31 December 2021, 2022 and 2023 and 30 June 2024.

30 RELATED PARTY TRANSACTIONS

(a) Name of and relationship with related parties

During the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024, transactions with the following parties are considered as significant related party transactions:

Name of party	Relationship
Mr. Zhang Wanneng	Shareholder of the Company
Mr. Chen Chen	Director of certain subsidiary
Mr. Chen Changhua	Director of certain subsidiaries, being the related party of the Company before 13 October 2022, the disposal date of the certain subsidiaries (see Note 13(b)(i))
Fuzhou Jiejia Health Management Co., Ltd. ("福州界佳健康管理有限公司") ("Fuzhou Jiejia")*	Entity controlled by the close family member of Mr. Zhang Wanneng
Baidu and its subsidiaries and other related companies ("Baidu Group")	A shareholder with significant influence over the Company
Fujian Sanping Bencao Health Technology Co., Ltd. ("福建三平本草健康科技有限公司") ("Fujian Sanping Bencao")	Entity controlled by Mr. Zhang Wanneng, being the related party of the Company from 9 August 2021, the disposal date
Healthway (Guangzhou) Technology Group Co., Ltd. ("健康之路(廣州)科技集團有限公司") ("Healthway Guangzhou")	Entity controlled by the Mr. Zhang Wanneng, being the related party of the Company before December 2023
Zhongjian Xinlian (Xiamen)	Being the associate of the Company from 5 August 2022 (see Note 13(b)(i))
Fuzhou Taijiang District Yungongyunneng Investment Partnership (Limited Partnership) ("福州台江區允允能投資合夥企業(有限合夥)") ("Fuzhou Yungongyunneng")	Entity controlled by Mr. Chen Changhua, being the related party of the Company before 13 October 2022
Healthy Road Investment centre	A shareholder of certain subsidiary
Affluent Base Limited	The immediate controlling party of the Company

* The entity was previously known as "福州健康快車健康管理有限公司". In January 2022, the entity changed its name to "福州界佳健康管理有限公司".

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Short-term employee benefits	3,742	1,034	1,261	533	1,092
Equity-settled share-based payment expenses (Note 25)	31,344	–	–	–	–
Contributions to retirement benefit scheme	<u>60</u>	<u>19</u>	<u>20</u>	<u>10</u>	<u>22</u>
	<u>35,146</u>	<u>1,053</u>	<u>1,281</u>	<u>543</u>	<u>1,114</u>

Total remuneration is included in “staff costs” (see Note 6(b)).

(c) Significant related party transactions

The particulars of significant transactions between the Group and the above related parties during the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024 are as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)				
Purchase of goods and service from					
– Baidu Group	700	146	3,034	87	146
– Fujian Sanping Bencao	2,814	–	–	–	–
	<u>2,814</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Provision of service to					
– Baidu Group	50,584	24,932	17,417	8,734	7,963
	<u>50,584</u>	<u>24,932</u>	<u>17,417</u>	<u>8,734</u>	<u>7,963</u>
Advances to related parties:					
– Fuzhou Yungongyunneng	–	452	–	–	–
– Mr. Chen Chen	212	–	–	–	–
– Mr. Chen Changhua	120	150	–	–	–
– Healthway Guangzhou	–	960	1,100	100	–
	<u>–</u>	<u>960</u>	<u>1,100</u>	<u>100</u>	<u>–</u>
Repayments from related parties:					
– Fuzhou Yungongyunneng	–	256	–	–	–
– Mr. Chen Chen	319	–	–	–	–
– Mr. Chen Changhua	140	–	–	–	–
– Healthway Guangzhou	–	–	1,360	–	–
	<u>–</u>	<u>–</u>	<u>1,360</u>	<u>–</u>	<u>–</u>
Consideration received from a related party					
– Healthway Guangzhou	–	–	1,000	1,000	–
	<u>–</u>	<u>–</u>	<u>1,000</u>	<u>1,000</u>	<u>–</u>
Repayments to related parties:					
– Fuzhou Jiejia	100	–	–	–	–
– Zhongjian Xinlian (Xiamen)	–	450	2,160	120	–
– Mr. Zhang Wanneng	–	–	1,433	1,433	–
– Healthy Road Investment centre	–	–	800	–	–
	<u>–</u>	<u>–</u>	<u>800</u>	<u>–</u>	<u>–</u>
Advances from related parties:					
– Zhongjian Xinlian (Xiamen)	–	300	120	120	–
– Mr. Zhang Wanneng	–	–	663	680	–
– Affluent Base Limited	–	–	3,597	–	–
– Healthy Road Investment centre	–	–	800	–	–
	<u>–</u>	<u>–</u>	<u>800</u>	<u>–</u>	<u>–</u>

All of the transactions above were carried out on terms as agreed between the transacting parties.

(d) Significant balances with related parties

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Trade receivables from related parties				
– Baidu Group	<u>4,267</u>	<u>3,165</u>	<u>1,465</u>	<u>2,337</u>
Non-trade				
Amounts due from related parties				
– Healthway Guangzhou [#]	–	960	–	–
– Baidu Group	310	64	27	78
– Fuzhou Yungongyunneng [*]	<u>156</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>466</u>	<u>1,024</u>	<u>27</u>	<u>78</u>
Consideration receivables from a related party				
– Healthway Guangzhou	<u>1,000</u>	<u>1,000</u>	<u>–</u>	<u>–</u>
Amounts due to related parties				
– Zhongjian Xinlian (Xiamen)	–	2,040	–	–
– Fujian Sanping Bencao	<u>150</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>150</u>	<u>2,040</u>	<u>–</u>	<u>–</u>
Amounts due to shareholders				
– Mr. Zhang Wanneng	1,433	1,433	663	668
– Affluent Base Limited	<u>–</u>	<u>–</u>	<u>3,597</u>	<u>3,621</u>
	<u>1,433</u>	<u>1,433</u>	<u>4,260</u>	<u>4,289</u>

* These parties ceased to be related parties of the Group since October 2022. The balances as at 31 December 2022 and 2023 and 30 June 2024 were included in other receivables set out in Note 18.

This party ceased to be related parties of the Group since December 2023. The balances as at 31 December 2023 and 30 June 2024 were included in other receivables set out in Note 18.

All of the balances are unsecured, interest-free and repayable on demand at the end of each reporting period.

The directors of the Company are of the view that all the amounts of non-trade nature receivables from related parties and payables to related parties as at 30 June 2024 will be fully settled prior to listing.

(e) Bank loans guaranteed by related parties

Guarantees provided by the Controlling Shareholder relating to bank loans were disclosed in Note 22(ii). The guarantee provided by related parties will be released prior to listing.

31 IMMEDIATE CONTROLLING PARTY

At 31 December 2021, 2022 and 2023 and 30 June 2024, the directors consider the immediate controlling party is Affluent Base Limited after the Reorganisation.

32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE RELEVANT PERIODS

Up to the date of this report, the IASB has issued a number of amendments and a new standard, which have not been adopted in these financial statements. These developments include the following:

	Effective for accounting periods beginning on or after
Amendments to IAS 21, <i>Lack of Exchangeability</i>	1 January 2025
Amendments to IFRS 10 and IAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	to be determined by the IASB
Amendments to IFRS 9 and IFRS 7: <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Annual Improvements to IFRS Accounting Standards — Volume 11	1 January 2026
IFRS 18, <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
IFRS 19, <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

33 NON-ADJUSTING EVENTS AFTER REPORTING PERIOD

The following events took place after 30 June 2024:

The Group expects to conduct share subdivision prior to listing, pursuant to which each share in issued and unissued share capital with a nominal value of US\$0.0001 into five shares with a nominal value of US\$0.00002 each. All shares resulting from the share subdivision rank *pari passu* with each other. Immediately after the share subdivision and before listing, the Group will have 852,704,800 shares in issue.

Subsequent financial statements

No audited financial statements have been prepared by the Company and its subsidiaries comprising the Group in respect of any period subsequent to 30 June 2024.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set forth in this appendix does not form part of the Accountants' Report prepared by KPMG, Certified Public Accountants, Hong Kong, the Company's reporting accountants as set forth in Appendix I to this prospectus, and is included herein for illustrative purpose only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is prepared in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and is set out below to illustrate the effect of the offering by the Company of its Shares (the "Global Offering") on the consolidated net tangible liabilities attributable to the equity shareholders of the Company as of 30 June 2024 as if the Global Offering had taken place on 30 June 2024.

This unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as of 30 June 2024 or at any future date.

	Consolidated net tangible liabilities attributable to equity shareholders of the Company as at 30 June 2024 ⁽¹⁾ <i>RMB'000</i>	Estimated net proceeds from the Global Offering ⁽²⁾ <i>RMB'000</i>	Estimated impact upon the reclassification of the redemption liabilities as at 30 June 2024 ⁽³⁾ <i>RMB'000</i>	Pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company <i>RMB'000</i>	Pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company per Share ⁽⁵⁾ <i>RMB</i>	<i>HK\$</i>
Based on the offer price of HK\$7.80 per Share	1,766,833	156,294	1,776,242	165,703	0.19	0.21
Based on the offer price of HK\$8.80 per Share	1,766,833	177,987	1,776,242	187,396	0.21	0.23

Notes:

- (1) The consolidated net tangible liabilities attributable to equity shareholders of the Company as of 30 June 2024 is based on the total deficit attributable to equity shareholders of the Company of RMB1,713,125,000 after deducting intangible assets of RMB45,103,000 and goodwill of RMB8,605,000 as of 30 June 2024, which are extracted from the Accountants' Report set out in Appendix I to the Prospectus.

- (2) The estimated net proceeds from the Global Offering are based on the offer prices of HK\$7.80 and HK\$8.80 per Share, being the low end price and high end price of the indicative offer price range respectively, and the issuance of 25,000,000 Shares, after deduction of the underwriting fees and other related expenses paid or payable by the Group (excluding the listing expenses charged to profit or loss during the Track Record Period).
- (3) As of 30 June 2024, the carrying amount of redemption liabilities was RMB1,776,242,000. The holders have agreed that their redemption rights will automatically be cancelled upon completing a qualified initial public offering and the related liabilities will be re-classified to equity. Accordingly, for the purpose of the unaudited pro forma financial information, the unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company would be increased by RMB1,776,242,000 for the reclassification of redemption liabilities to equity had the reclassification taken place on 30 June 2024.
- (4) The pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company per Share are arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 877,704,800 Shares are expected to be in issue immediately following the Share Subdivision and the Global Offering (including 25,000,000 Shares newly issued upon the Global Offering).
- (5) The estimated net proceeds from the Global Offering and the unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company per Share are converted from or into Hong Kong dollars (the “HK\$”) at an exchange rate of RMB1 to HK\$1.0832. No representation is made that HK\$ amounts have been, could have been or may be converted into RMB, or vice versa, at that rate.
- (6) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 30 June 2024.

B. REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group’s pro forma financial information for the purpose of incorporation in this prospectus.

**INDEPENDENT REPORTING ACCOUNTANTS’ ASSURANCE REPORT ON THE
COMPILATION OF PRO FORMA FINANCIAL INFORMATION****TO THE DIRECTORS OF HEALTHYWAY INC.**

We have completed our assurance engagement to report on the compilation of pro forma financial information of HealthyWay Inc. (the “Company”) and its subsidiaries (collectively the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at 30 June 2024 and related notes as set out in Part A of Appendix II to the prospectus dated 18 December 2024 (the “Prospectus”) issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed offering of the ordinary shares of the Company (the “Global Offering”) on the Group’s financial position as at 30 June 2024 as if the Global Offering had taken place at 30 June 2024. As part of this process, information about the Group’s financial position as at 30 June 2024 has been extracted by the Directors from the Group’s historical financial information included in the Accountants’ Report as set out in Appendix I to the Prospectus.

Directors’ Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“AG 7”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements”, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“HKSAE”) 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with Paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of events or transactions as at 30 June 2024 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our procedures on the pro forma financial information have not been carried out in accordance with attestation standards or other standards and practices generally accepted in the United States of America, auditing standards of the Public Company Accounting Oversight Board (United States) or any overseas standards and accordingly should not be relied upon as if they had been carried out in accordance with those standards and practices.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

Opinion

In our opinion:

- a) the pro forma financial information has been properly compiled on the basis stated;
- b) such basis is consistent with the accounting policies of the Group, and
- c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to Paragraph 4.29(1) of the Listing Rules.

KPMG

Certified Public Accountants

Hong Kong

18 December 2024

Set out below is a summary of certain provisions of the constitution of the Company and certain aspects of the company laws of the Cayman Islands.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 18 November 2014 under the Cayman Islands Companies Act. The Company's constitutional documents consist of the Memorandum of Association and the Articles of Association.

1. MEMORANDUM OF ASSOCIATION

The Memorandum provides, *inter alia*, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted (and therefore include acting as an investment holding company) and that the Company shall have full power and authority to carry out any object not prohibited by the Cayman Islands Companies Act or any other law of the Cayman Islands.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on December 11, 2024 and will become effective on the Listing Date. A summary of certain provisions of the Articles is set out below.

2.1 Shares

(a) Classes of Shares

The share capital of the Company consists of a single class of ordinary shares.

(b) Variation of Rights of Existing Shares or Classes of Shares

If at any time the share capital of the Company is divided into different classes of Shares, all or any of the rights attached to any class of Shares for the time being issued (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of at least three-fourths of the issued Shares of that class, or with the approval of a resolution passed by at least three-fourths of the votes cast by the holders of the Shares of that class present and voting in person or by proxy at a separate meeting of such holders. The provisions of the Articles relating to general meetings shall apply *mutatis mutandis* to every such separate meeting, except that the necessary quorum shall be two persons together holding (or, in the case of a member being a corporation, by its duly authorized representative), or representing by proxy, at least one-third of the issued Shares of that class. Every holder of Shares of the class shall be entitled on a poll to one vote for every such Share held by him, and any holder of Shares of the class present in person or by proxy may demand a poll.

For the purposes of a separate class meeting, the Board may treat two or more classes of Shares as forming one class of Shares if the Board considers that such classes of Shares would be affected in the same way by the proposals under consideration, but in any other case shall treat them as separate classes of Shares.

Any rights conferred upon the holders of Shares of any class shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith.

(c) Alteration of Capital

The Company may by ordinary resolution:

- (i) increase its share capital by the creation of new Shares of such amount and with such rights, priorities and privileges attached to such Shares as it may determine;
- (ii) consolidate and divide all or any of its share capital into Shares of a larger amount than its existing Shares. On any consolidation of fully paid Shares and division into Shares of a larger amount, the Board may settle any difficulty which may arise as it thinks expedient and, in particular (but without prejudice to the generality of the foregoing), may as between the holders of Shares to be consolidated determine which particular Shares are to be consolidated into a consolidated Share, and if it shall happen that any person shall become entitled to fractions of a consolidated Share or Shares, such fractions may be sold by some person appointed by the Board for that purpose and the person so appointed may transfer the Shares so sold to the purchaser(s) thereof and the validity of such transfer shall not be questioned, and the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated Share or Shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;
- (iii) sub-divide its Shares or any of them into Shares of an amount smaller than that fixed by the Memorandum; and
- (iv) cancel any Shares which, as of the date of passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so canceled.

The Company may by special resolution reduce its share capital or any undistributable reserve, subject to the provisions of the Cayman Islands Companies Act.

(d) Transfer of Shares

Subject to the terms of the Articles, any member of the Company may transfer all or any of his Shares by an instrument of transfer. If the Shares in question were issued in conjunction with rights, options, warrants or units issued pursuant to the Articles on terms that one cannot be transferred without the other, the Board shall refuse to register the transfer of any such Share without evidence satisfactory to it of the like transfer of such right, option, warrant or unit.

Subject to the Articles and the requirements of the Stock Exchange, all transfers of Shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a recognized clearing house or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a Share until the name of the transferee is entered in the register of members of the Company in respect of that Share.

Subject to the provisions of the Cayman Islands Companies Act, if the Board considers it necessary or appropriate, the Company may establish and maintain a branch register or registers of members at such location or locations within or outside the Cayman Islands as the Board thinks fit. The Board may, in its absolute discretion, at any time transfer any Share on the principal register to any branch register or any Share on any branch register to the principal register or any other branch register.

The Board may, in its absolute discretion, decline to register a transfer of any Share (not being a fully paid Share) to a person of whom it does not approve or on which the Company has a lien, or a transfer of any Share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any Share to more than four joint holders. It may also decline to recognize any instrument of transfer if the proposed transfer does not comply with the Articles or any requirements of the Listing Rules.

The Board may decline to recognize any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of Share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules and the relevant section of the Companies Ordinance, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

Fully paid Shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(e) Redemption of Shares

Subject to the provisions of the Cayman Islands Companies Act, the Listing Rules and any rights conferred on the holders of any Shares or attaching to any class of Shares, the Company may issue Shares that are to be redeemed or are liable to be redeemed at the option of the members or the Company. The redemption of such Shares shall be effected in such manner and upon such other terms as the Company may by special resolution determine before the issue of such Shares.

(f) Power of the Company to Purchase its own Shares

Subject to the Cayman Islands Companies Act, or any other law or so far as not prohibited by any law and subject to any rights conferred on the holders of any class of Shares, the Company shall have the power to purchase or otherwise acquire all or any of its own Shares (which includes redeemable Shares), provided that the manner and terms of purchase have first been authorized by ordinary resolution and that any such purchase shall only be made in accordance with the relevant code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong from time to time in force.

(g) Power of any Subsidiary of the Company to own Shares in the Company

There are no provisions in the Articles relating to the ownership of Shares in the Company by a subsidiary.

(h) Calls on Shares and Forfeiture of Shares

Subject to the terms of allotment and issue of any Shares (if any), the Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the Shares held by them (whether in respect of par value or share premium). A member who is the subject of the call shall (subject to receiving at least 14 clear days' notice specifying the time or times for payment) pay to the Company at the time or times so specified the amount called on his Shares. A call may be made payable either in one sum or by installments, and shall be deemed to have been made at the time when the resolution of the Board authorizing such call was passed. The joint holders of a Share shall be severally as well as jointly liable for the payment of all calls and installments due in respect of such Share.

If a call remains unpaid after it has become due and payable, the member from whom the sum is due shall pay interest on the unpaid amount at such rate as the Board shall determine (together with any expenses incurred by the Company as a result of such non-payment) from the day it became due and payable until it is paid, but the Board may waive payment of such interest or expenses in whole or in part.

If a member fails to pay any call or installment of a call after it has become due and payable, the Board may, for so long as any part of the call or installment remains unpaid, give to such member no less than 14 clear days' notice requiring payment of the unpaid amount together with any interest which may have accrued and which may still accrue up to the date of payment (together with any expenses incurred by the Company as a result of such non-payment). The notice shall specify a further day on or before which the payment required by the notice is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the Shares in respect of which the call was made will be liable to be forfeited.

If such notice is not complied with, any Share in respect of which the notice was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Board. Such forfeiture shall include all dividends, other distributions and other monies payable in respect of the forfeited Share and not paid before the forfeiture.

A person whose Shares have been forfeited shall cease to be a member in respect of the forfeited Shares, shall surrender to the Company for cancellation the certificate(s) for the Shares forfeited and shall remain liable to pay to the Company all monies which, as of the date of forfeiture, were payable by him to the Company in respect of the Shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until the date of payment as the Board may determine and any expenses incurred by the Company as a result of such non-payment.

2.2 Directors

(a) Appointment, Retirement and Removal

The Company may by ordinary resolution of the members elect any person to be a Director. The Board may also appoint any person to be a Director at any time, either to fill a casual vacancy or as an additional Director subject to any maximum number fixed by the members in general meeting or the Articles. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The members may by ordinary resolution remove any Director (including a managing or executive Director) before the expiration of his term of office, notwithstanding anything in the Articles or any agreement between the Company and such Director, and may by ordinary resolution elect another person in his stead. Nothing shall be taken as depriving a Director so removed of any compensation or damages payable to such Director in respect of the termination of his appointment as Director or of any other appointment or office as a result of the termination of his appointment as Director.

The office of a Director shall be vacated if:

- (i) the Director gives notice in writing to the Company that he resigns from his office as Director;
- (ii) the Director is absent, without being represented by proxy or an alternate Director appointed by him, for a continuous period of 12 months without special leave of absence from the Board, and the Board passes a resolution that he has by reason of such absence vacated his office;
- (iii) the Director becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (iv) the Director dies or an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Board resolves that his office be vacated;
- (v) the Director is prohibited from being or ceases to be a Director by operation of law;

- (vi) the Director has been required by the Stock Exchange to cease to be a Director or no longer qualifies to be a Director pursuant to the Listing Rules; or
- (vii) the Director is removed from office by notice in writing served upon him signed by no less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

At each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation. If the number of Directors is not a multiple of three, then the number nearest to but no less than one-third shall be the number of retiring Directors, provided that every Director shall be subject to retirement by rotation at least once every three years. The Directors to retire at each annual general meeting shall be those who have been in office longest since their last re-election or appointment and, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

(b) Power to Allot and Issue Shares and other Securities

Subject to the provisions of the Cayman Islands Companies Act, the Memorandum and Articles and, where applicable, the Listing Rules, and without prejudice to any rights or restrictions for the time being attached to any Shares, the Board may allot, issue, grant options over or otherwise dispose of Shares with or without preferred, deferred or other rights or restrictions, whether with regard to dividend, voting, return of capital or otherwise, to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, provided that no Shares shall be issued at a discount to their par value.

The Company may issue rights, options, warrants or convertible securities or securities of a similar nature conferring the right upon the holders thereof to subscribe for, purchase or receive any class of Shares or other securities in the Company on such terms as the Board may from time to time determine.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of Shares, to make, or make available, any such allotment, offer, option or Shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(c) Power to Dispose of the Assets of the Company or any of its Subsidiaries

Subject to the provisions of the Cayman Islands Companies Act, the Memorandum and Articles and any directions given by special resolution of the Company, the Board may exercise all powers and do all acts and things which may be exercised or done by the Company to dispose of the assets of the Company or any of its subsidiaries. No alteration to the Memorandum or Articles and no direction given by special resolution of the Company shall invalidate any prior act of the Board which would have been valid if such alteration or direction had not been made or given.

(d) Borrowing Powers

The Board may exercise all the powers of the Company to raise or borrow money, secure the payment of any sum or sums of money for the purposes of the Company, mortgage or charge all or any part of its undertaking, property and uncalled capital of the Company, and, subject to the Cayman Islands Companies Act, issue debentures, debenture stock, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(e) Remuneration

A Director shall be entitled to receive such sums as shall from time to time be determined by the Board or the Company in general meetings. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in connection with attendance at meetings of the Board or committees of the Board, or general meetings of the Company or separate meetings of the holders of any class of Shares or debentures of the Company, or otherwise in connection with the business of the Company and the discharge of their duties as Directors, and/or to receive fixed allowances in respect thereof as may be determined by the Board.

The Board or the Company in general meetings may also approve additional remuneration to any Director for any services which in the opinion of the Board or the Company in general meetings go beyond such Director's ordinary routine work as a Director.

(f) Compensation or Payments for Loss of Office

There are no provisions in the Articles relating to compensation or payment for loss of office.

(g) Loans to Directors

There are no provisions in the Articles relating to making of loans to Directors.

(h) Disclosure of Interest in Contracts with the Company or any of its Subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company.

No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, nor shall any such contract or any other contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director is in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realized by or arising in connection with any such contract or transaction by reason of such Director or alternate Director holding such office or of the fiduciary relationship established by it, provided that the nature of interest of any Director or alternate Director in any such contract or transaction shall be disclosed by such Director or alternate Director at or prior to the consideration and vote thereon.

A Director shall not vote on (or be counted in the quorum in relation to) any resolution of the Board in respect of any contract or arrangement or other proposal in which he or any of his close associate(s) has a material interest, and if he shall do so his vote shall not be counted and he shall not be counted in the quorum for such resolution. This prohibition shall not apply to any of the following matters:

- (i) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

- (iii) any proposal concerning an offer of Shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub- underwriting of the offer;
- (iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of (A) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit or (B) any pension fund or retirement, death or disability benefits scheme which relates to the Director, his close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (v) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of Shares, debentures or other securities of the Company by virtue only of his/their interest in those Shares, debentures or other securities.

2.3 Proceedings of the Board

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Unless otherwise determined, two Directors shall be a quorum. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.4 Alterations to the Constitutional Documents and the Company's Name

The Memorandum and Articles may only be altered or amended, and the name of the Company may only be changed, by special resolution of the Company.

2.5 Meetings of Members

(a) Special and Ordinary resolutions

A special resolution must be passed by a majority of no less than three-fourths of the voting rights held by such members as, being entitled so to do, vote in person or by proxy or, in the case of any members which is a corporation, by its duly authorized representative(s) or by proxy, at a general meeting of which notice specifying the intention to propose the resolution as a

special resolution has been duly given. A special resolution may also be approved in writing by all the members entitled to vote at a general meeting in one or more instruments each signed by one or more of such members.

An ordinary resolution, in contrast, is a resolution passed by a simple majority of the voting rights held by such members as, being entitled to do so, vote in person or by proxy or, in the case of any member which is a corporation, by its duly authorized representative(s) or by proxy, at a general meeting. An ordinary resolution may also be approved in writing by all the members entitled to vote at a general meeting in one or more instruments each signed by one or more of such members.

The provisions of special resolutions and ordinary resolutions shall apply *mutatis mutandis* to any resolutions passed by the holders of any class of shares.

(b) Voting Rights and Right to Demand a Poll

Subject to any rights, restrictions or privileges as to voting for the time being attached to any class or classes of Shares, at any general meeting: (a) on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy shall have one vote for every Share and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy shall have one vote.

In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members of the Company.

No person shall be counted in a quorum or be entitled to vote at any general meeting unless he is registered as a member on the record date for such meeting, nor unless all calls or other monies then payable by him in respect of the relevant Shares have been paid.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

Any corporation or other non-natural person which is a member of the Company may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body or by power of attorney, authorize such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members, and the person so

authorized shall be entitled to exercise the same powers as the corporation or other non-natural person could exercise as if it were a natural person member of the Company.

If a recognized clearing house or its nominee(s) is a member of the Company, it may appoint proxies or authorize such person or persons as it thinks fit to act as its representative(s), who enjoy rights equivalent to the rights of other members, at any meeting of the Company (including but not limited to general meetings and creditors meetings) or at any meeting of any class of members of the Company, provided that if more than one person is so authorized, the authorisation shall specify the number and class of Shares in respect of which each such person is so authorized. A person so authorized shall be entitled to exercise the same rights and powers on behalf of the recognized clearing house or its nominee(s) as if such person were a natural person member of the Company, including the right to speak and vote individually on a show of hands or on a poll.

All members of the Company (including a member which is a recognized clearing house (or its nominee(s))) shall have the right to (i) speak at a general meeting and (ii) and vote at a general meeting except where a member is required by the Listing Rules to abstain from voting to approve the matter under consideration. Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(c) Annual General Meetings and Extraordinary General Meetings

The Company must hold a general meeting as its annual general meeting in each financial year. Such meeting shall be specified as such in the notices calling it, and must be held within six months after the end of the Company's financial year. A meeting of the members or any class thereof may be held by telephone, tele-conferencing or other electronic means, provided that all participants are able to communicate contemporaneously with one another, and participation in a meeting in such manner shall constitute presence at such meetings.

The Board may convene an extraordinary general meeting whenever it thinks fit. In addition, one or more members holding, as of the date of deposit of the requisition, in aggregate no less than one-tenth of the voting rights (on a one vote per Share basis) in the share capital of the Company may make a requisition to convene an extraordinary general meeting and/or add resolutions to the agenda of a meeting. Such requisition, which must state the objects and the resolutions to be added to the agenda of the meeting and must be signed by the requisitionists, shall be deposited at the principal place of business of the Company in Hong Kong or, in the event the Company ceases to have such a principal place of business, the registered office of the Company. If the Board does not within 21 days from the date of deposit of such requisition duly proceed to convene a general meeting to

be held within the following 21 days, the requisitionists or any of them representing more than one-half of the total voting rights of all the requisitionists may themselves convene a general meeting, but any such meeting so convened shall be held no later than the day falling three months after the expiration of the said 21-day period. A general meeting convened by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by the Board, and all reasonable expenses incurred by the requisitionists shall be reimbursed to the requisitionists by the Company.

(d) Notices of Meetings and Business to be Conducted

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the date, time, place and agenda of the meeting, the particulars of the resolution(s) to be considered at the meeting and the general nature of the business to be considered at the meeting.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address, (to the extent permitted by the Listing Rules and all applicable laws and regulations) by electronic means or (in the case of a notice) by advertisement published in the manner prescribed under the Listing Rules.

Notwithstanding that a meeting of the Company is called by shorter notice than as specified above, if permitted by the Listing Rules, such meeting may be deemed to have been duly called if it is so agreed:

- (i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of an extraordinary general meeting, by a majority in number of the members having a right to attend and vote at the meeting holding no less than 95% of the total voting rights held by such members.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Board in its absolute discretion consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place specified in the notice calling such meeting, it may change or postpone the meeting to another date, time and place.

The Board also has the power to provide in every notice calling a general meeting that in the event of a gale warning, a black rainstorm warning or extreme conditions is/are in force at any time on the day of the general meeting (unless such warning is canceled at least a minimum period of time prior to the general meeting as the Board may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date.

Where a general meeting is postponed:

- (A) the Company shall endeavor to cause a notice of such postponement, which shall set out the reason for the postponement in accordance with the Listing Rules, to be placed on the Company's website and published on the Stock Exchange's website as soon as practicable, provided that failure to place or publish such notice shall not affect the automatic postponement of a general meeting due to a gale warning, a black rainstorm warning or extreme conditions being in force on the day of the general meeting;
- (B) the Board shall fix the date, time and place for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting. Such notice shall specify the date, time and place at which the postponed meeting will be reconvened and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and
- (C) only the business set out in the notice of the original meeting shall be considered at the reconvened meeting, and notice given for the reconvened meeting does not need to specify the business to be considered at the reconvened meeting, nor shall any accompanying documents be required to be recirculated. Where any new business is to be considered at such reconvened meeting, the Company shall give a fresh notice for such reconvened meeting in accordance with the Articles.

(e) Quorum for Meetings and Separate Class Meetings

No business shall be considered at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorized representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than

an adjourned meeting) convened to approve the variation of class rights, the necessary quorum shall be two persons holding or representing by proxy no less than one-third of the issued Shares of that class.

(f) Proxies

Any member of the Company (including a member which is a recognized clearing house (or its nominee(s))) entitled to attend and vote at a meeting of the Company is entitled to appoint another person (being a natural person) as his proxy to attend and vote in his place. A member who is the holder of two or more Shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is a natural person and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were a natural person member present in person at any general meeting. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

The instrument appointing a proxy shall be in writing and executed under the hand of the appointor or of his attorney duly authorized in writing, or if the appointor is a corporation or other non-natural person, either under its seal or under the hand of a duly authorized representative.

The Board shall, in the notice convening any meeting or adjourned meeting, or in an instrument of proxy sent out by the Company, specify the manner by which the instrument appointing a proxy shall be deposited and the place and time (being no later than the time appointed for the commencement of the meeting or adjourned meeting to which the instrument of proxy relates) at which such instrument shall be deposited.

Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form that complies with the Listing Rules as the Board may from time to time approve. Any form issued to a member for appointing a proxy to attend and vote at a general meeting at which any business is to be considered shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favor of or against (or, in default of instructions, to exercise the discretion of the proxy in respect of) each resolution dealing with any such business.

2.6 Accounts and Audit

The Board shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions in accordance with the Cayman Islands Companies Act.

The books of accounts of the Company shall be kept at the principal place of business of the Company in Hong Kong or, subject to the provisions of the Cayman Islands Companies Act, at such other place or places as the Board thinks fit and shall always be open to inspection by any Director. No member (not being a Director) or other person shall have any right to inspect any account, book or document of the Company except as conferred by the Cayman Islands Companies Act or ordered by a court of competent jurisdiction or as authorized by the Board or the Company in general meeting.

The Board shall cause to be prepared and laid before the Company at every annual general meeting a profit and loss account for the period since the preceding account, together with a balance sheet as of the date to which the profit and loss account is made up, a Directors' report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as of the end of such period, an auditors' report on such accounts and such other reports and accounts as may be required by law and the Listing Rules.

The members shall at each annual general meeting appoint auditor(s) to hold office by ordinary resolution of the members until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the members at the annual general meeting at which they are appointed by ordinary resolution of the members or in any other manner as specified in such ordinary resolution. The members may, at any general meeting convened and held in accordance with the Articles, remove the auditors by ordinary resolution at any time before the expiration of the term of office and shall, by ordinary resolution, at that meeting appoint new auditors in their place for the remainder of the term.

The accounts of the Company shall be prepared and audited based on the generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

2.7 Dividends and other Methods of Distribution

Subject to the Cayman Islands Companies Act and the Articles, the Company may by ordinary resolution resolve to declare dividends and other distributions on Shares in issue in any currency and authorize payment of the dividends or distributions out of the funds of the Company lawfully available therefor, provided that (i) no dividends shall exceed the amount recommended by the Board, and (ii) no dividends or distributions shall be paid except out of the realized or unrealised profits of the Company, out of the share premium account or as otherwise permitted by law.

The Board may from time to time pay to the members of the Company such interim dividends as appear to the Board to be justified by the financial conditions and the profits of the Company. In addition, the Board may from time to time declare and pay special dividends on Shares of such amounts and on such dates as it thinks fit.

Except as otherwise provided by the rights attached to any Shares, all dividends and other distributions shall be paid according to the amounts paid up on the Shares that a member holds during the period in respect of which the dividends and distributions are paid. No amount paid up on a Share in advance of calls shall for this purpose be treated as paid up on the Share.

The Board may deduct from any dividends or other distributions payable to any member of the Company all sums of money (if any) then payable by him to the Company on account of calls or otherwise. The Board may retain any dividends or distributions payable on or in respect of a Share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

No dividends or other distributions payable by the Company on or in respect of any Share shall carry interest against the Company.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may further resolve:

- (a) that such dividend be satisfied in whole or in part in the form of an allotment of Shares credited as fully paid on the basis that the Shares so allotted shall be of the same class as the class already held by the allottee, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or
- (b) that the members entitled to such dividend will be entitled to elect to receive an allotment of Shares credited as fully paid in lieu of the whole or such part of the dividend as the Board may think fit on the basis that the Shares so allotted shall be of the same class as the class already held by the allottee.

Upon the recommendation of the Board, the Company may by ordinary resolution resolve in respect of any one particular dividend of the Company determine that notwithstanding the foregoing, a dividend may be satisfied wholly in the form of an allotment of Shares credited as fully paid without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividends, distributions or other monies payable in cash in respect of Shares may be paid by wire transfer to the holder of such Shares or by check or warrant sent by post to the registered address of such holder, or in the case of joint holders, to the registered address of the holder who is first named on the register of members of the Company, or to such person and to such address as the holder or joint holders may in writing direct. Any one of two or more joint holders may give effectual receipts for any dividends, distributions or other monies payable in respect of the Shares held by them as joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied in whole or in part by the distribution of specific assets of any kind.

Any dividends or other distributions which remain unclaimed for six years from the date on which such dividends or distributions become payable shall be forfeited and shall revert to the Company.

2.8 Inspection of Corporate Records

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed in accordance with the Companies Ordinance) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Companies Ordinance.

2.9 Rights of Minorities in relation to Fraud or Oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under the Cayman Islands laws, as summarized in paragraph 3.6 below.

2.10 Procedures on Liquidation

Subject to the Cayman Islands Companies Act, the members of the Company may by special resolution resolve to wind up the Company voluntarily or by the court.

Subject to any rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of Shares:

- (a) if the assets available for distribution among the members of the Company are more than sufficient to repay the whole of the Company's paid up capital at the commencement of the winding up, the surplus shall be distributed *pari passu* among such members in proportion to the amount paid up on the Shares held by them at the commencement of the winding up; and
- (b) if the assets available for distribution among the members of the Company are insufficient to repay the whole of the Company's paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or ought to be paid up, on the Shares held by them at the commencement of the winding up.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the approval of a special resolution and any other approval required by the Cayman Islands Companies Act, divide among the members in kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like approval, vest any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator thinks fit, provided that no member shall be compelled to accept any shares or other property upon which there is a liability.

3. COMPANY LAWS OF THE CAYMAN ISLANDS

The Company was incorporated in the Cayman Islands as an exempted company on 18 November 2014 subject to the Cayman Islands Companies Act. Certain provisions of the company laws of the Cayman Islands are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the company laws of the Cayman Islands, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

3.1 Company Operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorized share capital.

3.2 Share Capital

Under the Cayman Islands Companies Act, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on those shares shall be transferred to an account, to be called the share premium account. At the option of a company, these provisions may not apply to premium on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancelation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

- (a) paying distributions or dividends to members;
- (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

- (c) any manner provided in section 37 of the Cayman Islands Companies Act;
- (d) writing-off the preliminary expenses of the company; and
- (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorized to do so by its articles of association, by special resolution reduce its share capital in any way.

3.3 Financial Assistance to Purchase Shares of a Company or its Holding Company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

3.4 Purchase of Shares and Warrants by a Company and its Subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorize the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as canceled but shall be classified as treasury shares if held in compliance with the requirements of section 37A(1) of the Cayman Islands Companies Act. Any such shares shall continue to be classified as treasury shares until such shares are either canceled or transferred pursuant to the Cayman Islands Companies Act.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under the Cayman Islands laws that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its Memorandum of Association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

3.5 Dividends and Distributions

Subject to a solvency test, as prescribed in the Cayman Islands Companies Act, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

3.6 Protection of Minorities and Shareholders' Suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss vs. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding no less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

3.7 Disposal of Assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

3.8 Accounting and Auditing Requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it; and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (2021 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

3.9 Exchange Control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

3.10 Taxation

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

3.11 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

3.12 Loans to Directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

3.13 Inspection of Corporate Records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

3.14 Register of Members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (2021 Revision) of the Cayman Islands.

3.15 Register of Directors and Officers

Pursuant to the Cayman Islands Companies Act, the Company is required to maintain at its registered office a register of directors, alternate directors and officers. The Registrar of Companies shall make available the list of the names of the current directors of the Company (and, where applicable, the current alternate directors of the Company) for inspection by any person upon payment of a fee by such person. A copy of the register of directors and officers must be filed with the Registrar of Companies in the Cayman Islands, and any change must be notified to the Registrar of Companies within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

3.16 Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

3.17 Mergers and Consolidations

The Cayman Islands Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) “merger” means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) “consolidation” means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company’s articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting members have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

3.18 Mergers and Consolidations involving a Foreign Company

Where the merger or consolidation involves a foreign company, the procedure is similar, save that with respect to the foreign company, the directors of the Cayman Islands exempted company are required to make a declaration to the effect that, having made due enquiry, they are of the opinion that the requirements set out below have been met: (i) that the merger or consolidation is permitted or not prohibited by the constitutional documents of the foreign company and by the laws of the jurisdiction in which the foreign company is incorporated, and that those laws and any requirements of those constitutional documents have been or will be complied with; (ii) that no petition or other similar proceeding has been filed and remains outstanding or order made or resolution adopted to wind up or liquidate the foreign company in any jurisdictions; (iii) that no receiver, trustee, administrator or other similar person has been appointed in any jurisdiction and is acting in respect of the foreign company, its affairs or its property or any part thereof; (iv) that no scheme, order, compromise or other similar arrangement has been entered into or made in any jurisdiction whereby the rights of creditors of the foreign company are and continue to be suspended or restricted.

Where the surviving company is the Cayman Islands exempted company, the directors of the Cayman Islands exempted company are further required to make a declaration to the effect that, having made due enquiry, they are of the opinion that the requirements set out below have been met: (i) that the foreign company is able to pay its debts as they fall due and that the merger or consolidated is bona fide and not intended to defraud unsecured creditors of the foreign company; (ii) that in respect of the transfer of any security interest granted by the foreign company to the surviving or consolidated company (a) consent or approval to the transfer has been obtained, released or waived; (b) the transfer is permitted by and has been approved in accordance with the constitutional documents of the foreign company; and (c) the laws of the jurisdiction of the foreign company with respect to the transfer have been or will be complied with; (iii) that the foreign company will, upon the merger or consolidation becoming effective, cease to be incorporated, registered or exist under the laws of the relevant foreign jurisdiction; and (iv) that there is no other reason why it would be against the public interest to permit the merger or consolidation.

3.19 Reconstructions and Amalgamations

Reconstructions and amalgamations may be approved by (i) 75% in value of the members or class of members or (ii) a majority in number representing 75% in value of the creditors or class of creditors, in each case depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, it can be expected that the court would approve the transaction if it is satisfied that (i) the company is not proposing to act illegally or beyond the scope of our corporate authority and the statutory

provisions as to majority vote have been complied with, (ii) the members have been fairly represented at the meeting in question, (iii) the transaction is such as a businessman would reasonable approve and (iv) the transaction is not one that would more properly be sanctioned under some other provisions of the Cayman Islands Companies Act or that would amount to a “fraud on the minority”.

If the transaction is approved, no dissenting member would have any rights comparable to the appraisal rights (namely the right to receive payment in cash for the judicially determined value of his shares), which may be available to dissenting members of corporations in other jurisdictions.

3.20 Takeovers

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of no less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

3.21 Indemnification

The Cayman Islands laws do not limit the extent to which a company’s articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

3.22 Economic Substance

The Cayman Islands enacted the International Tax Co-operation (Economic Substance) Act (2024 Revision) together with the Guidance Notes published by the Cayman Islands Tax Information Authority from time to time. If a company is considered to be a “relevant entity” and is conducting one or more of the nine “relevant activities”, then such company will be required to comply with the economic substance requirements in relation to the relevant activity from 1 July 2019. All companies whether a relevant entity or not is required to file an annual report with the Registrar of Companies of the Cayman Islands confirming whether or not it is carrying on any relevant activities and if it is, it must satisfy an economic substance test.

4. GENERAL

Harney Westwood & Riegels, the Company's legal advisor on Cayman Islands laws, has sent to the Company a letter of advice summarizing the aspects of the Cayman Islands Companies Act set out in section 3 above. This letter, together with copies of the Cayman Islands Companies Act, the Memorandum and the Articles, is on display on the websites of the Stock Exchange and the Company as referred to in the paragraph headed "Documents Available on Display" in Appendix V. Any person wishing to have a detailed summary of the Cayman Islands Companies Act or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP**1. Incorporation**

Our Company was incorporated in the Cayman Islands under the Cayman Islands Companies Act as an exempted company with limited liability on November 18, 2014. Our Company has established a place of business in Hong Kong at 4th Floor, Wah Yuen Building, 149 Queen's Road Central, Central and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on January 7, 2022. Mr. Tam Chun Wai Edwin has been appointed as the authorized representative of our Company for the acceptance of service of process in Hong Kong.

The operation of our Company is subject to the Cayman Islands Companies Act, and our constitution comprises the Memorandum of Association and the Articles of Association. A summary of certain provisions of the Articles of Association and relevant aspects of the Cayman Islands Companies Act is set forth in Appendix III to this prospectus.

2. Changes in the Share Capital of Our Company

The authorized share capital of our Company as of the date of its incorporation was US\$50,000 divided into 500,000,000 Shares of US\$0.0001 each. The following sets out the changes in our Company's share capital within the two years immediately preceding the date of this prospectus:

- (i) On January 16, 2023, 1,930,000 Shares were issued and allotted to Star Ease credited as fully paid at par value and on May 3, 2023, such Shares were re-designated as Series B-1 Preferred Shares;
- (ii) On January 16, 2023, 8,021,130 Shares were issued and allotted, credited as fully paid at par value, to HW MedSpect;
- (iii) On January 16, 2023, 4,442,380 Shares were issued and allotted to Hongda Juankang credited as fully paid at par value and on May 3, 2023, such Shares were re-designated as Series B-2 Preferred Shares;
- (iv) On May 3, 2023, 600,000 Shares were issued and allotted to Best Premier at nominal value;
- (v) On May 3, 2023, 985,200 Shares were issued and allotted to Jyun Jing at nominal value;
- (vi) On May 3, 2023, 3,500,000 Shares were issued and allotted to May Syun at nominal value;
- (vii) On May 3, 2023, 3,283,070 Shares were issued and allotted to Star Flourish Ventures at nominal value;

- (viii) On May 3, 2023, 3,170,000 Shares were issued and allotted to May Xin at nominal value; and
- (ix) On September 22, 2023, 4,159,560 Shares were issued and allotted to Kequan at nominal value.

We expect to conduct the Share Subdivision immediately prior to the Listing, pursuant to which each Share in our issued and unissued share capital was subdivided into five Shares. All Shares resulting from the Share Subdivision rank pari passu with each other. Immediately after the Share Subdivision and before the Listing, our Company will have 852,704,800 Shares in issue.

See “Share Capital” for a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately prior to and following completion of the Share Subdivision and the Global Offering.

Save for aforesaid and as mentioned in “—A. Further Information about Our Group—3. Resolutions in writing of our Shareholders passed on December 11, 2024” in this appendix, there has been no alteration in the share capital of our Company within the two years immediately preceding the date of this prospectus.

Save as disclosed above, as of the Latest Practicable Date, our Company had no founder shares, management shares, treasury shares, or deferred shares.

3. Resolutions in Writing of Our Shareholders Passed on December 11, 2024

- (i) Pursuant to the resolutions in writing of our Shareholders passed on December 11, 2024:
 - (a) the Share Subdivision was approved and our Directors were authorized to take all actions as they consider necessary or desirable to implement the Share Subdivision shortly before Listing;
 - (b) the amended and restated Memorandum of Association and the Articles of Association, which will take effect on the Listing Date, were adopted and approved;
 - (c) conditional on (i) the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued (pursuant to the Global Offering) and such approval not subsequently having been withdrawn or revoked prior to the commencement of dealings in the Shares on the Stock Exchange; (ii) the Offer Price having been agreed; (iii) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and (iv) the obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of the waiver of any

(condition(s)) (for themselves and on behalf of the other Underwriters)) and the Underwriting Agreements not being terminated in accordance with their terms or otherwise:

- (i) the Global Offering was approved and our Directors were authorized to effect the same and to allot and issue the new Shares pursuant to the Global Offering; and
 - (ii) the proposed Listing was approved and our Directors were authorized to implement the Listing;
- (d) a general unconditional mandate was granted to our Directors to, *inter alia*, allot, issue, and deal with Shares, and to make or grant offers, agreements, or options which might require such Shares to be allotted and issued or dealt with at any time, subject to the requirement that the aggregate nominal value of the Shares so allotted and issued, or agreed conditionally or unconditionally to be allotted and issued, shall not exceed the sum of 20% of the aggregate nominal value of the Shares in issue (excluding any treasury shares) immediately following the completion of the Share Subdivision and the Global Offering, and the nominal amount of the share capital repurchased by our Company (if any) pursuant to the repurchase mandate referred to in sub-paragraph (e) below. References to an allotment, issue, and deal with Shares herein shall include a sale or transfer of treasury shares.

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue, any scrip dividend scheme, or a specific authority granted by our Shareholders. Such mandate will remain in effect until:

- (i) the conclusion of the next annual general meeting of our Company;
- (ii) the expiration of the period within which the next annual general meeting of our Company is required to be held under the applicable laws or the Memorandum of Association and the Articles of Association; or
- (iii) revoked or varied by an ordinary resolution of our Shareholders passed at a general meeting of our Company,

whichever is the earliest;

- (e) a general unconditional mandate was granted to our Directors to exercise all powers of our Company to repurchase Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal value of the Shares in issue (excluding any treasury shares) immediately following the completion of the Share Subdivision and the Global Offering.

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and which are in accordance with all applicable laws and regulations and the requirements of the Listing Rules. Such mandate to repurchase Shares will remain in effect until:

- (i) the conclusion of the next annual general meeting of our Company;
- (ii) the expiration of the period within which the next annual general meeting of our Company is required to be held under the applicable laws or the Memorandum of Association and the Articles of Association; or
- (iii) revoked or varied by an ordinary resolution of our Shareholders passed at a general meeting of our Company,

whichever is the earliest; and

- (f) the general unconditional mandate as mentioned in paragraph (d) above was extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued, or agreed to be allotted and issued, by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares purchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (e) above (up to 10% of the aggregate nominal value of the Shares in issue (excluding any treasury shares) immediately following the completion of the Share Subdivision and the Global Offering, excluding any treasury shares to be sold).

4. Corporate Reorganization

The companies comprising our Group underwent the Reorganization in preparation for the Listing. See “History, Reorganization and Corporate Structure” for more information.

5. Changes in the Share Capital of Our Subsidiaries and Consolidated Affiliated Entities

Particulars of our subsidiaries and Consolidated Affiliated Entities are set forth in Note 1 of the Accountants' Report set out in Appendix I to this prospectus. Save for the subsidiaries and Consolidated Affiliated Entities mentioned in the Accountants Report set out in Appendix I to this prospectus, our Company has no other material subsidiaries and Consolidated Affiliated Entities.

Save as disclosed below and in the section headed "History, Reorganization and Corporate Structure", there are no other alterations in the share capital of our subsidiaries and Consolidated Affiliated Entities that have taken place within the two years immediately preceding the date of this prospectus:

(1) Fujian Health MedTech

On June 1, 2022, Fujian Health MedTech was established in the PRC as a limited liability company with a registered capital of RMB10 million.

(2) Jianmingtang

On August 10, 2022, the registered capital of Jianmingtang increased from RMB10 million to RMB15 million. On December 28, 2022, the registered capital of Jianmingtang increased from RMB15 million to RMB17.05 million.

(3) Fujian Jianchen

On July 19, 2023, Zhejiang Health Road and Mr. Luo Tan (羅燚) entered into an equity transfer agreement, pursuant to which, Mr. Luo Tan agreed to transfer his 51% equity interest in Fujian Jianchen to Zhejiang Health Road at a consideration of RMB1,000 (the "**Fujian Jianchen Share Transfer**"). The business registration of Fujian Jianchen Share Transfer was completed on July 25, 2023 and relevant consideration was settled by our Company on August 11, 2023. As of the Latest Practicable Date, Fujian Jianchen was one of our subsidiary.

(4) Shandong Gongjian

On November 7, 2023, Shandong Gongjian was established in the PRC as a limited liability company with a registered capital of RMB10 million.

(5) Fujian Yunlian

On November 16, 2022, Fujian Yunlian Health Technology Co., Ltd. (福建雲聯健康科技有限公司) ("**Fujian Yunlian**") was established in the PRC as a limited liability company with a registered capital of RMB10 million. On June 20, 2024, Choksend Communication disposed of 100% of its equity interests in Fujian Yunlian.

6. Repurchase of Our Securities by Our Company

(a) Provisions of the Listing Rules

The Listing Rules permit companies whose primary listings are on the Main Board of the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(i) Shareholders' Approval

All proposed repurchases of securities on the Stock Exchange by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to the resolutions in writing of our Shareholders passed on December 11, 2024, a general unconditional mandate (the “**Repurchase Mandate**”) was granted to our Directors authorizing the repurchase by our Company on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, of Shares not exceeding 10% of the shares in issue (excluding treasury shares) immediately following the completion of the Share Subdivision and the Global Offering, at any time until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required to be held under the applicable laws or the Memorandum of Association and the Articles of Association, or when such mandate is revoked or varied by an ordinary resolution of our Shareholders passed at a general meeting of our Company, whichever is the earliest.

(ii) Source of Funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles of Association and the laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange as amended from time to time.

(iii) Trading Restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue (excluding the treasury shares of the company). A listed company may not (a) make a new issue of shares, or a sale or transfer of any treasury shares; or (b) announce a proposed new issue of shares, or a sale or transfer of any treasury shares for a period of 30 days immediately following a repurchase (other than an issue of securities or a sale or transfer of treasury shares pursuant to an exercise of warrants, share options or similar instruments requiring our Company to issue, sell or transfer securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. A listed company may not purchase any of its own securities on the Stock Exchange for a period of 30 days after any sale or transfer of any treasury shares of the company on the Stock Exchange, without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A listed company is required to procure that the broker appointed by it to affect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may request.

(iv) Status of Repurchased Securities

Under the laws of the Cayman Islands, the Shares repurchased may (a) be treated by our Company as cancelled; or (b) be held by our Company as treasury shares, and in each case the aggregate amount of authorized share capital would not be reduced.

Our Company may re-deposit its treasury shares into CCASS established and operated by HKSCC only if it has an imminent plan to resell them on the Stock Exchange, and it should complete the resale as soon as possible. For any treasury shares deposited with CCASS pending resale on the Stock Exchange, our Company will have appropriate measures to ensure that it would not exercise any Shareholders' rights or receive any entitlements which would otherwise be suspended under the relevant laws with respect to treasury Shares. These measures include, for example, an approval by the Board that (i) our Company should procure its broker not to give any instructions to HKSCC to vote at general meetings for the treasury shares deposited with CCASS pending resale; and (ii) in the case of dividends or distributions, our Company should withdraw the treasury shares from CCASS, and either re-register them in our Company's name as treasury shares or cancel them, in each case before the record date for the dividends or distributions.

Holders of treasury shares (if any) shall abstain from voting on matters that require Shareholders' approval at the Company's general meetings.

(v) Suspension of Repurchase

A listed company may not make any repurchase of securities after inside information has come to its knowledge until the information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarter, or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for a listed company to announce its results for any year or half-year under the Listing Rules, or quarter or any other interim period (whether or not required under the Listing Rules) and ending on the date of the results announcement, the listed company may not repurchase its securities on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting Requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year reviewed, including a monthly analysis of the number of securities repurchased, the purchase price per share, or the highest and lowest price paid for all such purchases, where relevant, and the aggregate prices paid.

(vii) Core Connected Persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "core connected person", that is, a director, chief executive, or substantial shareholder of the company or any of its subsidiaries and Consolidated Affiliated Entities or their respective close associates (as defined in the Listing Rules), and a core connected person (as defined in the Listing Rules) is prohibited from knowingly selling his securities to the company on the Stock Exchange.

(b) Reasons for Repurchases

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to receive the general authority from our Shareholders to repurchase Shares in the market. Repurchases of Shares will only be made when our Directors believe that such repurchases will be in the interest of our Company and our Shareholders. Such repurchases may, depending on market conditions, funding arrangements, and other circumstances at the time, lead to an enhancement of the net value of our Company and its assets and/or its earnings per Share.

(c) Funding of Repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles of Association and the applicable laws of the Cayman Islands.

Any payment for the repurchase of Shares will be drawn from the profits or share premium of our Company or from the proceeds of a fresh issue of shares made for the purpose of the repurchase or, if authorized by the Articles of Association and subject to the Cayman Islands Companies Act, out of capital and, in the case of any premium payable on the purchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, if authorized by the Articles of Association and subject to the Cayman Islands Companies Act, out of capital.

Our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, under the circumstances, have a material adverse effect in the opinion of our Directors on the working capital requirements of our Company or its gearing levels. However, there might be a material adverse impact on the working capital or gearing position of our Company as compared with the position disclosed in this prospectus in the event that the Repurchase Mandate is exercised in full.

(d) Share Capital

Exercise in full of the Repurchase Mandate, on the basis of Shares in issue (excluding any treasury shares) immediately after the Listing, could accordingly result in up to 87,770,480 Shares being repurchased by our Company during the period until:

- (i) the conclusion of the next annual general meeting of our Company;
- (ii) the expiration of the period within which the next annual general meeting of our Company is required to be held under the applicable laws or the Memorandum of Association and the Articles of Association; or
- (iii) the date on which the Repurchase Mandate is varied or revoked by an ordinary resolution of our Shareholders passed at a general meeting,

whichever occurs first.

(e) General

None of our Directors or, to the best of their knowledge, having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules), has any present intention to sell any Shares to our Company or our subsidiaries and Consolidated Affiliated Entities.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands. Our Company has not repurchased any Shares since its incorporation.

No core connected person (as defined in the Listing Rules) of our Company has notified our Company that he/she or it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

If as a result of a securities repurchase pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert, depending on the level of the increase of our Shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code as a result. Save as aforesaid, our Directors are not aware of any consequences which may arise under the Takeovers Code if the Repurchase Mandate is exercised.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

B. FURTHER INFORMATION ABOUT OUR BUSINESS**1. Summary of Material Contracts**

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by us within the two years preceding the date of this prospectus and are or may be material:

- (1) an exclusive business cooperation agreement dated March 31, 2022 entered into among Health Road HealthTech, Fujian Health Road and the Registered Shareholders, pursuant to which Health Road HealthTech agreed to be engaged as the exclusive service provider to provide Fujian Health Road and its subsidiaries with comprehensive business supports, comprehensive technical service, technical consulting and other related services;

- (2) an exclusive purchase option agreement dated March 31, 2022 entered into among Health Road HealthTech, the Registered Shareholders and Fujian Health Road, pursuant to which the Registered Shareholders agreed to grant Health Road HealthTech an exclusive option for itself or its designated person(s) to purchase all or part of their equity interests in Fujian Health Road;
- (3) an equity pledge agreement dated March 31, 2022 entered into among Health Road HealthTech, the Registered Shareholders and Fujian Health Road, pursuant to which the Registered Shareholders agreed to pledge all of their equity interests in Fujian Health Road to Health Road HealthTech as a security interest to guarantee the performance of contractual obligations;
- (4) a voting proxy agreement dated March 31, 2022 entered into among Health Road HealthTech and the Registered Shareholders, pursuant to which the Registered Shareholders appointed Health Road HealthTech and its designated person(s) as their exclusive agent and attorney to act on their behalf on all matters in respect of their equity interests in Fujian Health Road;
- (5) an investment and cooperation agreement dated December 25, 2022 entered into among Fujian Health Road, Health Road HealthTech, our Company, Jianmingtang, and Fujian Jianming Pharmaceutical Science and Technology Co., Ltd.* (福建健明醫藥科技集團有限公司), pursuant to which the parties therein agreed on certain matters of the investment;
- (6) an exclusive business cooperation agreement dated February 8, 2023 entered into among Health Road HealthTech, Fujian Health Road and the Registered Shareholders, details of which are included in the section headed “Contractual Arrangements” in this prospectus;
- (7) an exclusive business cooperation agreement dated February 8, 2023 entered into among Health Road HealthTech, Fujian Health MedTech and Mr. Zhang, details of which are included in the section headed “Contractual Arrangements” in this prospectus;
- (8) an exclusive business cooperation agreement dated November 8, 2024 entered into among Health Road HealthTech, Yinchuan Borderless and Fujian Health Management, details of which are included in the section headed “Contractual Arrangements” in this prospectus;
- (9) an exclusive purchase option agreement dated February 8, 2023 entered into among Health Road HealthTech, the Registered Shareholders and Fujian Health Road, details of which are included in the section headed “Contractual Arrangements” in this prospectus;
- (10) an exclusive purchase option agreement dated February 8, 2023 entered into among Health Road HealthTech, Mr. Zhang and Fujian Health MedTech, details of which are included in the section headed “Contractual Arrangements” in this prospectus;

- (11) an exclusive purchase option agreement dated November 8, 2024 entered into among Health Road HealthTech, Fujian Health Road, Yinchuan Borderless and Fujian Health Management, details of which are included in the section headed “Contractual Arrangements” in this prospectus;
- (12) an equity pledge agreement dated February 8, 2023 entered into among Health Road HealthTech, the Registered Shareholders and Fujian Health Road, details of which are included in the section headed “Contractual Arrangements” in this prospectus;
- (13) an equity pledge agreement dated February 8, 2023 entered into among Health Road HealthTech, Mr. Zhang and Fujian Health MedTech, details of which are included in the section headed “Contractual Arrangements” in this prospectus;
- (14) an equity pledge agreement dated November 8, 2024 entered into among Health Road HealthTech, Fujian Health Road, Yinchuan Borderless and Fujian Health Management, details of which are included in the section headed “Contractual Arrangements” in this prospectus;
- (15) a voting proxy agreement dated February 8, 2023 entered into among Health Road HealthTech and the Registered Shareholders, details of which are included in the section headed “Contractual Arrangements” in this prospectus;
- (16) a voting proxy agreement dated February 8, 2023 entered into between Health Road HealthTech and Mr. Zhang, details of which are included in the section headed “Contractual Arrangements” in this prospectus;
- (17) a voting proxy agreement dated November 8, 2024 entered into between Health Road HealthTech and Fujian Health Road, details of which are included in the section headed “Contractual Arrangements” in this prospectus;
- (18) a shareholders’ agreement dated May 3, 2023 entered into among our Company, HealthyWay (HK), Health Road (China), Fujian Health Road, Mr. Zhang, Mr. Chen Yong (陳勇), Mr. Liang Jinhua (梁錦華), Mr. Liu Qizhi (劉奇志), Affluent Base, Best Premier, Bai Sheng Enterprises, Star Flourish Ventures, Baidu (HK), Star Ease, Hongda Juankang, HW MedSpect, May Jyu, Xing Da, Jyun Jing, May Syun and May Xin, pursuant to which the parties therein agreed on certain shareholders’ matters;
- (19) an equity transfer agreement dated July 19, 2023 entered into between Mr. Luo Tan (羅燚) and Zhejiang Health Road, pursuant to which Mr. Luo Tan (羅燚) agreed to transfer 51% equity interests in Fujian Jianchen to Zhejiang Health Road;

- (20) a share transfer agreement dated July 21, 2023 entered into among our Company, Strait One, Fuzhou Strait One, Affluent Base and Mr. Zhang, pursuant to which Affluent Base and Mr. Zhang agreed to transfer 1,109,283 shares in our Company to Strait One and Fuzhou Strait One;
- (21) an investment agreement dated July 26, 2023 entered into among Kequan Xiamen, Kequan, Anji Kequan, Zhejiang Health Road, our Company and Mr. Zhang, pursuant to which Kequan Xiamen, Kequan and Anji Kequan agreed to subscribe for 4,159,560 shares in our Company;
- (22) an amended and restated shareholders' agreement dated August 8, 2023 entered into among our Company, HealthyWay (HK), Health Road (China), Health Road HealthTech, Zhejiang Health Road, Fujian Health Road, Mr. Zhang, Mr. Chen Yong (陳勇), Mr. Liang Jinhua (梁錦華), Mr. Liu Qizhi (劉奇志), Affluent Base, Best Premier, Bai Sheng Enterprises, Star Flourish Ventures, Baidu (HK), Star Ease, Hongda Juankang, HW MedSpect, May Jyu, Xing Da, Jyun Jing, May Syun, May Xin, Strait One and Kequan, pursuant to which the parties therein agreed on certain shareholders' matters;
- (23) Deed of Non-competition;
- (24) the cornerstone investment agreement dated December 16, 2024 entered into among our Company, Hengqin Guangdong Macao Deep Cooperation Zone Industrial Investment Fund (Limited Partnership)* (橫琴粵澳深度合作區產業投資基金(有限合夥)) and the Sole Sponsor, details of which are included in the section headed "Cornerstone Investor" in this prospectus; and
- (25) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights of Our Group

(a) Trademarks

(i) Trademarks Owned by Our Group for which Registration has been Granted

As of the Latest Practicable Date, we were the registered owner of and had the right to use the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of Registration	Registration Number	Registered Owner	Class	Registration Period
1	小微健康	PRC	47970699	Fujian Health Road	44	May 14, 2021 to May 13, 2031
2	健康之路	PRC	8206097	Fujian Health Road	44	July 28, 2021 to July 27, 2031
3	健康之路	PRC	6573799	Fujian Health Road	44	September 28, 2020 to September 27, 2030
4		PRC	60603943	Fujian Health Road	44	May 7, 2022 to May 6, 2032
5	CHOKSEND	PRC	14886353	Choksend Communication	9	July 28, 2015 to July 27, 2025
6	健康之路健康管家	PRC	30532518	Fujian Health Road	44	February 14, 2019 to February 13, 2029
7	健康之路家庭健康管家	PRC	30529896	Fujian Health Road	44	February 21, 2019 to February 20, 2029
8		PRC	66927945	Fujian Health Road	41	March 14, 2023 to March 13, 2033
9		PRC	66924097	Fujian Health Road	44	March 14, 2023 to March 13, 2033
10		PRC	66917332	Fujian Health Road	45	March 14, 2023 to March 13, 2033
11		PRC	66911271	Fujian Health Road	35	March 14, 2023 to March 13, 2033
12		PRC	66924303	Fujian Health Road	9	March 21, 2023 to March 20, 2033
13	小微健康	PRC	66924219	Fujian Health Road	41	April 14, 2023 to April 13, 2033

No.	Trademark	Place of Registration	Registration Number	Registered Owner	Class	Registration Period
14	健康之路	Hong Kong	305771809	HealthyWay (HK)	5, 9, 10, 36, 41, 42, 44	October 14, 2021 to October 13, 2031
15		Hong Kong	305771791	HealthyWay (HK)	5, 9, 10, 36, 41, 42, 44	October 14, 2021 to October 13, 2031
16	小微健康	PRC	66921430	Fujian Health Road	35	June 21, 2023 to June 20, 2033
17	小微健康	PRC	62315489	Fujian Health Road	44	October 21, 2023 to October 20, 2033

(b) Patents*(i) Patents Owned by Our Group for which Registration has been Granted*

As of the Latest Practicable Date, we had registered the following patents which we consider to be or may be material to our business:

No.	Patent	Place of Registration	Patent Number	Registered Owner	Type	Date of Application	Expiry Date
1.	A method to commence a mission in office automation and office automation system (辦公自動化中發起任務的方法與辦公自動化系統)	PRC	ZL201510029367.0	Fujian Health Road	Invention	January 21, 2015	January 20, 2035
2.	A method, system and platform for message pushing (信息推送的方法、系統與平台)	PRC	ZL201410414820.5	Fujian Health Road	Invention	August 21, 2014	August 20, 2034
3.	A method and installation for identifying safety risk in Intranet (一種內網安全風險識別的方法和裝置)	PRC	ZL202010460232.0	Fujian Health Road	Invention	May 27, 2020	May 26, 2040

No.	Patent	Place of Registration	Patent Number	Registered Owner	Type	Date of Application	Expiry Date
4.	A method and storage equipment for safely repelling node in Kubernetes cluster (一種安全驅逐Kubernetes集群中節點的方法和存儲設備)	PRC	ZL202010613448.6	Fujian Health Road	Invention	June 30, 2020	June 29, 2040
5.	A method for identifying IP address based on traffic (一種基於流量識別的IP地址管理方法)	PRC	ZL202010516244.0	Fujian Health Road	Invention	June 9, 2020	June 8, 2040
6.	A method and system to search all resources in Kubernetes cluster through keywords (一種通過關鍵字檢索Kubernetes集群中所有資源的方法和系統)	PRC	ZL202010613441.4	Fujian Health Road	Invention	June 30, 2020	June 29, 2040

(ii) *Patent under Application*

As of the Latest Practicable Date, we had also applied for the registration of the following patent which we consider to be or may be material to our business:

No.	Patent	Place of Application	Application Number	Applicant	Type	Date of Application
1.	Automatic task release method, its system and storage medium (自動化進行任務發布的方法及其系統、存儲介質)	PRC	202310057087.5	Fujian Health Road	Invention	January 17, 2023

(c) Domain Names

As of the Latest Practicable Date, we had registered the following domain names which we consider to be or may be material to our business:

No.	Domain Name	Registrant	Registration Date	Expiry Date
1.	jkzl.com	Fujian Health Road	December 23, 2008	December 23, 2030
2.	jkzlr.com	Fujian Health Road	August 6, 2019	August 6, 2030
3.	jkzlimg.com	Fujian Health Road	August 6, 2019	August 6, 2030
4.	yihu.cn	Fujian Health Management	April 12, 2003	April 12, 2030
5.	yihu.net	Fujian Health Management	December 27, 2002	December 27, 2030
6.	yihu.com	Fujian Health Management	May 4, 2001	May 4, 2030
7.	dh0591.com	Choksend Communication	September 7, 2017	September 7, 2025
8.	jkzlh.com	Yinchuan Borderless	March 4, 2019	March 4, 2029
9.	fjhma.com	Fujian Health Management	April 15, 2009	April 16, 2025
10.	yihugz.com	Guangzhou Health Road	December 18, 2014	December 18, 2027
11.	jkzlkj.cn	Health Road HealthTech	April 26, 2023	April 26, 2027

(d) Copyright

As of the Latest Practicable Date, we had registered the following copyrights which we consider to be or may be material to our business:

No.	Software Name	Place of Registration	Registration Number	Registered Owner	Registration Date
1.	Health Road APP Physician side software V6.0 (健康之路APP醫生端軟件V6.0)	PRC	2015SR210727	Fujian Health Road	November 2, 2015
2.	Health Road Medical Institution and Physician Micro-Official Website establishment system V1.0 (健康之路醫療機構及醫生微官網建設系統V1.0)	PRC	2015SR210721	Fujian Health Road	November 2, 2015
3.	Health Road Medical Web Platform Software V1.0 (健康之路醫護網平台軟件V1.0)	PRC	2015SR210718	Fujian Health Road	November 2, 2015
4.	Health Road Business Operation Support System (JKZL-BOSS for short) V1.0 (健康之路業務運營支撐系統(簡稱: JKZL-BOSS)V1.0)	PRC	2015SR210741	Fujian Health Road	November 2, 2015
5.	Healthy Road App software V4.2 (健康之路APP軟件V4.2)	PRC	2016SR017788	Fujian Health Road	January 25, 2016
6.	Health Road Customer Service Voice System V2.0 (健康之路客服語音系統V2.0)	PRC	2016SR167661	Fujian Health Road	July 5, 2016

No.	Software Name	Place of Registration	Registration Number	Registered Owner	Registration Date
7.	Health Road WeChat Unified Management Platform V1.1 (健康之路微信統一管理平台V1.1)	PRC	2016SR167655	Fujian Health Road	July 5, 2016
8.	Health Road News System V2.0 (健康之路消息系統V2.0)	PRC	2016SR163614	Fujian Health Road	July 1, 2016
9.	Health Road Handy Smart Hospital Platform V1.0 (健康之路掌上智慧醫院平台V1.0)	PRC	2016SR151665	Fujian Health Road	June 22, 2016
10.	Health Road Audio and Video Messaging System V1.0 (健康之路音視頻通訊系統V1.0)	PRC	2016SR172049	Fujian Health Road	July 8, 2016
11.	Health Road Chronic Disease Management Platform V4.1.0 (健康之路慢病管理平台V4.1.0)	PRC	2016SR168275	Fujian Health Road	July 5, 2016
12.	Haoyuanchi Unified Management Platform (Health Road Haochi for short) V2.0 (號源池統一管理平台(簡稱：健康之路號池)V2.0)	PRC	2017SR395126	Fujian Health Road	July 25, 2017
13.	Health Road Appointment and Register System (Appointment and Register for short) V1.0 (健康之路預約掛號系統(簡稱：預約掛號)V1.0)	PRC	2018SR216378	Fujian Health Road	March 29, 2018
14.	Health Road Mobile Payment Reconciliation Management System (Reconciliation Management System for short) V1.0 (健康之路移動支付對賬管理系統(簡稱：對賬管理系統)V1.0)	PRC	2018SR216629	Fujian Health Road	March 29, 2018
15.	Health Road Medical Version software (IOS version) (Medical version for short) V1.2.3 (健康之路醫務版軟件(IOS版)(簡稱：醫務版)V1.2.3)	PRC	2018SR218932	Fujian Health Road	March 29, 2018
16.	Health Road Physician Consultation System (Ask Physician for short) V.2.9.2 (健康之路醫生諮詢系統(簡稱：問醫生)V2.9.2)	PRC	2018SR218990	Fujian Health Road	March 29, 2018

No.	Software Name	Place of Registration	Registration Number	Registered Owner	Registration Date
17.	Haoyuanchi Unified Management Platform (Health Road Haoyuan for short) V3.0.0 (號源池統一管理平台(簡稱：健康之路號池)V3.0.0)	PRC	2018SR220604	Fujian Health Road	March 29, 2018
18.	Health Road Advertisement Management System (Advertisement Management for short) V1.0 (健康之路廣告管理系統(簡稱：廣告管理)V1.0)	PRC	2018SR220605	Fujian Health Road	March 29, 2018
19.	Health Road Family Physician Contract and Service Platform (APP side) (Family Physician Contract and Service Platform for short) V1.0 (健康之路家庭醫生簽約及服務平台(APP端)(簡稱：家庭醫生簽約服務平台)V1.0)	PRC	2018SR194000	Fujian Health Road	March 22, 2018
20.	Health Road Application Performance Management System (OpenAPM for short) V1.0 (健康之路應用性能管理系統(簡稱：OpenAPM)V1.0)	PRC	2018SR193027	Fujian Health Road	March 22, 2018
21.	Health Road Enterprise Health Butler Software (Enterprise Health Butler for short) V1.0 (健康之路企業健康管家軟件(簡稱：企業健康管家)V1.0)	PRC	2018SR193039	Fujian Health Road	March 22, 2018
22.	Health Road Whole Processes Centralized Open Platform System (Centralized Open Platform for short) V1.0 (健康之路全流程集中開放平台系統(簡稱：集中開放平台)V1.0)	PRC	2018SR193033	Fujian Health Road	March 22, 2018
23.	Healthy Road Medical Version software (Android version) (Medical version for short) V1.2.3 (健康之路醫務版軟件(安卓版)(簡稱：醫務版)V1.2.3)	PRC	2018SR289136	Fujian Health Road	April 27, 2018

No.	Software Name	Place of Registration	Registration Number	Registered Owner	Registration Date
24.	Health Road Family Physician Contract and Service Platform (PC side) (Family Physician Contract and Service Platform for short) V1.0 (健康之路家庭醫生簽約及服務平台(PC端)(簡稱：家庭醫生簽約服務平台)V1.0)	PRC	2018SR420193	Fujian Health Road	June 5, 2018
25.	Health Road Family Physician Contract and Service Platform (WeChat side) (Family Physician Contract and Service Platform for short) V1.1 (健康之路家庭醫生簽約及服務平台(微信端)(簡稱：家庭醫生簽約服務平台)V1.0)	PRC	2018SR420198	Fujian Health Road	June 5, 2018
26.	Intelligent Family Physician Contract Platform (Family Physician Contracting for short) V1.0 (智能家庭醫生簽約平台(簡稱：家庭醫生簽約)V1.0)	PRC	2018SR560877	Xiamen Healthcare Big Data Management Center, Fujian Health Road	July 18, 2018
27.	Health Road Butler version Platform (Health Butler for short) V1.1 (健康之路管家版平台(簡稱：健康管家)V1.1)	PRC	2018SR819393	Fujian Health Road	October 15, 2018
28.	Health Road IVR Voice Customer Service Supporting System (IVR Voice Customer Services Supporting System for short) V1.0 (健康之路IVR語音客服支撐系統(簡稱：IVR語音客服支撐系統)V1.0)	PRC	2020SR0301682	Fujian Health Road	April 1, 2020
29.	Health Road Intelligent Containerization Cloud Platform (Intelligent Containerization Cloud Platform for short) V1.0 (健康之路智能容器化雲平台(簡稱：智能容器化雲平台)V1.0)	PRC	2020SR0303621	Fujian Health Road	April 2, 2020

No.	Software Name	Place of Registration	Registration Number	Registered Owner	Registration Date
30.	Health Road Intelligent Operation, Maintenance and Monitoring System (Intelligent Operation, Maintenance and Monitoring System for short) V1.0 (健康之路智能運維監控系統(簡稱：智能運維監控系統)V1.0)	PRC	2020SR0303753	Fujian Health Road	April 2, 2020
31.	Health Road Epidemic Prevention, Control and Guidance Application Platform V1.0 (健康之路疫情防控指揮應用平台V1.0)	PRC	2020SR0396843	Fujian Health Road	April 29, 2020
32.	Health Road Intelligent Medical Cloud Platform V1.0 (健康之路智慧醫療雲平台V1.0)	PRC	2020SR0396849	Fujian Health Road	April 29, 2020
33.	Health Road Internet Hospital System V1.0 (健康之路互聯網醫院系統V1.0)	PRC	2020SR0421138	Fujian Health Road	May 8, 2020
34.	Health Road Synergistic Out-patient System (Android version) V1.0 (健康之路協同門診系統(安卓版)V1.0)	PRC	2020SR0454963	Fujian Health Road	May 14, 2020
35.	Health Road Physician Cloud Consultation Room System V1.0 (健康之路醫生雲診室系統V1.0)	PRC	2020SR0596187	Fujian Health Road	June 10, 2020
36.	Health Road Customer Services System V1.0 (健康之路客服系統V1.0)	PRC	2020SR0599070	Fujian Health Road	June 10, 2020
37.	Health Road Hospital Preaching System V1.0 (健康之路住院宣教系統V1.0)	PRC	2020SR0599174	Fujian Health Road	June 10, 2020
38.	Health Road Log System V1.0 (健康之路日誌系統V1.0)	PRC	2020SR0596276	Fujian Health Road	June 10, 2020
39.	Health Road Order Payment Aggregation Platform (Order Payment Aggregation Platform for short) V1.0 (健康之路訂單支付聚合平台(簡稱：訂單支付聚合平台)V1.0)	PRC	2020SR0704518	Fujian Health Road	July 1, 2020

No.	Software Name	Place of Registration	Registration Number	Registered Owner	Registration Date
40.	Health Road Imaging Cloud Platform (Imaging Cloud Platform for short) V1.0 (健康之路影像雲平台(簡稱:影像雲平台)V1.0)	PRC	2020SR0704205	Fujian Health Road	July 1, 2020
41.	Health Road Port Management System (Port Management for short) V1.0 (健康之路端口管理系統(簡稱:端口管理)V1.0)	PRC	2020SR0971476	Fujian Health Road	August 24, 2020
42.	Health Road Access Control System (Access Control for short) V1.0 (健康之路准入控制系統(簡稱:准入控制)V1.0)	PRC	2020SR0965828	Fujian Health Road	August 21, 2020
43.	Health Road Baseline Scan System (Baseline Scan for short) V1.0 (健康之路基線掃描系統(簡稱:基線掃描)V1.0)	PRC	2020SR0970444	Fujian Health Road	August 24, 2020
44.	Health Road Document Completeness Check System V1.0 (健康之路文件完整性檢測系統V1.0)	PRC	2020SR0971320	Fujian Health Road	August 24, 2020
45.	Health Road Data Analysis System V1.0 (健康之路數據分析系統V1.0)	PRC	2020SR0971311	Fujian Health Road	August 24, 2020
46.	Health Road Code Auditing Platform (Code Auditing Platform for short) V1.0 (健康之路代碼審計平台(簡稱:代碼審計平台)V1.0)	PRC	2021SR1077478	Fujian Health Road	July 21, 2021
47.	Health Service User Version software V1.0.0 (健康服務用戶版軟件V1.0.0)	PRC	2020SR0493945	Choksend Communication	May 22, 2020
48.	Health Service Comprehensive Management System V1.0.0 (健康服務綜合管理系統V1.0.0)	PRC	2020SR0394118	Choksend Communication	April 29, 2020
49.	Health Road Domain Name Management System V1.0 (健康之路域名管理系統V1.0)	PRC	2020SR0981902	Fujian Health Road	August 25, 2020
50.	Health Road Live Broadcast System V1.0 (健康之路直播系統V1.0)	PRC	2022SR0030546	Fujian Health Road	January 6, 2022

No.	Software Name	Place of Registration	Registration Number	Registered Owner	Registration Date
51.	Health Road IVR Voice Customer Service Supporting System V2.0 (健康之路IVR語音客服支撐系統V2.0)	PRC	2022SR1112761	Fujian Health Road	August 12, 2022
52.	Health Road Customer Services System V2.0 (健康之路客服系統V2.0)	PRC	2022SR1112760	Fujian Health Road	August 12, 2022
53.	Health Road Intelligent Operation, Maintenance and Monitoring System V2.0 (健康之路智能運維監控系統V2.0)	PRC	2022SR1126231	Fujian Health Road	August 15, 2022
54.	Health Road Intelligent Containerization Cloud Platform V2.0 (健康之路智能容器化雲平台V2.0)	PRC	2022SR1126297	Fujian Health Road	August 15, 2022
55.	Health Road Centralized Open Platform (Centralized Open for short) V1.0 (健康之路集成開放平台(簡稱：集成開放)V1.0)	PRC	2016SR151158	Fujian Health Road	June 22, 2016
56.	Health Road Mobile Medical Whole Processes Services Software (Whole Processes for short) V.2.2.1 (健康之路移動醫療全流程服務軟件(簡稱：全流程)V.2.2.1)	PRC	2015SR220867	Fujian Health Road	November 13, 2015

Save as aforesaid, as of the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which were material in relation to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(a) Disclosure of Interest—Interests and Short Positions of Our Directors and the Chief Executive of Our Company in the Shares, Underlying Shares, and Debentures of Our Company and Its Associated Corporations

Immediately following the completion of the Share Subdivision and Global Offering, the interests or short positions of our Directors or chief executives of our Company in the Shares, underlying Shares, and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions

7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”), to be notified to our Company and the Stock Exchange, once the Shares are listed, are as follows:

(i) *Interests in the Company*

Name of Director	Nature of interest	Class of Shares	As of the Latest Practicable Date		Immediately following completion of the Share Subdivision and the Global Offering	
			Approximate Number of Shares Interested ⁽¹⁾	Approximate Percentage of Shareholding Interest ⁽¹⁾	Approximate Number of Shares Interested ⁽¹⁾	Approximate Percentage of Shareholding Interest ⁽¹⁾
Mr. Zhang	Interest in a controlled corporation ⁽²⁾	Ordinary Shares	59,183,067	34.70%	295,915,335	33.71%
Mr. Chen Yong	Interest in a controlled corporation ⁽³⁾	Ordinary Shares	18,306,100	10.73%	91,530,500	10.43%
Mr. Chen Jing	Interest in a controlled corporation ⁽⁴⁾	Ordinary Shares	8,554,980	5.02%	42,774,900	4.87%

Notes:

- All interests stated are long positions.
- As of the Latest Practicable Date, Affluent Base was wholly owned by Mr. Zhang and hence Mr. Zhang is deemed to be interested in all the Shares held by Affluent Base.
- Best Premier is a limited liability company incorporated in the BVI. As of the Latest Practicable Date, Best Premier was wholly-owned by Mr. Chen Yong, one of our non-executive Directors. Accordingly, Mr. Chen Yong is deemed to be interested in all the Shares held by Best Premier by virtue of the SFO.
- Jyun Jing is a limited liability company incorporated in the BVI. As of the Latest Practicable Date, Mr. Chen Jing held approximately 43.06% of Jyun Jing, hence he is deemed to be interested in all the Shares held by Jyun Jing by virtue of the SFO.

(ii) Interests in Shares of Associated Corporations

Name of Director	Name of associated corporation	Capacity/nature of interest	Approximate percentage of shareholding ⁽¹⁾
Mr. Zhang	Fujian Health Road	Beneficial owner	34.67%
Mr. Zhang	Fujian Health MedTech	Beneficial owner	50%

Note:

(1) All interests stated are long positions.

(b) Particulars of Service Contracts and Letters of Appointment

Each of our executive Directors has entered into a service contract with our Company on December 11, 2024. We have issued letters of appointment to each of our non-executive Directors and independent non-executive Directors on December 11, 2024. The principal particulars of these service contracts and the letters of appointment are (i) for an initial fixed term of three years commencing from the Listing Date, and (ii) subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with our Articles of Association and the applicable Rules.

Save as disclosed above, none of our Directors has entered, or has proposed to enter, a service contract with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

(c) Directors' Remuneration

The aggregate remuneration (including fees, salaries, bonuses, allowances, and other benefits in kind such as contributions to pension plans) of our Directors incurred for each of the year ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024 was approximately RMB0.5 million, RMB1.1 million, RMB1.0 million and RMB0.5 million, respectively.

There was no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three financial years immediately preceding the issue of this prospectus.

During the Track Record Period, no remuneration was paid by us to, or receivable by, our Directors or the five highest-paid individuals as an inducement to join or upon joining our Company. No compensation was paid by us to, or receivable by, our Directors, former Directors, or the five highest-paid individuals for each of the Track Record Period for the loss of any office in connection with the management of the affairs of any members of our Group.

Save as disclosed in Note 8 of the Accountants' Report set out in Appendix I to this prospectus, no other amounts have been paid or are payable by any member of our Group to our Directors during the Track Record Period.

Pursuant to the existing arrangements that are currently in force as of the date of this prospectus, the amount of remuneration (including benefits in kind but excluding discretionary bonuses) payable to our Directors by our Company for the year ending December 31, 2024 is estimated to be approximately RMB2.1 million in aggregate.

2. Substantial Shareholders

For information on the persons who will, immediately following the completion of the Share Subdivision and Global Offering, have interests or short position in our Shares or underlying Shares which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the normal value of any class of Share capital carrying rights to vote in all circumstance of general meetings of our Company: see "Substantial Shareholders."

As of the Latest Practicable Date, so far as our Directors are aware, the following persons (other than our Directors, chief executive of our Company, or members of our Group) were interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our subsidiaries and Consolidated Affiliated Entities in respect of such capital:

Name of Member of Our Group	Name of Shareholder	Approximate Percentage of Shareholding
Fujian Health Road	Health Road Investment Center	46.37%
	Chuanke Computer	12.77%
Choksend Communication	Mr. Chen Chen (陳晨先生)	49%
Fuzhou Kangzhi	Mr. Zhao Yaqi (趙亞奇先生)	30%
	Mr. Chen Chengchun (陳成春先生)	19%
Ningde Health Road	Mr. Lu Bin (陸斌先生)	40%
Jianmingtang	Jianming Pharmaceutical	49%
Fujian Jianchen	Ms. Xiao Jing (肖靖女士)	49%

3. Personal Guarantees

Save for certain guarantees provided by Mr. Zhang in favor of our Group as disclosed in Note 22(ii) of the Accountants' Report set out in Appendix I to this prospectus, our Directors have not provided personal guarantees in favor of lenders in connection with banking facilities granted or to be granted to any member of our Group.

4. Agency Fees or Commissions Received

No commissions, discounts, brokerages, or other special terms were granted within the two years preceding the date of this prospectus in connection with the issue or sale of any capital of any member of our Group.

5. Related-Party Transactions

During the two years preceding the date of this prospectus, we were engaged in related-party transactions as described in Note 30 of the Accountants' Report set out in Appendix I to this prospectus.

6. Directors' Competing Interest

Save as disclosed in this prospectus, none of our Directors is interested in any business apart from our Group's business which competes or is likely to compete, directly or indirectly, with the business of our Group.

7. Disclaimers

Save as disclosed in this prospectus:

- (a) none of our Directors or the chief executive of our Company has any interest or short position in the Shares, underlying shares, or debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he has taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code once the Shares are listed on the Stock Exchange;
- (b) none of our Directors nor any of the parties referred to in “—D. Other Information—8. Qualification of Experts” in this appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

- (c) none of our Directors nor any of the parties referred to in “—D. Other Information—8. Qualification of Experts” in this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group as a whole;
- (d) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));
- (e) so far as is known to our Directors or the chief executive of our Company, no person (not being a Director or chief executive of our Company) will, immediately following the completion of the Share Subdivision and the Global Offering, have an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO, or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group; and
- (f) none of our Directors, their respective close associates (as defined under the Listing Rules), or our Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in the five largest customers or the five largest suppliers of our Group.

D. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries or Consolidated Affiliated Entities.

2. Litigation

As confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, no member of our Group had been involved in any arbitration, litigation or administrative proceedings, or any other claims or disputes of material importance, and no arbitration, litigation or administrative proceedings, or claim or dispute of material importance was known to our Directors to be pending or threatened by or against any member of our Group, that could be expected to have a material adverse effect on our reputation, business, results of operations, or financial condition.

3. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and the Shares to be issued as mentioned in this prospectus. All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor is entitled to a fee of US\$1,208,000 for acting as our sole sponsor in connection with the Listing.

4. Preliminary Expenses

We have not incurred any material preliminary expenses.

5. Promoter

Our Company has no promoter for the purpose of the Listing Rules. Within the two years preceding the date of this prospectus, no cash, securities, or other benefit has been paid, allotted, or given, or is proposed to be paid, allotted, or given, to any promoter in connection with the Global Offering and the related transactions described in this prospectus.

6. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since June 30, 2024 (being the date on which the latest consolidated financial information of our Group was prepared).

7. Taxation of Holders of Shares

(a) Hong Kong

The sale, purchase and transfer of Shares registered with our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.13% of the consideration or, if higher, the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) Cayman Islands

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(c) Consultation with Professional Advisors

Intending holders of the Shares are recommended to consult their professional advisors if they are in doubt as to the taxation implications of holding or disposing of or dealing in the Shares. It is emphasized that none of our Company, our Directors or the other parties involved in the Global Offering can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their holding or disposal of or dealing in Shares or exercise of any rights attaching to them.

8. Qualification of Experts

The following are the qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinion or advice which are contained in this prospectus:

Name	Qualifications
CCB International Capital Limited	Licensed to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
KPMG	Certified Public Accountants and Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
Jingtian & Gongcheng	Legal advisor to the Company as to PRC laws (including PRC data privacy and protection matters)
Harney Westwood & Riegels	Cayman Islands legal advisor to our Company
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant

9. Consents of Experts

Each of the experts as referred to in “—D. Other Information—8. Qualification of Experts” in this appendix has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report(s), view(s), and/or letter(s) and/or legal opinion (as the case may be) and references to its name included herein in the form and context in which it respectively appears.

None of the experts named above has any shareholding interest in our Company or any of our subsidiaries and Consolidated Affiliated Entities or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries and Consolidated Affiliated Entities.

10. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance on the exemption provided in section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and the Chinese language version of this prospectus, the English language version shall prevail.

11. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (WUMP) Ordinance so far as applicable.

12. Financial Advisor

Bristol Capital Limited has been appointed by our Company as financial advisor in respect of the Listing and the Global Offering. The appointment of Bristol Capital Limited is at our Company's own initiative and not pursuant to the requirements of the Listing Rules, and the appointment of Bristol Capital Limited is separate and distinct from the appointment of the Sole Sponsor (which is required to be made by us pursuant to the Listing Rules). The Sole Sponsor is responsible for fulfilling its duties as sponsor to our Company's application for listing on the Stock Exchange, and the Sole Sponsor has not relied on the work performed by Bristol Capital Limited in fulfilling those duties. The role of the financial advisor is separate and distinct from that of the Sole Sponsor, and the financial advisor focuses on providing general financial advisory services to our Company in respect of the Listing and the Global Offering such as investment positioning of our Company, reviewing the relevant documentation in relation to the Global Offering, structuring of the Listing and the Global Offering and advising our Company on timing and marketing process of the Global Offering.

13. Miscellaneous

- (a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:
 - (i) no share or loan capital of our Company or any of our subsidiaries and Consolidated Affiliated Entities had been issued or agreed to be issued or proposed to be fully or partly paid either for cash or a consideration other than cash;
 - (ii) no share or loan capital of our Company or any of our subsidiaries and Consolidated Affiliated Entities is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) no commissions, discounts, brokerages, or other special terms had been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries and Consolidated Affiliated Entities; and
 - (iv) no commissions had been paid or payable (except for the commission to be paid to sub-underwriters) to any persons for subscription, agreeing to subscribe, procuring subscription, or agreeing to procure subscription of any share in our Company or any of our subsidiaries and Consolidated Affiliated Entities.

- (b) Save as disclosed in this prospectus, no founder, management or deferred shares, convertible debt securities, nor any debentures in our Company or any of our subsidiaries and Consolidated Affiliated Entities has been issued or agreed to be issued.
- (c) Our Directors confirm that there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus.
- (d) Our Directors confirm that our Company has no outstanding convertible debt securities or debentures.
- (e) All necessary arrangements have been made to enable the Shares to be admitted to CCASS for clearing and settlement.
- (f) No members of our Group are presently listed on any stock exchange or traded on any trading system, and our Group is not seeking or proposing to seek any listing of, or permission to deal in, the share or loan capital of our Company on any other stock exchange.
- (g) There is no arrangement under which future dividends are waived or agreed to be waived.

**APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES
IN HONG KONG AND AVAILABLE ON DISPLAY**

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of each of the material contracts referred to in “Appendix IV—Statutory and General Information—B. Further Information about Our Business—1. Summary of Material Contracts” in this prospectus; and
- (b) the written consents referred to in “Appendix IV—Statutory and General Information—D. Other Information—9. Consents of Experts” in this prospectus.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the Stock Exchange’s website at www.hkexnews.hk and our Company’s website at www.jkzlkj.cn up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum of Association and the Articles of Association;
- (b) the accountants’ report on the historical financial information of our Group for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024 from KPMG, the text of which is set out in Appendix I to this prospectus;
- (c) the report on the unaudited pro forma financial information of our Group from KPMG, the text of which is set out in Appendix II to this prospectus;
- (d) the audited consolidated financial statements of our Group for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024;
- (e) the legal opinions issued by Jingtian & Gongcheng, our PRC Legal Advisor, in respect of certain aspects of the Group;
- (f) the letter of advice issued by Harney Westwood & Riegels, our legal advisor as to the law of the Cayman Islands, summarizing certain aspects of the Cayman Islands Companies Act referred to in Appendix III to this prospectus;
- (g) the material contracts referred to in “Appendix IV—Statutory and General Information—B. Further Information about Our Business—1. Summary of Material Contracts” in this prospectus;
- (h) the written consents referred to in “Appendix IV—Statutory and General Information—D. Other Information—9. Consents of Experts” in this prospectus;

**APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES
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- (i) the service contracts and letters of appointment referred to in “Appendix IV—Statutory and General Information—C. Further Information about Our Directors and Substantial Shareholders—1. Directors—(b) Particulars of Service Contracts and Letters of Appointment” in this prospectus;
- (j) the Cayman Islands Companies Act; and
- (k) the industry report issued by Frost and Sullivan (Beijing) Inc., Shanghai Branch Co., an independent industry consultant.



HealthyWay Inc.

健康之路股份有限公司