

SUMMARY

This summary aims to give you an overview of the information contained in this document. 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 [REDACTED] are set out in “Risk Factors.” You should read the entire document carefully before you decide to invest in the [REDACTED].

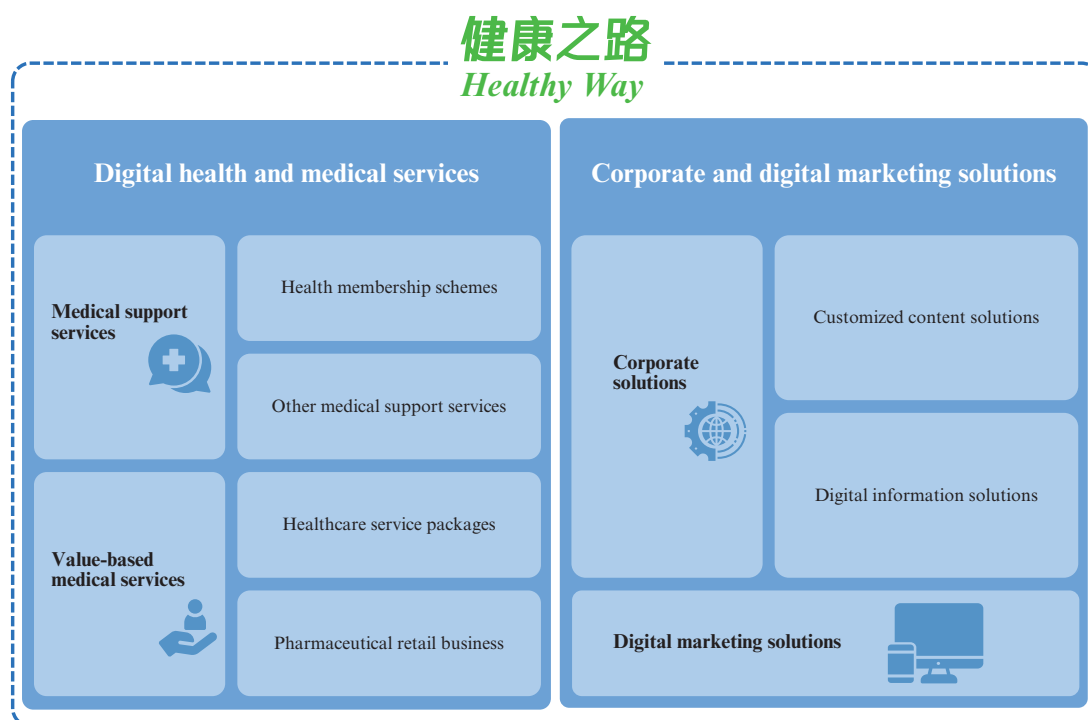
OVERVIEW

Our Mission

Our mission is to become the most valuable service platform in China’s health and wellness industry.

About Us

We operate one of the largest digital health and medical service platforms in China, in terms of the number of registered individual users on our platform as of December 31, 2022, according to Frost & Sullivan. As a pioneer in digitalizing health and medical services in China, we have been providing digital health and medical services to individual users since 2001. In 2015, we started to provide corporate and digital marketing solutions 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 and thrive. The following diagram provides an overview of our business segments.

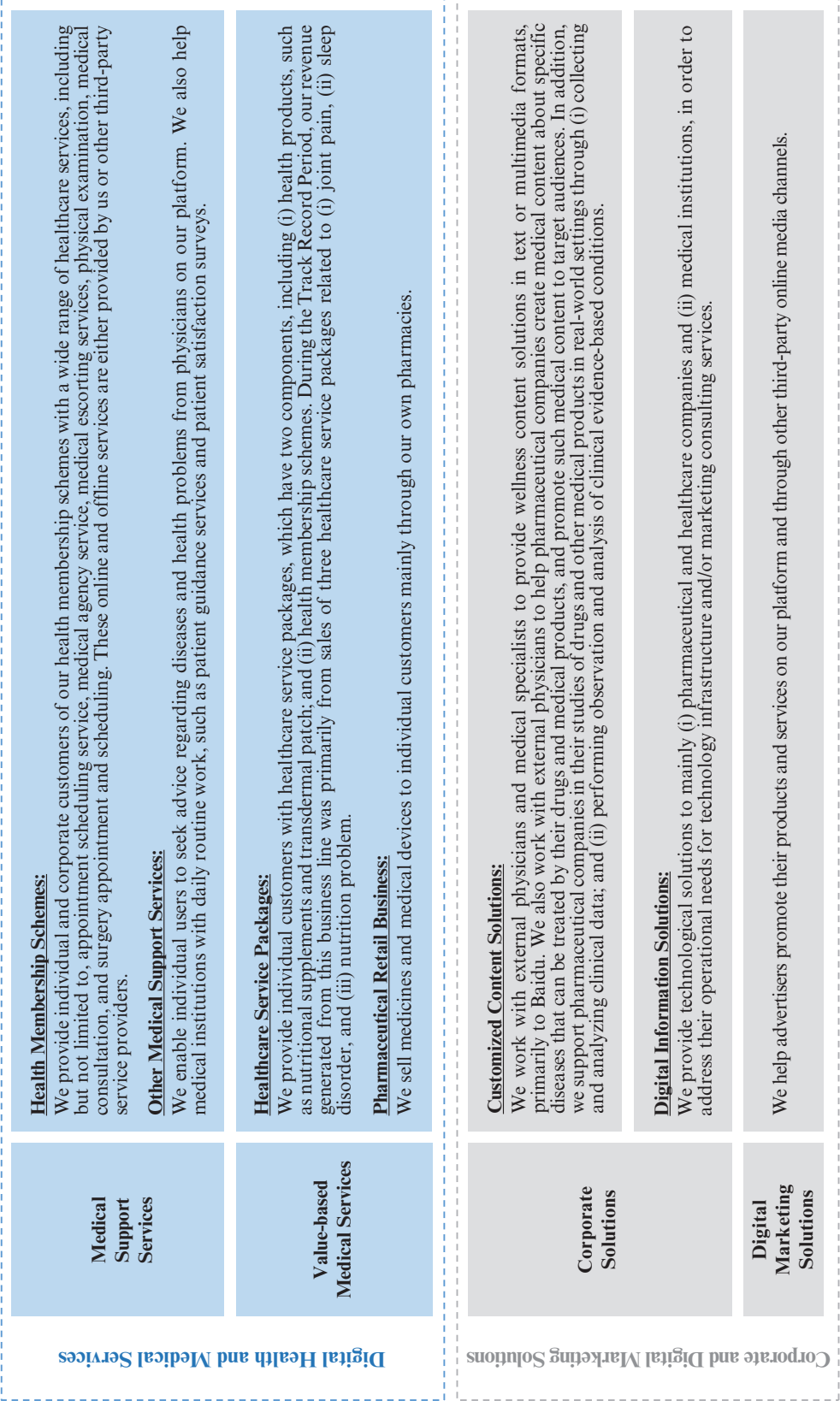


Our services and solutions are developed for enabling key industry stakeholders in the digital health and wellness industry in China. These industry stakeholders primarily include (i) individual users; (ii) corporations and institutions such as pharmaceutical companies, hospitals, insurance companies and local health authorities; and (iii) physicians. For individual users, we mainly provide digital health and medical services to manage their health and wellness more easily. For corporations and institutions, we mainly provide corporate and digital marketing solutions to enhance their operational efficiency. We also engage physicians to play a crucial role on our platform. Users can reach our *Healthy Way* (健康之路) platform through multiple channels, including *Healthy Way* (健康之路) mobile applications, Yihu.com (醫護網), our WeChat public accounts and WeChat mini-programs.

SUMMARY

Our Services and Solutions

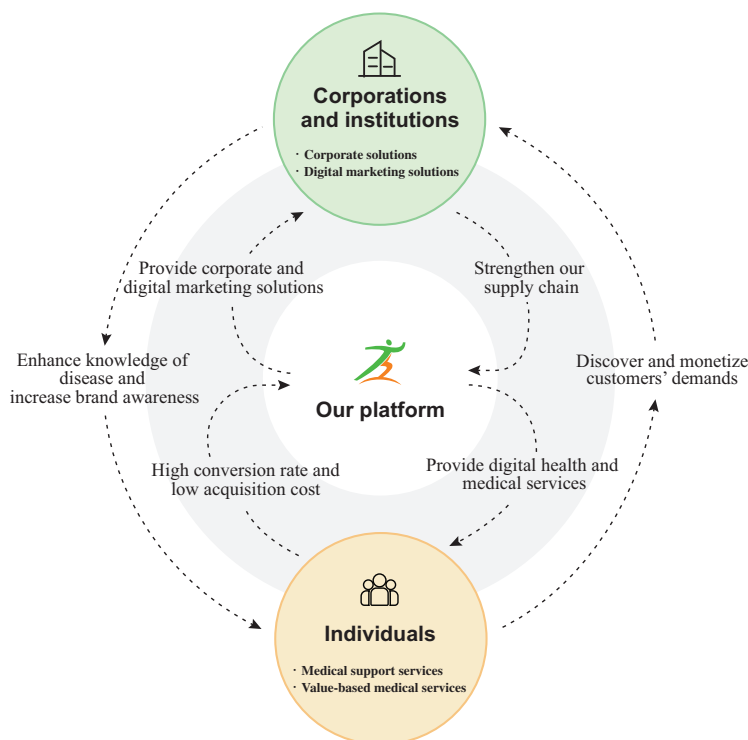
Our two main business segments, namely (i) digital health and medical services and (ii) corporate and digital marketing solutions, provide various services and solutions to individual, corporate and institutional customers. The following diagram sets forth a summary of each business line and sub-business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



SUMMARY

Synergies Created By Our Business Segments

Our two main business segments generate synergy for our business growth. The arrows in the diagram below indicate the flows of the value created by our business operations.



Our digital 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 in China. Our large user base encourages more physicians and medical specialists to use our platform, contributing to our nationwide physician network. This in turn improves the quality of, and leads to more business opportunities for, our value-based medical services.

Our corporate solutions (especially customized content solutions) can benefit from our nationwide physician network, because we can collaborate with external physicians to develop corporate solutions 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 solutions.

The value that we create for key industry stakeholders enables us to be recognized. Over time, our brand awareness and reputation lead to 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 that we gain from such a virtuous cycle has created a flywheel effect, leading to the continuous growth of our business.

SUMMARY

Our Key Operating Data



Notes:

- (1) As of December 31, 2022.
(2) Year ended December 31, 2022.

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 RMB86.1 billion in 2017 to RMB322.6 billion in 2021, representing a CAGR of 39.1% from 2017 to 2021; it is expected to reach RMB1,007.1 billion in 2025 from RMB322.6 billion in 2021, representing an estimated CAGR of 32.9% from 2021 to 2025. According to Frost & Sullivan, such market size is expected to further reach RMB2.6 trillion in 2030.

OUR COMPETITIVE STRENGTHS

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

- a leading and 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 and solutions to address diverse health and medical demands;
- evolving monetization strategies fueling continuous growth; and
- experienced and visionary management team and strong support from shareholders.

SUMMARY

OUR STRATEGIES

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

- continue to grow and expand the breadth and depth of our services and solutions;
- drive physician engagement and expand cooperation with more physicians;
- expand our presence in pharmaceutical retail business;
- explore other strategic investments and acquisitions; and
- advance our technological capabilities to enhance the functionalities of our platform.

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 document, as well as the information set forth in “Financial Information.”

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 indicated.

	Year ended December 31,		
	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	186,570	431,305	569,068
Cost of sales	(74,013)	(257,832)	(323,273)
Gross profit	112,557	173,473	245,795
Selling expenses	(32,759)	(126,354)	(147,414)
Administrative expenses	(30,409)	(106,779)	(41,195)
Research and development costs	(11,878)	(14,142)	(54,410)
Loss before taxation	(58,727)	(152,083)	(257,605)
Loss for the year	(65,328)	(155,307)	(255,639)
Attributable to:			
Equity shareholders of our Company	(65,474)	(157,223)	(258,131)
Non-controlling interests	146	1,916	2,492

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

	Year ended December 31,					
	2020		2021		2022	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Digital health and medical services						
Medical support services						
Health membership schemes	38,857	20.8	44,289	10.3	71,671	12.6
Other medical support services	25,292	13.6	21,767	5.0	19,706	3.5
Value-based medical services						
Healthcare service packages ⁽¹⁾	—	—	60,862	14.1	90,999	16.0
Pharmaceutical retail business	620	0.3	1,177	0.3	630	0.1
Subtotal	64,769	34.7	128,095	29.7	183,006	32.2

SUMMARY

	Year ended December 31,					
	2020		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%
Corporate and digital marketing solutions						
Corporate solutions						
Customized content solutions	37,375	20.0	184,300	42.7	183,299	32.2
Digital information solutions	37,681	20.2	51,030	11.8	110,491	19.4
Digital marketing solutions	43,055	23.1	65,773	15.3	90,817	16.0
Subtotal	118,111	63.3	301,103	69.8	384,607	67.6
Others ⁽²⁾	3,690	2.0	2,107	0.5	1,455	0.2
Total	186,570	100.0	431,305	100.0	569,068	100.0

Notes:

- (1) Including revenue generated from health products of nil, RMB53.9 million and RMB31.0 million in 2020, 2021 and 2022, respectively, and revenue generated from the health membership schemes included in healthcare service packages as a component of nil, RMB7.0 million and RMB60.0 million in 2020, 2021 and 2022, respectively.
- (2) Primarily including other sales of health services and products through various online and offline channels.

Non-IFRS Measure

We define “adjusted net profit (non-IFRS measure)” as loss for the year, adding back equity-settled share-based payment expenses, changes in carrying amount of the redemption liabilities, and [REDACTED] expenses, because they are neither directly related to our business operations nor indicative of our results of operations. The equity-settled share-based payment expenses are one-off in nature. The carrying amount of the redemption liabilities are non-cash in nature and will not incur after the [REDACTED]. The one-off [REDACTED] expenses are expenses related to the [REDACTED]. The adjustments have been consistently made during the Track Record Period, and such adjustments comply with HKEX Guidance Letter 103–19.

The adjusted 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 profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of adjusted profit (non-IFRS measure) has limitations as an 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,		
	2020	2021	2022
	RMB'000	RMB'000	RMB'000
Loss for the year	(65,328)	(155,307)	(255,639)
<i>Add:</i>			
Equity-settled share-based payment expenses	–	65,508	–
Changes in carrying amount of the redemption liabilities . . .	105,882	84,370	267,834
[REDACTED] expenses	–	[REDACTED]	[REDACTED]
Adjusted net profit (non-IFRS measure)	40,554	486	23,919

SUMMARY

Selected Consolidated Statements of Financial Position Items

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

	As of December 31,		
	2020	2021	2022
	RMB'000	RMB'000	RMB'000
Total current assets	88,353	117,094	165,944
Total non-current assets	13,776	13,534	36,705
Total assets	102,129	130,628	202,649
Total current liabilities	1,206,093	1,326,207	1,641,006
Total non-current liabilities	3,495	3,647	2,433
Total liabilities	1,209,588	1,329,854	1,643,439
Net current liabilities	(1,117,740)	(1,209,113)	(1,475,062)

Our net current liabilities increased from RMB1,117.7 million as of December 31, 2020 to RMB1,209.1 million as of December 31, 2021, and further increased to RMB1,475.1 million as of December 31, 2022, primarily due to the increase of redemption liabilities, resulting from the increasing equity value of our Group. Such redemption liabilities will automatically be re-classified to equity upon the [REDACTED]. Despite our net current liability position during the Track Record Period, 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 document, 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 Certain Key Statements of Financial Position Items—Current Assets and Liabilities” and “Financial Information—Discussion of Certain Key Statements of Financial Position Items—Working Capital Sufficiency.”

Selected Consolidated Statements of Cash Flows

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

	Year ended December 31,		
	2020	2021	2022
	RMB'000	RMB'000	RMB'000
Net cash generated from operating activities	32,186	14,157	8,781
Net cash (used in)/generated from investing activities	(10,588)	7,544	(21,050)
Net cash (used in)/generated from financing activities	(12,832)	(14,762)	37,966
Net increase in cash and cash equivalents	8,766	6,939	25,697
Cash and cash equivalents at the beginning of the year	28,317	37,083	44,022
Cash and cash equivalents at the end of the year	37,083	44,022	69,719

SUMMARY

Our cash and cash equivalents increased from RMB37.1 million as of December 31, 2020 to RMB44.0 million as of December 31, 2021, primarily due to our net cash generated from operating activities and our net cash generated from investing activities in 2021, partially offset by net cash used in financing activities in 2021. 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. See “Financial Information—Liquidity and Financial Recourses—Cash Flows from Operating Activities.”

Key Financial Ratios

	Year ended December 31,		
	2020	2021	2022
Revenue growth rate	N/A	131.1%	31.9%
Gross profit growth rate	N/A	54.1%	41.7%
Gross profit margin	60.3%	40.2%	43.2%
Adjusted net profit margin (non-IFRS measure)	21.7%	0.1%	4.2%

See “Financial Information—Key Financial Ratios.”

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 *Healthy Way* mobile application accounts. In 2020, 2021 and 2022, the breakage amount from unexercised contractual rights of health membership schemes, including the health membership schemes in healthcare service packages, was RMB25.4 million, RMB31.2 million and RMB105.5 million, respectively. In 2020, 2021 and 2022, the breakage amount generated from the remaining balance of inactive *Healthy Way* mobile application accounts was RMB16.8 million, RMB16.5 million and RMB16.4 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 and Solutions—Digital Health and Medical Services—Breakage,” and “Financial Information—Discussion of Certain Key Statements of Financial Position Items—Working Capital Sufficiency.”

RISK FACTORS

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

- the digital health and medical service market and the digital health corporate service market are immature and volatile;

SUMMARY

- if we are unable to continue to attract and retain users and customers, provide superior user and customer experience and maintain users’ and customers’ trust in our platform, 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;
- we face intense competition in our business;
- 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 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.

CONTROLLING SHAREHOLDERS

Immediately following the completion of the Share Subdivision and the [REDACTED] (assuming the [REDACTED] is not exercised), our Controlling Shareholders, namely Mr. Zhang and Affluent Base, will hold [REDACTED]% of our total issued share capital. Therefore, none of them will be our [REDACTED] as defined under the Listing Rules upon the [REDACTED]. See “Relationship with our Controlling Shareholders” for more details.

CONTINUING CONNECTED TRANSACTIONS

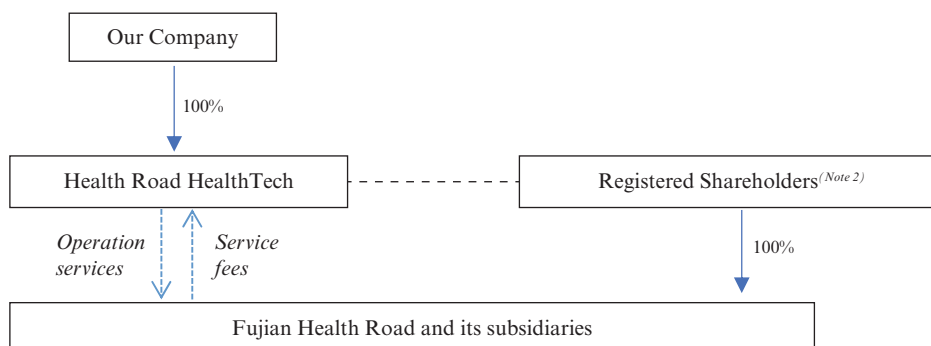
We have entered into the Contractual Arrangements and the Wellness Content Cooperation Agreements, which are expected to continue after the [REDACTED] and will constitute non-exempt continuing connected transactions under Chapter 14A of the Listing Rules upon the [REDACTED]. See “Continuing Connected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

CONTRACTUAL ARRANGEMENTS

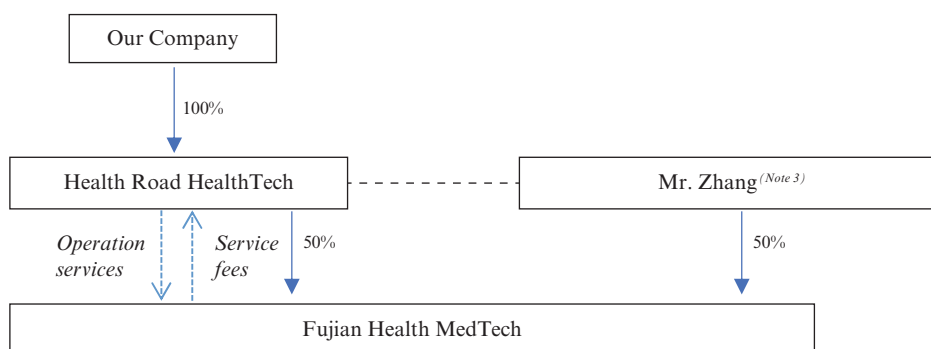
Due to foreign ownership restrictions under the relevant PRC laws, regulations and regulatory practices, it is not viable for our Company to (i) hold Fujian Health Road and its subsidiaries directly through equity ownership to conduct our online medical institution business, or (ii) directly hold more 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 document. 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:

SUMMARY




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 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 the 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.

SUMMARY

[REDACTED] INVESTMENT

From December 2014 to January 2023, we received several rounds of [REDACTED] Investments. See “History, Reorganization and Corporate Structure—[REDACTED] Investments” for more information.

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the granting of the [REDACTED] of, and permission to [REDACTED], our Shares in issue and to be issued pursuant to the [REDACTED] on the basis that, among other things, we satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to (i) our revenue of RMB569.07 million (equivalent to approximately HK\$661.88 at the rate of RMB0.85978 to HK\$1.00, being the average exchange rate for the financial year ended December 31, 2022) for the year ended December 31, 2022, which exceeds HK\$500 million, and (ii) our expected market capitalization at the time of [REDACTED], which, based on the [REDACTED], exceeds HK\$4 billion.

[REDACTED] STATISTICS

The statistics in the following table are based on the assumptions that: (i) the Share Subdivision and the [REDACTED] are completed and [REDACTED] Shares are issued pursuant to the [REDACTED]; (ii) [REDACTED] is not exercised; and (iii) [REDACTED] Shares are issued and outstanding upon completion of the [REDACTED].

	Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]	Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]
Market capitalization of our Shares	HK\$[REDACTED]	HK\$[REDACTED]
Unaudited [REDACTED] adjusted consolidated net tangible asset value attributable to the equity shareholders of our Company per Share ⁽¹⁾	HK\$[REDACTED]	HK\$[REDACTED]

Note:

- (1) The unaudited [REDACTED] 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 [REDACTED] Financial Information.”

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

SUMMARY

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.

USE OF [REDACTED]

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

- approximately [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED], is expected to be used for business expansion, including [REDACTED]% and [REDACTED]% of the net [REDACTED] for our digital health and medical services and corporate and digital marketing solutions, respectively;
- approximately [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED], is expected to be used for strategic investments or acquisitions;
- approximately [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED], is expected to be used for research and development;
- approximately [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED], is expected to be used for promotion of our brand and our services and solutions; and
- approximately [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED], is expected to be used for working capital and general corporate purposes.

See “Future Plans and Use of [REDACTED].”

RECENT DEVELOPMENT

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 will be required to file an application with the CSRC within three business days after we submit the first [REDACTED] application to the Stock Exchange.

SUMMARY

No Material Adverse Change

Our Directors confirm that, up to the date of this document, there have been no material adverse changes in our financial, operational or trading positions or prospects since December 31, 2022, being the date on which the latest audited consolidated financial information of our Group was prepared.

[REDACTED] EXPENSES

[REDACTED] expenses consist of [REDACTED], professional fees and other fees incurred in connection with the [REDACTED] and [REDACTED]. Assuming full payment of the [REDACTED], we expect to incur total [REDACTED] expenses of approximately RMB[REDACTED] (based on the [REDACTED] of the indicative [REDACTED] range and assuming the [REDACTED] is not exercised), which accounts for approximately [REDACTED]% of the gross [REDACTED] from the [REDACTED]. We estimate that [REDACTED] expenses consist of approximately RMB[REDACTED] in [REDACTED] and RMB[REDACTED] in [REDACTED].

During the Track Record Period, we incurred approximately RMB[REDACTED] in [REDACTED] expenses, of which RMB[REDACTED] were recognized in our consolidated statement of profit or loss and RMB[REDACTED] were recognized as prepaid [REDACTED] expenses and deferred [REDACTED] expenses, which is expected to be accounted for as a deduction from equity upon the [REDACTED]. We estimate that we will further incur [REDACTED] expenses of RMB[REDACTED], of which RMB[REDACTED] will be charged to our consolidated statements of profit or loss for the year ending December 31, 2023. The remaining balance of approximately RMB[REDACTED], which mainly includes [REDACTED], is expected to be accounted for as a deduction from equity upon the completion of the [REDACTED]. The [REDACTED] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. Our Directors do not expect such expenses to have a material adverse impact on our results of operations for the year ending December 31, 2023.