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

There are risks associated with any [**REDACTED**]. *Some of the particular risks in* [**REDACTED**] *in the* [**REDACTED**] *are set out in the section headed "Risk Factors." You should read that section carefully before you decide to* [**REDACTED**] *in the* [**REDACTED**].

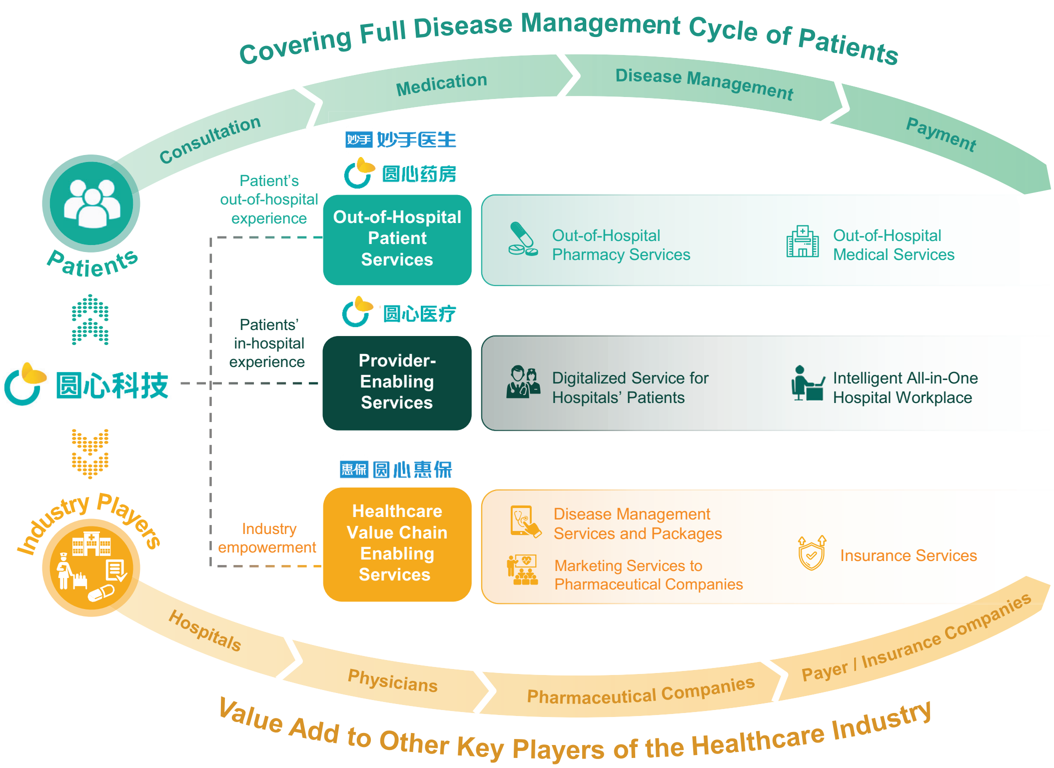
OVERVIEW

We are a leading healthcare company offering services centered around the patient healthcare service cycle. We operate in China's technology-enabled healthcare solutions market, which, fueled by supportive policy environment and technological advancement in digitalization and further driven by people's increasing need for enhanced healthcare management, is expected to expand significantly, according to Frost & Sullivan.

Through our out-of-hospital patient services, provider-enabling services and healthcare value chain enabling services, we ensure customized and caring services are provided to patients. In particular, our out-of-hospital patient services operate an extensive offline plus online pharmacy network focusing on the sales of prescription drugs through Yuanxin Pharmacy, our national offline pharmacy network, and Miaoshou Physician, our online pharmacy. As of December 31, 2022, we owned and operated 320 pharmacies, amongst which, 261 are placed adjacent to hospitals within a one kilometer radius, and 85 are designated major disease and social health insurance "dual-channel" (大病醫保雙通道) pharmacies. As of December 31, 2022, we offered on our offline and online pharmacy approximately 51,800 SKUs of products, and our product portfolio covered 83 of the 105 innovative oncology drugs approved by NMPA since 2015. According to Frost & Sullivan, we operate the No.1 offline plus online healthcare fulfillment platform focusing on prescription drugs in China by revenue of 2022.

By serving patients via out-of-hospital patient services, we have identified their need for better continuum of care to connect their treatment journey across different healthcare institutions in and out of hospitals, as well as support around access and payment of care. As a result, we developed provider-enabling services targeting patients' in-hospital experience by offering hospitals standardized modular software and systems to intelligentize operations and streamline patients' hospital visit process. We further collaborated with other key participants in the healthcare industry, including pharmaceutical companies and insurance companies, to offer them healthcare value chain enabling services that ultimately seek to enhance patients' access to innovative pharmaceutical products and provide them with commercial health insurance services, through offering marketing services to pharmaceutical companies and claims processing and third-party administration services to insurance companies, amongst others.

OUR SERVICES



Out-of-hospital patient services. Our out-of-hospital patient services focus on building a service portfolio that addresses patients' needs for high quality healthcare services, in complement to their visits to hospitals. Our out-of-hospital patient services primarily consist of out-of-hospital pharmacy services, out-of-hospital medical services and wholesale pharmacy services. Our out-of-hospital patient services accounted for 97.5%, 94.6% and 93.7% of our total revenue in 2020, 2021 and 2022, respectively. In addition, during each period of the Track Record Period, our out-of-hospital pharmacy and wholesale pharmacy services contributed to more than 96% of our revenue from the out-of-hospital patient services. Sales of prescription drugs and pharmaceutical products represented our Company's core business.

Our out-of-hospital pharmacy services focus on providing patients with convenient, omni-channel access to prescription drugs and a wide assortment of health and wellness products. Starting our out-of-hospital pharmacy services in December 2015, we have built an offline plus online pharmacy network through *Yuanxin Pharmacy (圓心藥房)*, our nationwide offline pharmacy network, and *Miaoshou Physician's (妙手醫生)* online pharmacy. Our *Yuanxin Pharmacy (圓心藥房)* and our online pharmacy complement each other and aim to offer an elevated customer experience across channels. These pharmacies enable patients to have convenient access to prescription drugs and professional medical services which complement their in-hospital treatment. Policies relating to the separation of drug dispensing from prescription, such as zero-markup policy and restrictions on in-hospital drug revenue, have accelerated prescription outflow, affording patients flexibility of obtaining their medicines either in hospital or through out-of-hospital pharmacies and driving the growth of our out-of-hospital pharmacy network. For a detailed description of supportive policy environment, please see "Industry Overview – OVERVIEW OF THE HEALTHCARE INDUSTRY IN CHINA." We strategically place our pharmacies near hospitals, in particular, Class III, Grade A hospitals to capture a large amount of outflowed prescriptions accompanied with generally high patient volume and high patients' prescription fulfillment demand of Class III, Grade A hospitals. Set forth below is a table summarizing certain key metrics about our pharmacies as of the dates indicated.

	As of December 31,		
	2020	**2021**	**2022**
Total number of pharmacies	199	264	320
Number of cities covered by our pharmacies	68	99	102
Number of provinces covered by our pharmacies	24	30	30
Number of covered Class III, Grade A hospitals	228(1)	327(1)	396(1)
Pharmacies located within 300 meters of a hospital	128	176	204

Note:

(1) The number was calculated using the criteria for Class III, Grade A hospitals as of December 31, 2022.

As of December 31, 2022, we owned and operated all of the 320 pharmacies. Among the 320 pharmacies, 261 are placed adjacent to hospitals within a one kilometer radius, 204 are located within 300 meters of a hospital, 217 pharmacies are designated pharmacies for social health insurance, and 85 are designated major disease and social health insurance "dual-channel" (大病醫保雙通道) pharmacies. None of our pharmacies is designated pharmacies by hospitals.

Our technology-enabled online medical services – *Miaoshou Physician* – complements our offline pharmacy services and improves the convenience and quality of healthcare services to patients. *Miaoshou Physician* is one of the first internet hospitals with a practicing medical license in China, which is owned and directly managed by us. For the year ended December 31, 2022, the average monthly user visits to Miaoshou Physician was approximately 36.4 million.

Our scale and expertise in China's healthcare industry enable us to establish an effective and efficient supply chain system and source a wide range of drugs, healthcare products and medical supplies, in particular specialty drugs. We equip our pharmacies with wide drug assortment of prescription drugs. As of December 31, 2022, we offered on our offline and online pharmacy approximately 51,800 SKUs of products, and our product portfolio covered 83 of the 105 innovative oncology drugs approved by NMPA since 2015, and over 2,100 of our SKUs were prescription drugs for cardiovascular diseases. During the Track Record Period, approximately 88% of our retail sales were derived from sales of prescription drugs.

We also have put together a team of licensed pharmacists. As of December 31, 2022, our clinical pharmacist team consisted of 653 professional pharmacists, including 43 MTM- and CMTM-certified pharmacists, and our pharmacies were equipped with an average of approximately two professional pharmacists in each store. Our highly trained in-house pharmacists and medical staff provide patients with various specialized services, such as prescription review, infusion assistance, drug usage management and pharmacist consultation.

Our out-of-hospital medical services provide patients not only with a wide array of online medical services, such as follow-up consultation and prescription renewal, but also multiple offline medical services such as infusion assistance in 15 provinces through our outpatient clinics, which were first established in January 2017. Physicians involved in online consultation services are primarily external physicians who hold the required multi-site practice registration while pharmacists are our internal employees. Moreover, our internet hospital is enabled with direct settlement of medical bills for medical services provided by us, making our online medical services more accessible and affordable. These services aim to promote better health outcomes and to help regulate the safety, rationality and compliance of medication utilization. For a detailed description of our out-of-hospital patient services, please see the section headed "Business – OUT-OF-HOSPITAL PATIENT SERVICES" in this document.

Set forth below is a table summarizing the number of orders placed on online platforms, the number of prescriptions processed, the number of orders processed from out-of-hospital pharmacy and medical services and the average selling price (defined as the total revenue of out-of-hospital pharmacy and medical services divided by the number of orders processed from out-of-hospital pharmacy and medical services) for the periods indicated.

	For the Year Ended December 31,		
	2020	**2021**	**2022**
Number of orders placed on online platforms	2.2 million	6.3 million	10.3 million
Number of prescriptions processed by our pharmacy network	2.8 million	5.5 million	10.3 million
Number of orders from out-of-hospital pharmacy and medical services	4.8 million	9.1 million	15.5 million
Average selling price for out-of-hospital pharmacy and medical services	RMB495	RMB398(1)	RMB324(1)

Note:

(1) The average selling price for out-of-hospital pharmacy and medical services decreased from RMB495 in 2020 to RMB398 in 2021 and further to RMB324 in 2022, primarily due to our enhanced strategic commitment to promote our online pharmacy platform by offering attractive pricing with a relatively lower selling price, including certain online consultation services and follow-up consultation that are offered at discounted price with the discount rate generally ranging from 1% to 5% or being free of charge in order to expand the scale of our online business.

We started our wholesale pharmacy services in 2017 to leverage our competitive advantage in the procurement and offering of pharmaceutical products, as our out-of-hospital pharmacy and medical services expanded. Our wholesale pharmacy business complements our out-of-hospital pharmacy business by primarily making available certain specialty drugs and, to a lesser extent, other prescription drugs and OTC drugs, to third-party retail pharmacies and pharmaceutical product resellers. Our wholesale customers primarily include independent pharmacies, pharmacy chains and regional pharmaceutical product resellers. See "Business – OUT-OF-HOSPITAL PATIENT SERVICES – Wholesale Pharmacy Services" for a detailed description of our wholesale pharmacy services. Set forth below is a table summarizing the number of SKUs sold, customers and suppliers involved in our wholesale pharmacy services for the periods indicated.

	For the Year Ended December 31,		
	2020	2021	2022
Number of SKUs sold in wholesale pharmacy services	9,241	12,978	16,511
Number of wholesale customers	2,276	23,875[(1)]	105,761[(1)]
Number of wholesale suppliers	863	1,280	1,377

Note:

(1) The increase in the number of our wholesale customers from 2020 to 2022 was primarily because we strategically attracted to our wholesale pharmacy services small-sized third-party retail pharmacies and pharmaceutical product resellers, leveraging our strong procurement capability of prescription drugs. These small-sized third-party retail pharmacies and pharmaceutical product resellers generally sourced small volume of products from us.

Provider-enabling services. To enhance patients' in-hospital experience and address the significant unmet need for care continuum in China, in 2019, we have developed provider-enabling services that enable hospitals, in particular, Class III, Grade A hospitals, to intelligentize and optimize their operations and encourage positive long-term patient management. Leveraging our technology capabilities, we offer a suite of software, analytics, technology-enabled services and network solutions that drive improved results in the complex workflows of offline hospitals, enabling them to establish their online hospital management system and conduct intelligent hospital operations, and consequently enable better in-hospital experiences to patients.

As of December 31, 2022, we had collaborated with a total of 443 hospitals, covering 26 provinces and over 100 cities in China, including over 170 Class III, Grade A hospitals. The increase in the number of hospitals we had collaborated during the Track Record Period was primarily due to the industry trend of hospital digitalization, the continued investment in our provider-enabling services and the earned market and customer acceptance of our services and solutions. We had also cooperated with government authorities to establish regional healthcare platform in 33 projects and developed such platforms for Sichuan and Shandong provinces, as of December 31, 2022. Set forth below is a table summarizing the number of hospitals we had collaborated with as of the dates indicated.

	As of December 31,		
	2020	2021	2022
Total number of hospitals[1] we had collaborated with	50	361	443

Note:

(1) We do not own or operate any internet hospital under provider-enabling services. Rather, we own and operate an internet hospital, namely *Miaoshou Physician*, under our out-of-hospital patient services. We provide provider-enabling services to facilitate the digitalization transformation of offline hospitals, including building internet hospitals for them. The third-party hospitals own and manage their respective internet hospitals. We provide operational services to hospitals to facilitate the operation of their internet hospitals, such as prescription outflow management, online follow-up, online consultation and referral consultation management. The internet hospitals that we helped build under provider-enabling services have no contractual relationship with our employed physicians. The internet hospitals that we helped build are not in competition with our *Miaoshou Physician*.

Revenue from our provider-enabling services accounted for an insignificant portion of our total revenues during each period of the Track Record Period, representing 0.1%, 0.8% and 1.1% of our total revenues for the year ended December 31, 2020, 2021 and 2022, respectively. For a detailed description of our provider-enabling services, please see the section headed "Business – PROVIDER-ENABLING SERVICES" in this document.

Healthcare value chain enabling services. Building upon the experiences and insights accumulated from providing out-of-hospital patient services and provider-enabling services, we discovered various associated patients' long-term medical needs, such as post-discharge care continuum and follow-up visits to hospitals, and support around payments and accessibility and affordability of pharmaceutical products. As a result, in 2018, we launched our first medical insurance product through cooperating with a leading insurance company in China, marking the start of our healthcare value chain enabling services. Currently, we provide targeted solutions to further satisfy patients' disease management needs that accompany patients throughout their journey from in-hospital visit to out-of-hospital healthcare fulfillment to health insurance payment, by empowering other industry participants, such as pharmaceutical companies and insurance companies. These primarily include disease management services and packages to patients, marketing services to pharmaceutical companies and insurance services to insurance companies, including claims processing, third party administration, pharmacy benefit management and marketing services.

We provide marketing services to pharmaceutical companies since late 2019. As of December 31, 2022, we had served 277 pharmaceutical companies with our marketing services, covering nine of the top ten pharmaceutical companies with the strongest research and development capability in China, and 13 of the top 20 pharmaceutical companies in the world by sales volume, according to the list provided by Frost & Sullivan.

	As of December 31,		
	2020	2021	2022
Total number of served pharmaceutical companies	56	159	277

As of December 31, 2022, we had served 159 insurance companies and eight reinsurance companies, collaborated with insurance companies to launch over 40 specialty drug insurance products, helped launch inclusive commercial health insurance in more than 120 cities, marketed a total of 55 health insurance products, and managed 48.4 million insurance policies. We have obtained required licenses to provide insurance services in China. Set forth below is a table summarizing the number of insurance companies we had served and the number of insurance policies we had managed as of the dates indicated.

	As of December 31,		
	2020	2021	2022
Total number of served insurance companies	56	113	159
Total number of insurance policies managed	6.5 million	25.8 million	48.4 million

For the years ended December 31, 2020, 2021 and 2022, revenue from insurance services was RMB24.8 million, RMB131.3 million and RMB242.6 million, respectively. Revenue from our healthcare value chain enabling services accounted for 2.4%, 4.6% and 5.2% of our total revenue for the year ended December 31, 2020, 2021 and 2022, respectively. For a detailed descriptionof our healthcare value chain enabling services, please see the section headed "Business – HEALTHCARE VALUE CHAIN ENABLING SERVICES" in this document. For an elaboration on the differentiated attributes of our healthcare value chain enabling services, please see the section headed "Business – HEALTHCARE VALUE CHAIN ENABLING SERVICES" and "Industry Overview."

Set forth below is a summary of our service offerings:

Business Lines	Service Offerings	Target Paying Customers	Value Proposition	Monetization Method During the Track Record Period
	Out-of-hospital pharmacy services: – Nationwide offline pharmacy network: pharmacies strategically located near hospitals and focused on prescription drugs, staffed with professional pharmacists – Online platform: access through online platforms to form offline and online integration	• Individual patients	• Provide patients with convenient, omni-channel access to prescription drugs and a wide assortment of health and wellness products through the nationwide offline pharmacy network and online pharmacy platform	• Price of products was determined through analyzing our sales data as well as market information, taking into consideration various factors including product category, market demand and competition, procurement price, marketing strategy. Product prices are subsequently adjusted as market condition changes.
Out-of-hospital patient services	**Out-of-hospital medical services:** – Professional healthcare services to patients through online medical services and in-house pharmacists and outpatient clinics	• Individual patients	• Provide patients with medical services to complement their clinical strategies through the online medical services and offline pharmacy services through outpatient clinics • Improve the quality of healthcare services to patients	• Fixed fee based on the service that customers choose
	Wholesale pharmacy services: – Make available certain specialty drugs to third-party retail pharmacies and pharmaceutical product resellers	• Third-party retail pharmacies and pharmaceutical product resellers	• Leveraging our specialty drug supply chain advantages to support third-party retail pharmacies and pharmaceutical product resellers	• We do not mandate selling price for wholesale customers. Price for wholesale pharmacy customers are determined upon negotiation
Provider-enabling services	A suite of infrastructure and management solutions to improve intra-hospital operational efficiency and enhance patients' in-hospital experiences, such as Running Doctor (醫互通) and prescription outflow management platforms	• Hospitals and other medical institutions	• Enable hospitals to digitalize and optimize their operations, support physicians, and encourage positive long-term patient management • Enhance patients' in-hospital experience and address the significant unmet need for care continuum	• A fixed fee which is usually determined with reference to the prevailing market price and consideration of various factors, including the number of stages involved in system development and maintenance, the nature and technical features of the system, and the expected timeframe for delivery, etc.
Healthcare value chain enabling services	– Disease management services and packages to patients – Marketing services to pharmaceutical companies – Insurance services to insurance companies, including claims processing, third party administration, pharmacy benefit management and marketing services	• Individual patients • Pharmaceutical companies • Insurance and reinsurance companies	• Leveraging the insight from providing patient-centric businesses and an established national pharmacy network, offer further value-added services to patients, pharmaceutical companies, and insurance companies with targeted solutions	• *Disease management services and packages to patients:* charge service recipients (e.g., patients) disease management service fee • *Marketing services:* charge pharmaceutical and medical companies marketing fee • *Insurance services*: charge service and marketing fees to service recipients (mainly insurance companies)

Synergies Among Our Service Offerings

We build our three service offerings – out-of-hospital patient services, provider-enabling services and healthcare value chain enabling services – around patients' healthcare service cycle, striving to provide trustworthy and high-quality healthcare services that accompany patients throughout their journey from in-hospital visit to out-of-hospital healthcare fulfillment to health insurance payment. None of our service offerings is a standalone creation. Each of our service offerings complements and reinforces each other and serves as an entry point for us to provide patients with one-stop access to their various healthcare needs.

On the one hand, we interact with patients through our out-of-hospital pharmacy and medical services and form insight into patients' needs and unmet demand for better out-of-hospital and in-hospital healthcare services. This insight enables us to identify more business opportunities and refine our existing offerings under provider-enabling services, where it assists hospitals to provide patients with better in-hospital experience. For example, we developed various provider-enabling solutions designed to streamline intra-hospital operational workflow to ultimately realize a better connection between in-hospital experience and out-of-hospital experience through facilitating prescription outflow. In addition, our out-of-hospital pharmacy and medical services serve as an entry point for us to connect patients with our healthcare value chain enabling services provided by other healthcare value chain participants, attracting more hospitals, pharmaceutical companies and insurance companies as customers, together to offer more value-added services to patients under our healthcare value chain enabling services. On the other hand, by helping hospitals to enhance their operational efficiency through our provider-enabling services and by offering various insurance products and payment options through our healthcare value chain enabling services, we enhance our brand awareness among patients, physicians, hospitals, pharmaceutical companies and insurance companies, which in turn enables us to attract more patients to our out-of-hospital pharmacy and medical services.

Our three service offerings not only each provides us an avenue for monetization but through synergies with each other, have accumulated abundant insights in patients and established collaborative relationships with other players in the healthcare industry, such as hospitals, pharmaceutical companies and insurance companies, thereby forming a virtuous cycle that seeks to realize monetization across our service offerings. Through the synergies among the service offerings, our Company aims to transform how healthcare is delivered in China and has built a reputation as a trusted partner for the participants.

SUSTAINABILITY OF OUR BUSINESS AND PATH TO PROFITABILITY

Since our founding, we have achieved improvement in our results of operations and cash flow position. Benefiting from the following solid foundation we have built and the momentums we have achieved, we believe we are able to maintain sustainability and growth of our business.

- *Technology-enabled business model empowering sustainable growth.* China's technology-enabled healthcare solutions market as a segment of China's healthcare expenditure market has been formed in China, fueling continuous innovation and development, allowing players to build health management business that accompanies patients throughout their journey from in-hospital visit to out-of-hospital healthcare fulfillment to health insurance payment. Our service offerings – our out-of-hospital patient services, our provider-enabling services and our healthcare value chain enabling services – together aim to cover the healthcare service cycle of a patient. Supported by our strong big data-driven analytics capabilities, data security and patient privacy protection infrastructure, our technology system enables us to grow our out-of-hospital patient services that contributed the most to our revenue during the Track Record Period. It also allows us to gain valuable insights from the rich sources of information we have accumulated through years of services, and use data analytics and proprietary algorithms to support internal decision-making and external solutions and services, such as provider-enabling services and healthcare value chain enabling services.

- *Sustainable revenue growth across our service lines.* Revenues generated from each of our major service lines witnessed significant growth during the Track Record Period. Revenue from our out-of-hospital patient services increased from RMB3,537.1 million in 2020 to RMB5,615.0 million in 2021 and further to RMB7,282.9 million in 2022, which was in line with the growth of customer base from our self-owned pharmacies and our improved ability to source larger quantity of and more diversified drugs. Revenue from our provider-enabling services increased significantly from RMB3.8 million in 2020 to RMB47.2 million in 2021 and further to RMB85.5 million in 2022, driven by increased needs for hospital digitalization and growing awareness of our Yuanxin's brand and network since the second half of 2020. Revenue from our healthcare value chain enabling services increased from RMB88.5 million in 2020 to RMB276.0 million in 2021 and further to RMB406.8 million in 2022, as we enhanced our commitment to marketing services since 2020 and insurance services since the second half of 2021.

- *Track record in displaying solid asset position.* We had a net current asset position and a net asset position during the Track Record Period. See "Financial Information – Discussion of Certain Key Balance Sheet Items" for more details.

- *Ability to continue our growth and turn profitable.* We expect to sustain our revenue growth and achieve profitability by continuing to improve or further improve key operating metrics relating to profitability, although we may record net loss in the coming two years. In line of our business growth, our gross profit experienced significant growth during the Track Record Period despite the COVID-19 outbreaks. We expect to continue to generate growth in our gross profit as we drive further economies of scale in our product and service delivery and fully leverage our technology capabilities. We plan to further optimize our key operating expenses, such as selling and marketing expenses and administrative expenses, by (i) leveraging the network effects associated with the expansion of our service offerings; (ii) continuing to improve operating efficiency; and (iii) further adopting cost control measures. In addition, we expect to sustain our revenue growth and achieve profitability through the following strategies: (i) expanding our patient base, (ii) expanding hospital coverage and deepen collaboration with hospitals, pharmaceutical companies and insurance companies, (iii) benefiting from prior investments and economies of scale, and (iv) continuing to optimize our business mix.

- *Track record of benefiting from economies of scale.* As our out-of-hospital pharmacy services continue to gain operating leverage, we are confident to turnaround our out-of-hospital patient services. There is a robust growth in average revenue per month and average gross profit per month as pharmacies extend operations over time. On an individual pharmacy level, the number of profit-making pharmacies has been steadily increasing and is expected to continue to grow, as a result of economies of scale. In addition, The growth of provider-enabling services and healthcare value chain enabling services will further enhance our overall profitability.

- *Ability to turn a positive cash flow position.* We were at a reasonable cash flow position as of December 31, 2022. We had seen a significant increase in our total cash position from RMB172.7 million in 2020 to RMB2,544.6 million in 2021. Such increases were primarily due to our ability to generate more revenue from our services and products and our ability to secure pre-[**REDACTED**] financings from the investors. We had seen a decrease in our total cash position from RMB2,544.6 million in 2021 to RMB1,648.5 million in 2022, primarily due to the expansion of our business, including our acquisition activities under our out-of-hospital patient services. We may record negative operating cash flow in the near future. However, based on the growth momentum we have seen for all of our three major service lines during the Track Record Period, we estimate that we will be able to improve our net operating cash outflows position by the following strategies: (i) continuing to grow rapidly with an increase in revenue across our three major service lines and a higher gross profit margin, in particular, for our provider-enabling services and healthcare value chain enabling services, and (ii) continuing to monitor and manage our operating expenses in a disciplined approach.

See "Business – SUSTAINABILITY OF OUR BUSINESS AND PATH TO PROFITABILITY" for more details.

Working capital sufficiency

Our Directors believe that our business is sustainable, and it possesses sufficient working capital, including sufficient cash and liquidity assets, supplemented by strong fund-raising capability, to meet our present requirements and for the next 12 months from the date of this document, estimated based on our revenue growth and cash flow conditions during the Track Record Period. We believe that the [**REDACTED**] will provide additional funding to our operation until we become profitable or achieve breakeven in net operating cash flow.

We believe we are able to maintain sufficient working capital for the next 12 months based on our projected cash burn rate, which are made with references to, among others, the net cash outflow used in our operating activities during 2022, purchases of items of property, plant and equipment during 2022 and lease payments during 2022. Our Directors and our management team will continue to monitor our working capital, cash flows, and our business development status. For details, please see "– SUMMARY OF HISTORICAL FINANCIAL INFORMATION"

The foregoing forward-looking statements on our future revenue and profitability are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Our business growth and long-term profitability are subject to known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause the actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements set out above. For related risks, see "Risk Factors – Risks Relating to Our Business and Industry."

COMPETITION

Driven by a supportive policy environment and technological advancement, a technology-enabled healthcare solutions market has been formed in China, fueling continuous innovation and development, allowing players to build health management business that accompanies patients throughout their journey from in-hospital visit to out-of-hospital healthcare fulfillment to health insurance payment. The size of this market increased from RMB405.3 billion in 2018 to RMB733.1 billion in 2022, representing a CAGR of 16.0%. The market size is expected to reach RMB1,974.9 billion in 2026 and RMB3,809.1 billion in 2030. China's technology-enabled healthcare solutions market primarily consists of patient-oriented out-of-hospital market, hospital-oriented information digitization market, insurance company-oriented technology-enabling market and pharmaceutical company-oriented digital marketing market.

With the patient-oriented out-of-hospital market, we mainly face competition from other out-of-hospital healthcare solution providers focusing on prescription drugs, among others, Company A and Company B. Company A is a leading specialty drug and medical service company, providing specialty drug pharmacy services, oncology site management organization services, and commercial health insurance services. Company B is a leading data-driven and AI-enabled healthcare technology company, providing Direct-to-Patient (DTP) pharmacy services and oncology big data services. Our companies rank higher than these two companies in various aspects, including out-of-hospital patient services revenue as of 2021, number of near-hospital pharmacies, number of pharmacists and total retail SKU, among others. In the insurance company-oriented technology-enabling market, we mainly face competition, among others, from Company A and Company C. Company C is a medical and health service company that provides overall solutions for innovative patient payment, Internet + medical management services, and health insurance operations. For further details on the competitive landscape, see "Industry Overview – SEGMENTS OF CHINA TECHNOLOGY-ENABLED HEALTHCARE SOLUTIONS MARKET."

We believe that we are positioned favorably against our competitors due to the following features.

- *An offline plus online healthcare platform providing total care solution to patients.* Near-hospital pharmacies, complemented by online pharmacies are the major out-of-hospital drug fulfillment channels have directly benefited from the trend of prescription outflow. According to Frost & Sullivan, we are one of few integrated players able to offer offline plus online products and services that cover the healthcare service cycle of a patient. Striving to provide trustworthy and high-quality healthcare services that accompany patients throughout their treatment journey, we strategically place our pharmacies in proximity to hospitals, establish an offline and online pharmacy network, provide convenient health insurance payment services, connect in-hospital and out-of-hospital markets through provider-enabling services and our nation-wide pharmacy network, and also provide value-added services to pharmaceutical companies and insurance companies through healthcare value chain enabling services. According to Frost & Sullivan, as measured by revenue, we are the No.1 offline plus online healthcare fulfillment platform focusing on prescription drugs in 2022 in China.

- *Nationwide offline and online pharmacy network.* Offline hospitals remain the main avenue to fulfill patients' medical needs. For example, patients need to visit hospitals in person to check their health and disease conditions, such as initial consultation, physical check-up and surgeries. Only certain types of medical services, such as follow-up consultation and prescription renewal, are allowed to be performed in internet hospitals. Therefore, in the patient-oriented out-of-hospital market, offline near-hospital pharmacies, especially those near Class III, Grade A hospitals, are well positioned to benefit from prescription outflow. As of December 31, 2022, we had 261 adjacent to hospitals within a one kilometer radius and 204 pharmacies adjacent to hospitals within 300 meters of a hospital. Moreover, our offline pharmacies are complemented with our online pharmacy and medical services, so that we can provide patients with convenient services both offline and online, to capture their needs throughout their disease treatment and recovery cycle.

As a differentiated strength comparing to community pharmacies and internet platforms, we provide a wide product assortment of prescription drugs with a focus on specialty drugs, in particular, drugs for complex diseases and chronic illnesses with a focus on seven specialty areas including oncology, dermatology, hepatology, rheumatology and internal neurology. We focus on these specialty areas due to unmet patients' demand and relatively limited accessibility. During the Track Record Period, approximately 88% of our retail sales were derived from sales of prescription drugs. In addition, compared with many of our competitors, we have built a professional pharmacy service team, and leveraging our physical pharmacies and fully licensed clinics, we enable patients to have access to professional and convenient pharmacy fulfillment and various healthcare services, including offline and online consultation, professional infusion services, and chronic disease management, among others.

- *Provider-enabling services for enhanced patient experience.* What sets us apart from our competitors is the intelligent all-in-one hospital workplace solutions we develop for hospitals as part of our provider-enabling services. The solutions in our all-in-one hospital workplace are designed to improve intra-hospital operational efficiency and minimize manual work where process can be digitized. In particular, our customizable prescription management platform enables streamlined prescription management from a single platform, which enhances the efficiency and convenience of prescription filling and pharmacy fulfillment.

- *Diversified monetization opportunities from healthcare value chain enabling services.* We believe our healthcare value chain enabling services will bring us significant, diversified monetization opportunities due to following strengths. Through our collaboration with hospitals, pharmaceutical companies and insurance companies, we have provided value-added services to patients, including marketing services through patient follow-ups and insurance services, and further built up our brand reputation and data analytic capability, so we can continue to develop and offer more solutions centered on patient needs.

Our three service offerings have accumulated abundant insights in patients and established collaborative relationships with other players in the healthcare industry, such as Class III, Grade A hospitals, pharmaceutical companies and insurance companies, thereby forming a virtuous cycle that seeks to realize monetization and growth across our service offerings. For further details on our competitive strength, please see "Business – COMPETITION."

OUR STRENGTHS

We believe that the following competitive strengths contribute to our success and differentiate us from our competitors:

- an offline plus online healthcare platform providing total care solution to patients;
- nationwide out-of-hospital patient services fulfillment network;
- online ecosystem empowering out-of-hospital patient services;
- provider-enabling services for enhanced patient experience;
- diversified monetization opportunities from healthcare value chain enabling services;
- strong technology and R&D capabilities; and
- visionary management with deep industry insights.

OUR STRATEGY

To realize our mission, we intend to pursue the following strategies:

- further developing out-of-hospital patient services;
- expanding provider-enabling services;
- introducing more healthcare value chain enabling services; and
- continuing to optimize our technological and data analytics capabilities.

OUR VALUE PROPOSITIONS

As an offline plus online medical service platform in China, we offer compelling value propositions to participants along the healthcare value chain. Our service offerings combine offline and online healthcare services to address a patient's needs for high quality healthcare services. Through in-depth collaboration with hospitals, pharmaceutical companies and insurance companies, we are able to provide tailored services to these industry participants to enhance their services while gather valuable insights.

Value Proposition to Patients

- *Seamless offline and online out-of-hospital patient services*. Through our offline pharmacy network and online medical services, we are able to provide patients with an offline-online medical consultation and pharmacy experience, covering the healthcare service cycle of the treatment and recovery process.

- *Access to high-quality medical resources and customized treatment plans*. Our services help patients more effectively obtain high-quality medical resources. Our expertise in multiple practice areas enables us to design treatment plans tailored to different disease types.

- *Wide array of healthcare value chain enabling services*. Leveraging our collaboration with offline hospitals and physicians, we accumulated valuable insights and understanding of patients and diseases, enabling us to provide various healthcare value chain enabling services, such as direct settlement and disease management services that accompany patients throughout their journey from in-hospital visit to out-of-hospital healthcare fulfillment to health insurance payment.

We try to accompany patients throughout every step of their entire course of disease management cycle, from initial consultation to claim processing and from disease and medical expense information to treatment options. We strive to provide better patient experience, improve patient compliance and manage patient treatment plans, aiming to achieve better treatment outcome and alleviate the burdens on patients and their families.

Value Proposition to Other Key Players of the Healthcare Industry

- *To providers.* We offer a suite of services and solutions to optimize the complex workflow of offline hospitals, save costs, enhance their reputation, and strengthen capabilities of their services both within and outside hospital, improving operational efficiency. We empower physicians with various tools and resources to assist with their provision of medical services to patients, such as resources for research and development and guidance on multi-site practice.

- *To pharmaceutical companies*. Our marketing services help pharmaceutical companies achieve superior growth and productivity with valuable patient insights. We also leverage our in-house research team and pharmacy network to conduct patient management and research services for them.

- *To insurance companies*. Our insurance services are designed to enhance the efficiency of their claim settlement, help with product innovation, control risks and costs, and improve their healthcare service networks.

RISK FACTORS

Our operations and the [**REDACTED**] involve certain risks and uncertainties, which are set out in the section headed "Risk Factors." You should read that section in its entirety carefully before you decide to [**REDACTED**] in our H Shares. Some of the major risks we face include:

- the industries in which we operate are highly competitive and constantly evolving. If we are unable to compete effectively, our business, operations may be materially and adversely affected;

- we are subject to extensive and evolving regulatory requirements, the changes or non-compliance of which may materially and adversely affect our business and prospects;

- we are in the early stage of development with a limited operating history, and our historical results of operations and financial performance are not indicative of future performance;

- if our products and services do not maintain and drive customers' engagement or if we fail to provide superior customer experience, we may fail to attract new customers or retain sufficient customers, and our business, financial conditions and reputation may be materially and adversely affected;

- our sale of pharmaceutical and healthcare services and products is subject to a variety of risks, which may materially affect our business, financial condition and results of operations;

- sale of prescription drugs is subject to stringent scrutiny, which may expose us to risks and challenges;

- We have a large balance of goodwill and we may incur significant impairment charges which could materially impact our financial position;

- we have a large balance of other intangible assets and we may incur significant impairment charges which could materially impact our financial position;

- we source our pharmaceutical and healthcare products from our reputable suppliers. We have limited control over them which are subject to a variety of risks;

- pharmaceutical products, and prescription drugs, in particular, require strict storage and transportation conditions;

- failure to manage our inventory effectively could have a material and adverse effect on our business, financial condition and results of operations; and

- we face risks relating to the availability, pricing and safety profiles of prescription drugs that we purchase and sell.

OUR CONTROLLING SHAREHOLDERS

As of the date of this document, Tianjin Chuanyou Group and Yuan Miaoren held approximately 29.82% and 7.19% of our issued Shares, respectively, with an aggregate interest of 37.01% in the issued share capital of our Company. Tianjin Chuanyou is ultimately beneficially owned as to approximately 92.56% and 7.44% by Mr. He Tao and Mr. He Weizhuang, respectively, through certain intermediate entities. In addition, Mr. He Tao also controls all of the votes of Yuan Miaoren in our Company. Accordingly, Tianjin Chuanyou Group, Yuan Miaoren, Mr. He Tao and Mr. He Weizhuang constitute the group of Controlling Shareholders.

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), Tianjin Chuanyou Group and Yuan Miaoren, will be interested in [**REDACTED**]% and [**REDACTED**]% of the issued share capital of our Company, respectively, with an aggregate interest of [**REDACTED**]% in the issued share capital of our Company.

PRE-[REDACTED] INVESTORS

We received multiple series of equity financing from our Pre-[**REDACTED**] Investors to support our business expansion from 2015 to 2021. Our broad and diverse base of Pre-[**REDACTED**] Investors consists of, among others, Tencent, Sequoia, Qiming Venture Partners, Starquest, Kunling and OrbiMed. See "History and Corporate Structure – Pre-[**REDACTED**] Investments" for details.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, extracted from the Accountants' Report set out in Appendix I to this document. The summary consolidated financial data set forth below should be read together with, and is qualified in its entirety by reference to, the consolidated financial statements in this document, including the related notes, and the information set forth in "Financial Information." Our consolidated financial information was prepared in accordance with IFRSs.

Summary of Consolidated Statements of Profit or Loss and Other Comprehensive Income

	For the Year Ended December 31,					
	2020		2021		2022	
	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)					
Revenue	**3,629,366**	**100.0**	**5,938,107**	**100.0**	**7,775,193**	**100.0**
Cost of sales	(3,296,565)	(90.8)	(5,406,382)	(91.0)	(7,048,747)	(90.7)
Gross profit	**332,801**	**9.2**	**531,725**	**9.0**	**726,446**	**9.3**
Other income and gains	10,436	0.3	55,255	0.9	112,694	1.4
Other expenses and losses	(9,654)	(0.3)	(54,716)	(0.9)	(50,691)	(0.7)
Selling and marketing expenses	(495,424)	(13.7)	(819,257)	(13.8)	(1,026,567)	(13.2)
Administrative expenses	(131,459)	(3.6)	(323,015)	(5.4)	(350,659)	(4.5)
Research and development expenses	(46,294)	(1.3)	(112,751)	(1.9)	(188,070)	(2.4)
Impairment losses under ECL model, net	(5,557)	(0.1)	(16,390)	(0.3)	(26,614)	(0.3)
Finance costs	(17,277)	(0.5)	(15,697)	(0.3)	(18,998)	(0.2)
Share of profits and losses of joint ventures	–	–	(2,195)	(0.0)	(221)	(0.0)
Share of profits and losses of associates	(1,124)	(0.0)	(2,018)	(0.0)	(2,379)	(0.0)
Loss before tax	**(363,552)**	**(10.0)**	**(759,059)**	**(12.7)**	**(825,059)**	**(10.6)**
Income tax gains	926	0.0	2,226	0.0	19,813	0.2
Loss for the year	**(362,626)**	**(10.0)**	**(756,833)**	**(12.7)**	**(805,246)**	**(10.4)**
Total comprehensive loss for the year	**(362,626)**	**(10.0)**	**(756,833)**	**(12.7)**	**(805,246)**	**(10.4)**
Attributable to:						
Owners of the parent	(334,208)	(9.2)	(704,386)	(11.8)	(750,681)	(9.7)
Non-controlling interests	(28,418)	(0.8)	(52,447)	(0.9)	(54,565)	(0.7)

NON-IFRS MEASURE: ADJUSTED LOSS (NON-IFRS MEASURE) FOR THE PERIOD

To supplement our consolidated financial statements, which are presented in accordance with IFRSs, we also use adjusted loss (non-IFRS measures) as an additional financial measure, which is not required by, or presented in accordance with, IFRSs. We believe adjusted loss (non-IFRS measures) facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items.

We believe adjusted loss (non-IFRS measures) provides useful information to [**REDACTED**] and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted loss (non-IFRS measures) may not be comparable to similarly titled measures presented by other companies. The use of adjusted loss (non-IFRS measures) 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.

We define adjusted loss (non-IFRS measures) as loss for the period adjusted by adding back share-based payment compensation and [**REDACTED**]. We exclude share-based payment compensation because it is non-cash in nature and does not result in cash outflow. We exclude [**REDACTED**] because it is one-off expense in relation to our [**REDACTED**]. The exclusion of share-based payment compensation and [**REDACTED**] complies with the Guidance Letter HKEX-GL 103-19. The following table (in absolute amounts and as percentages of total revenue for period indicated) reconciles our adjusted loss (non-IFRS measures) for the period presented to the most directly comparable financial measure calculated and presented in accordance with IFRSs, which is loss for the period:

	For the Year Ended December 31,					
	2020		2021		2022	
	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)					
Reconciliation of loss to non-IFRS:						
Loss for the year	(362,626)	(10.0)	(756,833)	(12.7)	(805,246)	(10.4)
Add						
Share-based payment compensation	50,095	1.4	134,654	2.3	83,188	1.1
[**REDACTED**]	–	–	1,482	0.0	25,811	0.3
Adjusted loss (non-IFRS measures) for the year	**(312,531)**	**(8.6)**	**(620,697)**	**(10.4)**	**(696,247)**	**(9.0)**

The following table sets forth a breakdown of our revenue both in absolute amount and as a percentage of our total revenue for the periods presented.

	For the Year Ended December 31,					
	2020		2021		2022	
	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)					
Types of goods or services:						
Out-of-hospital patient services	3,537,100	97.5	5,614,976	94.6	7,282,910	93.7
Provider-enabling services	3,795	0.1	47,180	0.8	85,496	1.1
Healthcare value chain enabling services	88,471	2.4	275,951	4.6	406,787	5.2
Total	**3,629,366**	**100.0**	**5,938,107**	**100.0**	**7,775,193**	**100.0**

In addition, the following table sets forth a breakdown of our revenue generated from out-of-hospital patient services both in absolute amount and as a percentage of our total revenue generated from out-of-hospital patient services for the periods presented.

	For the Year Ended December 31,					
	2020		2021		2022	
	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)					
Type of goods or services:						
Out-of-hospital pharmacy services and out-of-hospital medical services	2,356,674	66.6	3,608,612	64.3	5,012,822	68.8
Wholesale pharmacy services	1,180,426	33.4	2,006,364	35.7	2,270,088	31.2
Total	**3,537,100**	**100.0**	**5,614,976**	**100.0**	**7,282,910**	**100.0**

The following table sets forth the revenue breakdown by geographical location for our out-of-hospital patient services for the periods indicated.

	For the Year Ended December 31,		
	2020	**2021**	**2022**
	(RMB in thousands)		
Geographical Location:			
East China	819,416	1,395,123	1,635,300
South China	1,427,707	1,909,831	2,868,043
Southeast China	466,581	655,847	770,881
Southwest China	419,861	801,549	698,875
North China	296,866	759,907	1,261,194
Hainan	106,669	92,719	48,617
Total	**3,537,100**	**5,614,976**	**7,282,910**

The following table sets forth our cost of sales by business line both in absolute amount and as a percentage of our total cost of sales and services for the periods indicated.

	For the Year Ended December 31,					
	2020		**2021**		**2022**	
	RMB	**%**	**RMB**	**%**	**RMB**	**%**
	(in thousands, except percentages)					
Types of goods or services:						
Out-of-hospital patient services	3,269,161	99.2	5,225,234	96.7	6,782,260	96.2
Provider-enabling services	2,728	0.1	24,009	0.4	46,999	0.7
Healthcare value chain enabling services	24,676	0.7	157,139	2.9	219,488	3.1
Total	**3,296,565**	**100.0**	**5,406,382**	**100.0**	**7,048,747**	**100.0**

The major component of our cost of sales of out-of-hospital patient services is cost of goods. For the year ended December 31, 2020, 2021 and 2022, the costs of goods accounted for 99.3%, 99.4%, and 99.6% of the cost of sales of out-of-hospital patient services, respectively.

For the year ended December 31, 2020, our cost of sales of provider-enabling services only consists of costs of technology development. For the year ended December 31, 2021, our cost of sales of provider-enabling services consists of (i) costs of technology development and (ii) costs of personnel, accounting for 81.7% and 18.3% of the cost of sales of provider-enabling services, respectively. For the the year ended December 31, 2022, our cost of sales of provider-enabling services consists of (i) costs of technology development, and (ii) costs of personnel, accounting for 87.9% and 12.1% of the cost of sales of provider-enabling services, respectively.

For the year ended December 31, 2020, our cost of sales of healthcare value chain enabling services only consists of costs of promotion and costs of service received. For the year ended December 31, 2020, the largest component of our cost of sales of healthcare value chain enabling services is cost of service received, accounting for 69.0% of the cost of sales of healthcare value chain enabling services. For the year ended December 31, 2021, our cost of sales of healthcare value chain enabling services consists of (i) cost of service received, (ii) cost of promotion, and (iii) costs of personnel, accounting for 67.8%, 28.1% and 4.1% of the cost of sales of healthcare value chain enabling services, respectively. For the year ended December 31, 2022, our cost of sales of healthcare value chain enabling services consists of (i) cost of service received, (ii) cost of promotion, and (iii) costs of personnel, accounting for 59.2%, 37.5% and 3.3% of the cost of sales of healthcare value chain enabling services, respectively.

The following table sets forth a breakdown of our gross profit and gross margin by business line for the periods indicated.

	For the Year Ended December 31,					
	2020		2021		2022	
	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin
	(in thousands of RMB, except percentages)					
Types of goods or services:						
Out-of-hospital patient services	267,939	7.6%	389,742	6.9%	500,650	6.9%
Provider-enabling services	1,067	28.1%	23,171	49.1%	38,497	45.0%
Healthcare value chain enabling services	63,795	72.1%	118,812	43.1%	187,299	46.0%
Total	332,801	9.2%	531,725	9.0%	726,446	9.3%

Summary of Consolidated Statements of Financial Position

	As of December 31,		
	2020	2021	2022
	(in thousands of RMB)		
Total non-current assets	562,897	1,531,930	1,760,012
Total current assets	1,250,594	4,784,609	4,413,602
Total current liabilities	924,322	1,484,963	2,059,054
Net current assets	326,272	3,299,646	2,354,548
Total non-current liabilities	183,258	385,146	408,119
Net assets	705,911	4,446,430	3,706,441
Non-controlling interests	89,684	451,903	407,927

Our net assets further increased from RMB705.9 million as of December 31, 2020 to RMB4,446.4 million as of December 31, 2021, primarily due to (i) the loss of RMB756.8 million for the year of 2021 and (ii) the capital injection from shareholders of RMB3,861.0 million. Our net assets decreased from RMB4,446.4 million as of December 31, 2021 to RMB3,706.4 million as of December 31, 2022, primarily due to the loss of RMB805.2 million for the year ended December 31, 2022. For further details, please refer to "Appendix I – Consolidated Statements of Changes in Equity" from pages I-8 to I-12 in this document.

We had net current assets of RMB326.3 million, RMB3,299.6 million and RMB2,354.5 million as of December 31, 2020, 2021 and 2022, respectively. The significant increase in our net current assets from December 31, 2020 to December 31, 2021 was attributable to the increase in cash and cash equivalents resulting from the capital injections we received from our investors in the financing activities. The decrease in our net current assets from December 31, 2021 to December 31, 2022 was primarily attributable to a decrease in cash and cash equivalents of RMB896.0 million resulting from the expansion of our business, including our acquisition activities. For further details, please refer to "History and Corporate Structure" in this document.

As of December 31, 2022, we had a significant amount of goodwill and other intangible assets. We record goodwill primarily in connection with acquisitions. Our goodwill increased by 17.5% from RMB341.1 million as of December 31, 2021 to RMB400.7 million as of December 31, 2022, primarily due to acquisitions to expand our out-of-hospital patient services. Our goodwill increased by 158.2% from RMB132.1 million as of December 31, 2020 to RMB341.1 million as of December 31, 2021, primarily due to acquisitions to expand our out-of-hospital patient services and provider-enabling services. Our other intangible assets primarily represent software, licenses, brand and customer relationships. Our other intangible assets increased from RMB113.4 million as of December 31, 2020 to RMB730.7 million as of December 31, 2021 and further to RMB781.9 million as of December 31, 2022, primarily due to our increased acquisitions, which led to an increase in identified intangible assets. See "Financial Information – DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS – Non-Current Assets/Liabilities" for more details on our goodwill and other intangible assets.

Summary of Consolidated Statements of Cash Flows

	For the Year Ended December 31,		
	2020	2021	2022
	(in thousands of RMB)		
Operating cash flows before changes in working capital	(179,199)	(373,990)	(401,243)
– Changes in working capital	(24,265)	(436,174)	(235,800)
– income taxes paid	(899)	(4,259)	(3,235)
Net cash used in operating activities	(204,363)	(814,423)	(640,278)
Net cash used in investing activities	(208,607)	(656,097)	(103,229)
Net cash generated from/(used in) financing activities	503,870	3,849,033	(174,590)
Net increase/(decrease) in cash and cash equivalents	90,900	2,378,513	(918,097)
Cash and cash equivalents at the beginning of the year	80,264	172,689	2,544,590
Cash and cash equivalents at the end of the year	**172,689**	**2,544,590**	**1,648,525**

We recorded net operating cash outflows of RMB204.4 million, RMB814.4 million and RMB640.3 million for the year ended December 31, 2020, 2021 and 2022, respectively, primarily due to the following reasons:

- Our out-of-hospital patient services grew quickly during the Track Record Period, evident by our increasing marketing efforts in this service line, resulting in a corresponding increase in the selling and marketing expenses.

- Our provider-enabling services and healthcare value chain enabling services were at the early stage of their respective development during the Track Record Period, and we had put in significant internal resources to develop these two service lines by levering our nationwide offline pharmacy network, resulting in a corresponding increase in the selling and marketing expenses and the administrative expenses.

We expect to generate more net cash inflow from our operating activities. In view of our net operating cash outflows position as of December 31, 2022, going forward, we plan to improve such position by (i) further increasing our sales of a wide assortment of prescription drugs and health and wellness products through our nationwide offline and online pharmacy network and expanding our patient base; (ii) further developing our provider-enabling services and healthcare value chain enabling services, hence continuing to optimize our business mix; (iii) adopting measures to effectively control our operating expenses; and (iv) enhancing working capital management efficiency.

For a detailed description of our cash flows and liquidities, please refer to "Financial Information – LIQUIDITY AND CAPITAL RESOURCES" in this document.

OUR LEASED PROPERTIES

We do not own any property but leased approximately 396 properties in the PRC with an aggregate gross floor area of approximately 115,000 square meters as of the Latest Practicable Date. Lease agreements for our leased properties typically have a term of two to seven years. The following table sets forth a maturity analysis of lease liabilities as of the dates indicated.

	As of December 31,					
	2020		2021		2022	
	Outstanding lease liabilities	Number of lease agreements	Outstanding lease liabilities	Number of lease agreements	Outstanding lease liabilities	Number of lease agreements
	(RMB in thousands)		*(RMB in thousands)*		*(RMB in thousands)*	
Due within one year	64,365	70	82,081	91	109,813	155
Due after one year but within two years	49,906	62	60,637	101	85,184	99
Due after two years but within five years	64,685	140	77,897	95	115,443	154
Due after five years	21,594	29	22,685	29	42,800	35
Total	**200,550**	**301**	**243,300**	**316**	**353,240**	**443**

We believe there will be no significant difficulty in renewing our existing lease agreements that are about to expire on similar terms, on the ground that in general, we have the contractual and/or legal priority right of renewal with respect to all of our existing lease agreements.

OUR PRICING POLICY

We have adopted different pricing policies for our out-of-hospital pharmacy services, provider-enabling services, and healthcare value chain enabling services. Specifically:

- *Out-of-hospital patient services*. We provide a wide range of drugs, healthcare products and medical supplies to customers through offline pharmacies and online pharmacy. We recognize revenue from out-of-hospital pharmacy services at the point in time when control of pharmaceutical products is transferred to customers, generally on delivery or acceptance of the pharmaceutical products. We derive revenue from wholesale pharmacy services through rendering wholesale pharmacy services to third-party retail pharmacies and pharmaceutical product resellers. For out-of-hospital medical services, we provide customers with various specialized medical services through our *Miaoshou Physician*. As such, we typically charge our customers a fixed fee based on the service package that customers choose for our out-of-hospital patient services.

- *Provider-enabling services.* We typically charge hospitals a fixed fee which is usually determined with reference to the prevailing market price and consideration of various factors, including the number of stages involved in system development and maintenance, the nature and technical features of the system, and the expected timeframe for delivery etc.

- *Healthcare value chain enabling services*. We provide insurance services primarily including insurance product marketing service and earn commissions and service fees from the insurance companies, which are generally calculated as a percentage of the total insurance premium for the related insurance policy. We also provide third party administration services, including claim process and pharmacy benefit management, and typically charge insurance companies a fixed fee or a fixed percentage of total insurance premium. For marketing services to pharmaceutical companies, we provide marketing services based on patient follow-up by our pharmacist collaborating with the hospital department during the course of treatment. We typically charge pharmaceutical companies a fixed fee for the service rendered.

See "Business – OUR REVENUE RECOGNITION, PRICING AND PAYMENT POLICY" for more details on our pricing policies.

KEY FINANCIAL RATIOS

The table below sets forth our key financial ratios for the periods indicated:

	For the Year Ended December 31,		
	2020	2021	2022
Total revenue growth (%)[1]	54.3	63.6	30.9
Gross margin (%)[2]	9.2	9.0	9.3

Notes:

(1) Revenue growth ratio equals revenue growth divided by revenue for the respective previous period.

(2) Gross margin equals gross profit divided by revenue during the respective period.

See "Financial Information – Year Ended December 31, 2022 Compared to Year Ended December 31, 2021" and "Financial Information – Year Ended December 31, 2021 Compared to Year Ended December 31, 2020" for a discussion of the factors affecting our key financial ratios during the respective periods.

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the granting of the [**REDACTED**] of, and permission to deal in, our H Shares 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 RMB7,775.2 million for the year ended December 31, 2022 which exceeds HK$500 million, and (ii) our expected market capitalization at the time of [**REDACTED**], which, based on the low-end of the [**REDACTED**], exceeds HK$[**REDACTED**].

FUTURE DIVIDENDS

We are incorporated under the laws of the People's Republic of China. PRC laws require that dividends be paid only out of the profit for the year calculated according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including IFRSs. PRC laws also require foreign-invested enterprises to set aside at least 10% of its after-tax profits, if any, to fund its statutory reserves, which are not available for distribution as cash dividends. Dividend distribution to our shareholders is recognized as a liability in the period in which the dividends are approved by our shareholders or Directors, where appropriate. During the Track Record Period, no dividends have been paid or declared by us.

[**REDACTED**]

This document is published in connection with the [**REDACTED**] as part of the [**REDACTED**]. The [**REDACTED**] comprises of:

(a) the [**REDACTED**] of initially [**REDACTED**] (subject to [**REDACTED**]) in Hong Kong as described in "Structure of the [**REDACTED**] – The [**REDACTED**]"; and

(b) the [**REDACTED**] of initially [**REDACTED**] (subject to [**REDACTED**] and the [**REDACTED**]) (i) in the United States solely to QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and (ii) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, as described in "Structure of the [**REDACTED**] – [**REDACTED**]".

The [**REDACTED**] will represent approximately [**REDACTED**]% of the total enlarged issued share capital of the Company immediately following the completion of the [**REDACTED**], assuming the [**REDACTED**] is not exercised.

Impact of COVID-19 On Our Operations

Since late January 2020, the outbreak of a novel strain of coronavirus, later named COVID-19, has affected China and many parts of the world. Chinese government has taken a number of actions, which included, among other, compulsory quarantine arrangements, travel restrictions, remote work arrangements and public activities restrictions. COVID-19 pandemic also resulted in temporary closure of many corporate offices, retail stores, manufacturing facilities and factories across China. In response to the COVID-19 pandemic, we have employed various measures to mitigate the impact the COVID-19 outbreak may have on our operations, including offering personal protection equipment and masks to our employees, instructing our employees to stay at homes and working from home during the outbreak, regularly checking the body temperature of our employees and closely monitoring their health conditions.

Our business operations to certain extent had been impacted by the COVID-19 pandemic and such impact had been manageable. During the early stage of the COVID-19 pandemic, we have seen a decrease in demand for certain health and wellness products, such as certain immune-boosting products and supplements, dietary products and medical supplies and devices for home healthcare, resulting from pandemic containment measures, such as permitting fewer pharmacies to open during the pandemic and imposing limitations on the supply chain and logistic fulfillment. Leveraging the general public's increased awareness and significant unmet need for healthcare products and services, we have resumed normal operations and have seen an increase in demand for our online healthcare services, in particular, the demand for our online hospital services, and a bounce-back in demand for our pharmaceutical and healthcare products since the second half of 2020. Our revenue increased by 63.6% from RMB3,629.4 million in 2020 to RMB5,938.1 million in 2021.

Regional outbreaks of COVID-19 driven by new variants, such as Omicron, however, had and may continue to have, temporary adverse impact on our operations and financial performance. Due to the regional outbreaks of new variants in 2022 and the ensuing containment measures, our offline pharmacies and some pharmaceutical product suppliers in these regions experienced disruptions to our daily business operations as well as supply chain and logistic fulfillment disruptions, which temporarily affected the relevant sales and procurement costs during the year ended December 31, 2022. The containment measures also impacted our provider-enabling services and healthcare value chain enabling services to certain extent. In particular, these measures temporarily delayed some of our engagement with hospitals, pharmaceutical companies and insurance companies under our provider-enabling services and healthcare value chain enabling services during the year ended December 31, 2022, however, we have not seen a major loss of contracts or customers as a result.

We continue to monitor the COVID-19 situation and assess our strategies accordingly to maintain normal business operations. Despite the challenges posed by the new variants, which, to certain extent, affected our daily business operations, we have recorded sound financial performance and business expansion. Our total revenue increased by 30.9% from RMB5,938.1 million for the year ended December 31, 2021 to RMB7,775.2 million for the year ended December 31, 2022, resulting from revenue growth across our three service lines, albeit at a slower pace compared with the year ended 2021 due to the aforementioned factors. In particular, revenue from out-of-hospital pharmacy services and out-of-hospital medical services increased by 38.9% from RMB3,608.6 million for the year ended December 31, 2021 to RMB5,012.8 million for the year ended December 31, 2022.

China began to modify its zero-COVID policy at the end of 2022, and most of the travel restrictions and quarantine requirements were lifted in December 2022. There were surges of cases in many cities during this time, and there remains uncertainty as to the future impact of the virus, especially in light of this change in policy.

During the pandemic, some of our major suppliers that are pharmaceutical manufacturers experienced short-term reduction in production ability, which resulted in higher procurement costs, but the overall impact to our supply chain is limited. We have not witnessed any material accounts and bills receivable issues with our major customers, which mainly comprise of third-party retail pharmacies, pharmaceutical product resellers and local social security departments, since the outbreak of the pandemic. Our gross profit grew steadily during the Track Record Period, and increased by 59.8% from RMB332.8 million in 2020 to RMB531.7 million in 2021, and by 36.6% to RMB726.4 million in 2022.

We currently do not anticipate any material deviation from our development and expansion plan due to the COVID-19 pandemic, including the recent emergence of Omicron virus variant. We believe that the level of liquidity is sufficient to successfully navigate an extended period of uncertainty. As of December 31, 2022, we had cash and cash equivalents of RMB1,653.9 million.

According to Frost & Sullivan, the COVID-19 outbreak promoted the growth of China's healthcare industry. China's healthcare industry as one of the largest components of China's national economy, encompasses various industry players, including hospitals, pharmacies and digital healthcare service providers. At the early stage of the pandemic, offline hospitals and pharmacies, had been negatively affected due to supply chain disruption brought by quarantine mandates. China's healthcare industry, however, quickly bounced back, and China's healthcare expenditure increased from RMB7,230.6 billion in 2020 to RMB7,559.4 billion in 2021. Such increase is attributed to the Chinese government's effective control of the pandemic and the proactive offline-to-online transformation of various healthcare industry players, promoting the development and expansion of technology-enabled healthcare solutions market.

According to Frost & Sullivan, the size of China's technology-enabled healthcare solutions market increased from RMB503.8 billion in 2020 to RMB733.1 billion in 2022 and is estimated to reach RMB1,974.9 billion in 2026, representing a CAGR of 28.1% from 2022 to 2026. Due to the pandemic, technology-enabled healthcare solutions are more widely recognized by patients, hospitals, insurance companies and pharmaceutical and medical device companies, fueled by favorable policies and changed consumer habits.

During the pandemic, the Chinese government issued several policies to promote online medical services and to optimize medical resources allocation, such as the Notice on Strengthening informatization to Support the Prevention and Control of COVID-19 and the Notice in "Internet+ Diagnosis and Treatment" Consultation Service in the Prevention and Control of Coronavirus (《關於做好信息化支撐常態化疫情防控工作的通知》) to promote online consultation. In February 2020, the Chinese government also issued Guiding Opinions on Promoting "Internet+" Medical Insurance Services in Coronavirus Prevention (《關於在疫情防控中做好互聯網診療諮詢服務工作的通知》), to expand the scope of health insurance to cover online medical treatment.

Meanwhile, due to the pandemic, people had increasingly used online medical consultation services and online pharmacy services. The number of online diagnosis and treatment consultations increased 17 times from 2019 to 2020 on online hospitals administered by the National Health Commission, and increased more than 20 times on third-party online healthcare platforms. The pandemic also raised people's awareness of their health management, evidenced by an increase in health product consumption and the revenue of commercial health insurance products. Thus, the COVID-19 outbreak catalyzed and accelerated the digitalization and intelligentization of the healthcare services and the healthcare industry.

In addition, according to Frost & Sullivan, within China's technology-enabled healthcare solutions market, the patient-oriented out-of-hospital market, in which we operate our service line (our out-of-hospital pharmacy and medical services) that accounted for the largest portion of our total revenue, experienced growth during the pandemic and is expected to continue to increase at a high speed as the public awareness for health and wellbeing increases and the demand for healthcare products and services continues to be unmet.

We cannot guarantee you, however, that the COVID-19 pandemic will not further escalate or have a material adverse effect on our results of operations, financial position or prospects. For more details, please refer to "Risk Factors – Risks Related to Our Business and Industry – We face risks related to natural disasters, health epidemics and other outbreaks, such as the outbreak of COVID-19, which could significantly disrupt our operations."

RECENT DEVELOPMENTS

Recent Developments of Our Business

Benefiting from the implementation of our development strategies, all of our three service offerings continued to grow steadily. Under our out-of-hospital patient services, we owned and operated 118 designated major disease and social health insurance "dual-channel" (大病醫保雙通道) pharmacies as of the Latest Practicable Date. Under our healthcare value chain enabling services, we had managed 50.5 million insurance policies as of the Latest Practicable Date.

Recent Regulatory Developments

Impact of Recent Regulations in the Healthcare Industry on Our Business

The PRC government recently issued several policies to regulate participants in the healthcare industry, including pharmacies, physicians, hospitals, and health insurance companies, such as the Guidance on Promoting Hospital Safety and Order Management (《關於推進醫院安全秩序管理工作的指導意見》), the Promotion Action of High-quality Development of Public Hospitals (2021-2025) (《公立醫院高質量發展促進行動(2021-2025)》), the Construction Plan of National Clinical Specialty (《"十四五"國家臨床專科能力建設規劃》), the Notice on Publicizing the 5G+ Healthcare Application Pilot Project (《關於公佈5G+醫療健康應用試點項目的通知》), and the Notice on Promulgating Five Specifications Including the Specifications for Pharmaceutical Outpatient Service of Medical Institutions (《關於印發醫療機構藥學門診服務規範等5項規範的通知》), the Notice on National Medical Insurance Plan in the 14th Five-year Plan (《關於印發"十四五"全民醫療保障規劃的通知》), and the Detailed Rules for the Supervision of Internet Diagnosis and Treatment (Trial) (《互聯網診療監管細則(試行)》). As advised by our PRC Legal Adviser, the recently issued policies in the healthcare industry have no material and adverse impact on our business operations. For details, see "Risk Factors" and "Regulation Overview" in this document.

On May 9, 2022, the National Medical Products Administration published the Regulations on the Implementation of the Drug Administration Law (Draft)(《中華人民共和國藥品管理法實施條例(修訂草案徵求意見稿)》), providing that third-party platform providers are not allowed to directly participate in online drug sales. As advised by our PRC Legal Adviser, the draft regulation had no material and adverse impact on our business operations as of the Latest Practicable Date. Our Directors do not foresee any material impediments for our Company to comply with the requirements under the draft regulation in all material respects, and the Joint Sponsors concur. For details, see "Risk Factors – Risks Related to Our Business and Industry – There have been recent evolving regulatory requirements in the healthcare industry, the changes or noncompliance of which may materially and adversely affect our business and prospects" and "Regulation Overview – REGULATIONS RELATING TO PHARMACEUTICAL RETAIL INDUSTRY – General Regulations relating to Drugs Operation" in this document.

Impact of Draft Data Security Regulations on Our Business

On December 28, 2021, the Cyberspace Administration of China, or the CAC, and several other PRC governmental authorities jointly issued the Cybersecurity Review Measures (《網絡安全審查辦法》), which took effect on February 15, 2022. On November 14, 2021, the CAC published the Regulations on the Administration of Network Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) ("**Draft Data Security Regulations**"). According to Article 13 of the Draft Data Security Regulations, data processors shall, in accordance with relevant state provisions, apply for the cybersecurity review when carrying out the following activities: (1) the merger, reorganization or separation of Internet platform operators that have acquired a large number of data resources related to national security, economic development or public interests, which affects or may affect national security; (2) data processors that process personal information of more than one million people intends to be listed overseas (國外上市); (3) data processors intend to be listed in Hong Kong, which affects or may affect national security; (4) other data processing activities that affect or may affect national security.

At present, the Draft Data Security Regulations do not yet have a clear definition of "listed overseas". According to mainstream opinions, "listing overseas" does not include "listing in Hong Kong". However, it cannot be ruled out that the PRC government authorities will interpret the words "listed overseas" differently from the above-mentioned mainstream opinions. In addition, the Draft Data Security Regulations provides no further explanation or interpretation for "affects or may affect national security", and the PRC government authorities may have wide discretion in the interpretation of "affects or may affect national security". It is also possible that there may be major differences between the officially promulgated regulations and the drafted version.

The PRC Legal Adviser is of the view that the Cybersecurity Review Measures and the Draft Data Security Regulations, if implemented in their current forms, are unlikely to have material adverse impacts on our business operations and financial performance, and the proposed [**REDACTED**] and will not affect our Company's compliance with laws and regulations in any material aspects at the present stage, on the basis that (i) the Draft Data Security Regulations have not been formally adopted and further specific provisions or implementation standards have not been published, (ii) as of the Latest Practicable Date, we had not been subject to any material investigation, inquiry, or sanction in relation to cybersecurity, data security or any cybersecurity review from the CAC, the CSRC, or any other relevant government authority, (iii) during the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material fines or other material penalties due to non-compliance with cybersecurity or data security laws or regulations, (iv) as advised by our PRC Legal Adviser, we had not been involved in any activities that might give rise to national security risks based on the factors set out in Article 10 of the Cybersecurity Review Measures during the Track Record Period and up to the Latest Practicable Date.

The PRC Legal Adviser is of the opinions that, during the Track Record Period and up to the Latest Practicable Date, our Company had complied with all material respects of the Cybersecurity Review Measures and upper-level laws of the Draft Data Security Regulations in respect of data security, including the Data Security Law the People's Republic of China (《中華人民共和國數據安全法》), the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》) and the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》). We have implemented and maintained commercially reasonable controls, policies, procedures, and safeguards to maintain and protect users' personal information as well as the integrity, continuous operation, redundancy and security of all IT systems in connection with our businesses, and there have been no major breaches, violations, outages or unauthorized uses of or accesses to our IT systems.

However, since the Draft Data Security Regulations have been solicited public opinions recently and some of the requirements shall be subject to more specific rules, there still exists uncertainty of the requirements under the Draft Data Security Regulations on our Company's business. The aforementioned view of us and our PRC Legal Adviser that we had not been involved in any activities that might give rise to national security risks based on the factors set out in Article 10 of the Cybersecurity Review Measures is on the basis that, during the Track Record Period and as of the Latest Practicable Date, (i) we had implemented data collection, retention, and safeguard procedures, (ii) we had not experienced any data breach or violation of data protection and privacy laws and regulations that has a material adverse effect on our business operations, (iii) we had not been subject to any material investigation, inquiry, or sanction relating to cybersecurity, data security or any cybersecurity review from the CAC, the CSRC, or any other relevant government authority, (iv) we had not been notified by any authorities of being classified as a critical information infrastructure operator, and (v) our products, services, systems and data would not be technically and managerially controlled by any foreign government, upon the completion of the proposed [**REDACTED**]. However, it is hard for the PRC Legal Adviser to preclude the possibility that new rules or regulations promulgated in the future will impose additional compliance requirements on our Company. As advised by the PRC Legal Adviser, we shall pay close attention to further regulatory developments regarding cybersecurity and data privacy laws, including legislative developments of the Draft Data Security Regulations as well as its specific provisions or implementation standards. After the Draft Data Security Regulations and relevant rules come into effect, we shall strictly follow the requirements under the applicable legal requirements at that time accordingly. See "Risk Factors" for the associated risks.

Impact of Overseas Listing regulations on our business

On February 17, 2023, with the approval of the State Council, 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 "Trial Measures") and relevant five guidelines, which came into force on March 31, 2023. On February 24, 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "Provision on Confidentiality"), which came into force on March 31, 2023. See "Regulatory Overview – REGULATIONS RELATING TO OVERSEAS OFFERING AND LISTING" for details.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, the Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2022, being the latest date of our consolidated financial statements as set out in Appendix I to this document, and there is no event since December 31, 2022 that would materially affect the information as set out in the Accountants' Report included in Appendix I to this document.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

Based on the mid-point [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], the total estimated [**REDACTED**] expenses payable by us in relation to the [**REDACTED**] of the [**REDACTED**] under the [**REDACTED**], together with the fees and expenses for professional advisors and service providers engaged for the [**REDACTED**], is approximately RMB[**REDACTED**] million (or approximately RMB[**REDACTED**] million after excluding [**REDACTED**] of approximately RMB[**REDACTED**] million and assuming the [**REDACTED**] is not exercised). The total estimated [**REDACTED**] will represent approximately [**REDACTED**]% of the total gross [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**] million (RMB[**REDACTED**] million). We had incurred [**REDACTED**] of RMB[**REDACTED**] million as of December 31, 2022, of which RMB[**REDACTED**] million has been charged to our consolidated statements of profit or loss and other comprehensive income and RMB[**REDACTED**] million will be subsequently charged to equity upon completion of the [**REDACTED**]. We expect to incur additional [**REDACTED**] of approximately RMB[**REDACTED**] million, of which RMB[**REDACTED**] million is expected to be charged to our consolidated statements of profit or loss and other comprehensive income and RMB[**REDACTED**] million is expected to be accounted for as a deduction from equity upon the completion of [**REDACTED**]. These [**REDACTED**] mainly comprise professional fees paid and payable to the professional parties for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**] and the [**REDACTED**] and [**REDACTED**] payable to the [**REDACTED**] in connection with the [**REDACTED**] of [**REDACTED**] under the [**REDACTED**]. The balance of the [**REDACTED**] of approximately RMB[**REDACTED**] million, which mainly includes [**REDACTED**], is expected to be accounted for as a deduction from equity upon the completion of the [**REDACTED**]. The balance of the [**REDACTED**] approximately of RMB[**REDACTED**] million primarily include fees and expenses of legal advisers and accountants of RMB[**REDACTED**] million and other fees and expenses of RMB[**REDACTED**] million.

USE OF [**REDACTED**]

Assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] of between HK$[**REDACTED**] and HK$[**REDACTED**] per [**REDACTED**]), we estimate that we will receive net [**REDACTED**] of approximately HK$[**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**]% (approximately HK$[**REDACTED**] million) of the net [**REDACTED**] is expected to be used, over the next three to four years, for further developing out-of-hospital patient services;

- approximately [**REDACTED**]% (approximately HK$[**REDACTED**] million) of the net [**REDACTED**] is expected to be used, over the next three years, for developing our provider-enabling services;

- approximately [**REDACTED**]% (approximately HK$[**REDACTED**] million) of the net [**REDACTED**] is expected to be used, over the next three to five years, for developing our healthcare value chain enabling services;

- approximately [**REDACTED**]% (approximately HK$[**REDACTED**] million) of the net [**REDACTED**] is expected to be used, over the next three years, for improving the capabilities of our technological and data analytics capabilities; and

- approximately [**REDACTED**]% (approximately HK$[**REDACTED**] million) of the net [**REDACTED**] is expected for general corporate purposes and working capital needs.

For details, please see the section headed "Future Plans and Use of [**REDACTED**]."