



医渡云
YIDU CLOUD

Yidu Tech Inc.
醫渡科技有限公司

(incorporated in the Cayman Islands with limited liability)

Stock code : 2158

Global Offering

Joint Sponsors

Goldman
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Joint Global Coordinators and Joint Bookrunners

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Joint Lead Managers

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IMPORTANT

If you are in any doubt about any of the contents in this document, you should obtain independent professional advice.



Yidu Tech Inc. 醫渡科技有限公司

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GLOBAL OFFERING

Number of Offer Shares under the Global Offering	: 156,450,000 Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	: 15,645,000 Shares (subject to reallocation)
Number of International Offer Shares	: 140,805,000 Shares (subject to reallocation and the Over-allotment Option)
Maximum Offer Price	: HK\$26.30 per Offer Share plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars, subject to refund)
Nominal value	: US\$0.00002 per Share
Stock code	: 2158

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

The Offer Price is expected to be fixed by agreement between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and the Company on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, January 8, 2021 and, in any event, not later than Thursday, January 14, 2021. The Offer Price will be no more than HK\$26.30 per Offer Share and is currently expected to be no less than HK\$23.50 per Offer Share unless otherwise announced. If, for any reason, the Offer Price is not agreed by Thursday, January 14, 2021 between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and the Company, the Global Offering will not proceed and will lapse.

The Joint Global Coordinators may, with the Company's consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that stated in this document at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. See "Structure of the Global Offering" and "How to apply for Hong Kong Offer Shares" for more details.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. See "Underwriting—Underwriting arrangements and expenses—Hong Kong Public Offering—Grounds for termination" for more details.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this document, including the risk factors set out in the section headed "Risk factors".

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and may not be offered or sold within or to the United States, or for the account or benefit of U.S. persons (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares are being offered and sold (i) solely to QIBs pursuant to an exemption from registration under Rule 144A of the U.S. Securities Act and (ii) outside the United States in offshore transactions in accordance with Regulation S.

December 31, 2020

IMPORTANT

IMPORTANT NOTICE TO INVESTORS

FULLY ELECTRONIC APPLICATION PROCESS

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

This document is available at the website of the Hong Kong Stock Exchange at www.hkexnews.hk under the “*HKEXnews > New Listings > New Listing Information*” section and our website at www.yidutechgroup.com. If you require a printed copy of this document, you may download and print from the website addresses above.

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

- (1) apply online through the **White Form eIPO** service at www.eipo.com.hk; or
- (2) apply through **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:
 - (a) instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf; or
 - (b) (if you are an existing **CCASS Investor Participant**) giving **electronic application instructions** through the CCASS Internet System (<https://ip.ccass.com>) or through the CCASS Phone System by calling +852 2979 7888 (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants through HKSCC’s Customer Service Center at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

If you have any question about the application for the Hong Kong Offer Shares, you may call the enquiry hotline of our Hong Kong Share Registrar and **White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited**, both at +852 2862 8646 on the following dates:

- **Thursday, December 31, 2020 – 9:00 a.m. to 9 p.m.**
- **Friday, January 1, 2021 – 9:00 a.m. to 6 p.m.**
- **Saturday, January 2, 2021 – 9:00 a.m. to 6 p.m.**
- **Sunday, January 3, 2021 – 9:00 a.m. to 6 p.m.**
- **Monday, January 4, 2021 – 9:00 a.m. to 9 p.m.**
- **Tuesday, January 5, 2021 – 9:00 a.m. to 9 p.m.**
- **Wednesday, January 6, 2021 – 9:00 a.m. to 9 p.m.**
- **Thursday, January 7, 2021 – 9:00 a.m. to 12:00 noon**

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

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

IMPORTANT

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

Your application must be for a minimum of 100 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

No. of Hong Kong Offer Shares applied for	Amount payable on application HK\$	No. of Hong Kong Offer Shares applied for	Amount payable on application HK\$	No. of Hong Kong Offer Shares applied for	Amount payable on application HK\$	No. of Hong Kong Offer Shares applied for	Amount payable on application HK\$
100	2,656.50	3,500	92,977.59	40,000	1,062,601.00	800,000	21,252,020.08
200	5,313.00	4,000	106,260.10	45,000	1,195,426.13	900,000	23,908,522.59
300	7,969.50	4,500	119,542.62	50,000	1,328,251.26	1,000,000	26,565,025.10
400	10,626.01	5,000	132,825.13	60,000	1,593,901.51	2,000,000	53,130,050.20
500	13,282.52	6,000	159,390.15	70,000	1,859,551.76	4,000,000	106,260,100.40
600	15,939.02	7,000	185,955.18	80,000	2,125,202.01	6,000,000	159,390,150.60
700	18,595.52	8,000	212,520.20	90,000	2,390,852.26	7,822,500 ⁽¹⁾	207,804,908.85
800	21,252.02	9,000	239,085.23	100,000	2,656,502.51		
900	23,908.52	10,000	265,650.25	200,000	5,313,005.02		
1,000	26,565.03	15,000	398,475.38	300,000	7,969,507.53		
1,500	39,847.54	20,000	531,300.50	400,000	10,626,010.04		
2,000	53,130.05	25,000	664,125.63	500,000	13,282,512.55		
2,500	66,412.57	30,000	796,950.75	600,000	15,939,015.06		
3,000	79,695.08	35,000	929,775.88	700,000	18,595,517.57		

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

No application for any other number of the Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

EXPECTED TIMETABLE⁽¹⁾

Hong Kong Public Offering commences	9:00 a.m. on Thursday , December 31, 2020
Latest time for completing electronic applications under the White Form eIPO service through the designated website at www.eipo.com.hk ⁽²⁾	11:30 a.m. on Thursday , January 7, 2021
Application lists open ⁽³⁾	11:45 a.m. on Thursday , January 7, 2021
Latest time for (a) completing payment for White Form eIPO applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (b) giving electronic application instructions to HKSCC ⁽⁴⁾	12:00 noon on Thursday , January 7, 2021
If you are instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your broker or custodian for the latest time for giving such instructions which may be different from the latest time as stated above.	
Application lists close ⁽³⁾	12:00 noon on Thursday , January 7, 2021
Expected Price Determination Date	Friday , January 8, 2021
(1) Announcement of the Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of the Hong Kong Offer Shares on our website at www.yidutechgroup.com and the website of the Stock Exchange at www.hkxnews.hk on or before	Thursday , January 14, 2021
(2) Results of allocations in the Hong Kong Public Offering to be available through a variety of channels as described in “How to Apply for Hong Kong Offer Shares—11. Publication of Results” from	Thursday , January 14, 2021
(3) Announcement containing (1) and (2) above to be published on the website of the Stock Exchange at www.hkxnews.hk and our Company’s website at www.yidutechgroup.com ⁽⁵⁾ and from	Thursday , January 14, 2021
Results of allocations in the Hong Kong Public Offering will be available at www.iporesults.com.hk (alternatively: English https://www.eipo.com.hk/en/Allotment ; Chinese https://www.eipo.com.hk/zh-hk/Allotment) with a “search by ID function”	Thursday , January 14, 2021
Dispatch of Share certificates and White Form e-Refund payment instructions/refund checks on or before ⁽⁶⁾	Thursday , January 14, 2021
Dealings in the Shares on the Stock Exchange expected to commence on	Friday , January 15, 2021

The application for the Hong Kong Public Offering will commence on Thursday, December 31, 2020 through Thursday, January 7, 2021. Such time period is longer than the normal market practice of four days. The application monies (including brokerage fees, SFC transaction levy and Stock Exchange trading fee) will be held by the receiving bank on behalf of our Company and the refund monies, if any, will be returned to the applicant(s) without interest on Thursday, January 14, 2021. Investors should be aware that the dealings in Shares on the Stock Exchange are expected to commence on Friday, January 15, 2021.

Notes:

- (1) All dates and times refer to Hong Kong dates and times, except as otherwise stated.
- (2) You will not be permitted to submit your application under the **White Form eIPO** service through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of the application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is a “black” rainstorm warning signal or “extreme conditions” caused by a super typhoon or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, January 7, 2021, the application

EXPECTED TIMETABLE⁽¹⁾

- lists will not open and close on that day. See “*How to Apply for Hong Kong Offer Shares—10. Effect of Bad Weather and/or Extreme Conditions on the Opening and Closing of the Application Lists*”.
- (4) Applicants who apply by giving **electronic application instructions** to HKSCC should refer to “*How to Apply for Hong Kong Offer Shares—6. Applying Through CCASS EIPO Services*”.
 - (5) None of the website or any of the information contained on the website forms part of this document.
 - (6) The Share certificates will only become valid at 8:00 a.m. on the Listing Date, which is expected to be Friday, January 15, 2021, provided that the Global Offering has become unconditional in all respects at or before that time. Investors who trade Shares on the basis of publicly available allocation details or prior to the receipt of the Share certificates or prior to the Share certificates becoming valid do so entirely at their own risk. e-Refund payment instructions/refund checks will be issued in respect of wholly or partially unsuccessful applications.
 - (7) e-Refund payment instructions/refund checks will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Public Offer Price is less than the price payable per Offer Share on application. Part of the applicant’s Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund check, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant’s Hong Kong identity card number or passport number before encashment of the refund check. Inaccurate completion of an applicant’s Hong Kong identity card number or passport number may invalidate or delay encashment of the refund check.
 - (8) Applicants who have applied on White Form eIPO for 1,000,000 or more Hong Kong Offer Shares may collect any refund checks (where applicable) and/or Share certificates in person from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, January 14, 2021 or such other date as notified by us as the date of dispatch/collection of Share certificates/e-Refund payment instructions/refund checks. Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. Individuals must produce evidence of identity acceptable to our Hong Kong Share Registrar at the time of collection.

Applicants who have applied for Hong Kong Offer Shares through CCASS EIPO service should refer to “*How to Apply for Hong Kong Offer Shares — Despatch/collection of share certificates and refund monies — Personal Collection — If you apply through CCASS EIPO service*” for details

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

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

Further information is set out in “*How to Apply for Hong Kong Offer Shares — Refund of application monies*” and “*How to Apply for Hong Kong Offer Shares — Despatch/collection of share certificates and refund monies*.”

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

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

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IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

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

You should rely only on the information contained in this document to make your investment decision. The Hong Kong Public Offering is made solely on the basis of the information contained and the representations made in this document. We have not authorized anyone to provide you with information that is different from what is contained in this document. Any information or representations not contained or made in this document must not be relied on by you as having been authorized by us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of our or their respective directors, officers, employees, agents or representatives, or any other parties involved in the Global Offering.

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SUMMARY

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 invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks of investing in the Offer Shares are set out in the section headed “Risk factors”. You should read that section carefully before you decide to invest in the Offer Shares.

Who We Are

We offer healthcare solutions built on big data and artificial intelligence (AI) technologies. We serve and partner with key healthcare industry participants, including hospitals, pharmaceutical, biotech and medical device companies, research institutions, insurance companies, doctors and patients, as well as regulators and policy makers. According to the EY Report, we ranked No. 1 in terms of revenue among all healthcare big data solution providers in China in 2019 with a market share of 5.0% in the healthcare big data solutions market in China.⁽¹⁾

We have built our proprietary data intelligence infrastructure, YiduCore, through processing and analyzing over 1.3 billion longitudinal healthcare records from over 300 million patients upon authorization to derive deep insights and knowledge. Leveraging YiduCore, our intelligent “medical brain,” we have developed a suite of analytics-driven healthcare solutions that serve the critical needs of our customers in the healthcare industry. Our research-driven approach for solution development aims to generate objective outcome measurements for the healthcare industry.

Guided by our in-depth understanding of the healthcare industry in China, we have taken a strategic development path manifested in the following two stages:

2014 to 2017 - Building YiduCore, our technology foundation

In this earlier stage from 2014, when we were founded, to 2017, in order to lay a solid foundation, we focused our efforts and investments on building our data intelligence infrastructure, YiduCore. We started by serving and partnering with top hospitals, where quality medical resources are concentrated. During this period, we invested heavily in developing our core capability by helping hospitals integrate different information technology systems within the hospitals, and converting the heterogenous data accumulated in their systems into computable, structured and standardized data efficiently. Since our first full implementation of a big data platform for a top hospital in 2015, YiduCore has been continuously improved and becoming more intelligent as we partner with more hospitals and other players in the healthcare industry, leading to enhanced data processing capabilities with greater speed and accuracy. As these top hospitals use our platform to conduct research and for other use cases, the insights and knowledge uncovered from the data are accumulated within YiduCore, which can be further leveraged upon. Through these four years of investment and development, we have built a solid technology foundation to capture the growth opportunities.

Late 2017 and after - Serving customers through a suite of analytics-driven healthcare solutions

We started monetization from late 2017 when YiduCore had demonstrated its value and attracted more hospitals and other ecosystem players such as regulators and policy makers, pharmaceutical, biotech

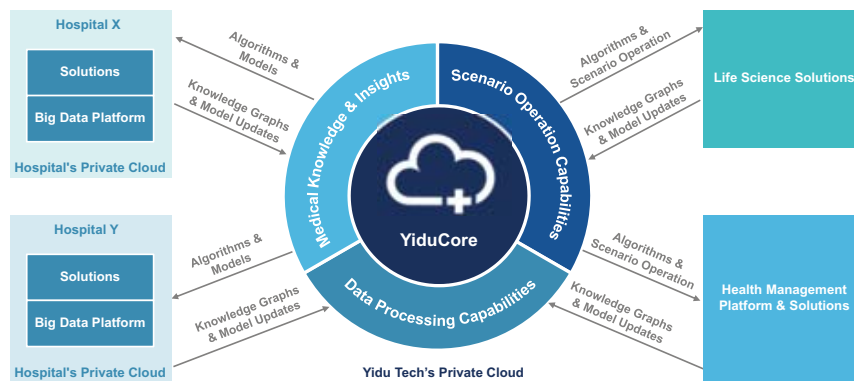
(1) The remaining top five players in the healthcare big data solutions market have market shares of 4.6%, 3.8%, 3.6% and 2.8%, according to the EY Report.

SUMMARY

and medical device companies and insurance companies. Leveraging YiduCore, we have developed a suite of analytics-driven healthcare solutions, such as intelligent drug development solutions for life science companies, intelligent research and patient service solutions to empower doctors and hospitals, and intelligent public health and population health management solutions to regulators and policy makers. This further brings the rapid self-reinforcement of YiduCore and allows us to deliver additional value in a continuously expanding range of use cases.

YiduCore

YiduCore, our data intelligence infrastructure represents our core capabilities that can be understood in terms of three layers. The first layer is our data processing capabilities which allow us to aggregate and convert the raw and scattered data on the information technology systems of hospitals in China into computable, structured and standardized data with speed, accuracy and cost-efficiency. The second layer consists of our medical knowledge, insights and disease models that are continuously reinforced and expanded as they are applied to drive our data-analytics driven solutions for our customers in the various use cases. The final layer is our scenario specific operations and service capabilities that we develop on top of our data processing capabilities and medical knowledge to help our customers better realize the value of our solutions and our ecosystem to achieve their target outcomes.



Data Arrangements and Security

We strictly comply with applicable laws, regulations and industry standards for data arrangements, privacy and security in our operations. We have built YiduCore through processing and analyzing a large amount of data that are controlled by our customers and stored in their private clouds. After we set up each data platform and deliver it to the customer, we license the customer to use and operate the data platform and the solutions as we own the intellectual properties of such data platform and solutions. The data platform and our de-identification technologies help the customer de-identify healthcare data in accordance with applicable laws and regulations and the customer's de-identification requirements. Our de-identification algorithms and models deployed in the customer's private cloud can accurately detect individually identifiable information to be encrypted without human intervention, thereby protecting patients' privacy. These de-identification algorithms and models encrypt the patients' individually identifiable information in such a way that the patients cannot be identified pursuant to applicable laws and regulations. The de-identification process is completed within the customer's private cloud under the customer's full control. The customer can further perform other data processing operations using our data platform on its own private cloud. While providing solutions and services to the customer, our algorithms and models are continuously trained by the de-identified data on the customer's private cloud with the purpose of further processing and analyzing data

SUMMARY

efficiently and deriving insights and knowledge in the process. At all times, the data of our customers remain on their own private clouds. The data and private cloud of each of our hospital customer are not connected with each other.

Pursuant to the contracts with our hospital customers, they would grant us authorizations to access, integrate and process healthcare data, and have the obligation to obtain applicable approvals and consents to grant us such authorizations and engage us to provide such services. Hospitals will typically first perform de-identification of their data on the data platform hosted on their private cloud. Hospitals are not required to obtain consent from patients to grant subsequent and on-going access on de-identified healthcare data pursuant to applicable PRC laws and regulations because de-identified data do not contain any individually identifiable information. Hospitals may also grant us out-of-hospital data that they collect through mobile applications, which require users to explicitly agree with user privacy policies that allow us to process these data. We are also authorized to process the data for regulators and policy makers which are the data controllers. Under applicable PRC laws and regulations, regulators and policy makers are permitted to establish data platforms and process data with assistance of third-party data processors for the purpose of fulfilling their respective responsibilities of acting as suppliers of public medical services, regulators of public health and drug safety, and regulators of medical security funds. Regulators and policy makers are not required to obtain consents from patients to grant subsequent and on-going access on de-identified data that do not contain any individually identifiable information pursuant to applicable laws and regulations. Pursuant to applicable PRC laws and regulations, for the purposes of fulfilling their responsibilities, the regulators and policy makers have the authority to engage and grant us access to data provided by hospitals to them without the need to obtain hospitals' consent. We provide our services to the regulators and policy makers in accordance with applicable PRC laws and regulations and within the scope of authorization given by relevant regulators and policy makers. Healthcare data provided by the relevant hospitals to our regulator and policy maker customers, which are then processed by us upon authorization, include (1) hospital management data that do not contain any personal identifiers by their nature, such as medical resources data, medical security expenses data, drug safety reports and other data at aggregated levels; and (2) clinical data and epidemic control and prevention data that are already de-identified by the hospitals before they are provided to the regulator and policy maker, such as inpatient and outpatient data and diagnostic and treatment data. For our services to life science companies in clinical trials, we assist doctors, hospitals and life science companies in clinical trials with their trial efforts. We are authorized to process patients' healthcare data by hospitals and doctors only after the data collection for clinical trials is approved by ethics committees and patients' consents are obtained by doctors properly pursuant to applicable PRC laws and regulations. See "Business—Data Arrangements and Security—Data Arrangements."

We implement a comprehensive and rigorous data privacy and security program to ensure the security, confidentiality and integrity of data that we gain access to and the stability and reliability of the services that we provide. We create a closed platform environment for our customers that is disconnected with external internet by using firewall and whitelist to manage the entry and exit of the platform. This ensures the security of files and traffic into the private cloud deployed by our customers by filtering out malicious file request and behavior. Further, authorization is required for users to access data on the platform. We have adopted and implemented robust internal control system focusing on data security and personal information protection. Our architecture and platform have passed various Level 3 security certifications from Guiyang Municipal Public Security Bureau and Haidian Branch of Beijing Municipal Public Security Bureau. In addition, our information security management system, quality management system and information technology service management

SUMMARY

system have been certified by the ISO standards. See “Business—Data Arrangements and Security—Data Privacy and Security.”

Our Solutions

Leveraging YiduCore, we then developed a suite of healthcare solutions to enable intelligent drug development for life sciences companies, intelligent healthcare services to empower doctors and hospitals, and intelligent monitoring and policy making for regulators and policy makers. We only started to monetize our business model in late 2017 and are still in our early stage of development. We continue to identify and refine our monetization strategy as the markets we serve become more mature. We currently operate three main business segments: Big Data Platform and Solutions, Life Science Solutions, and Health Management Platform and Services:

Big Data Platform and Solutions. Launched in 2015, this is the segment with the longest operating history and consists of our big data platform offerings, including the data processing and application platform (DPAP) and its upgraded version Eywa, as well as other solutions to customers such as hospitals, regulators and policy makers. We offer DPAP/Eywa platforms and solutions for hospitals to empower them to leverage insights from their data in their core operations. Connected to hospitals’ existing operating systems, the DPAP/Eywa platforms aggregate the raw data that reside in their systems and process them into structured and standardized data. These data platforms further empower a wide range of applications and solutions for hospitals, such as medical research, clinical diagnosis and treatment and hospital operations management. In addition, we work with top healthcare institutions and researchers to establish research networks and disease registries, enabling researchers within the network to conduct medical research using healthcare data of greater breadth and depth under proper authorization. We also help regulators and policy makers aggregate and process multi-source heterogeneous data at city, provincial and national levels, and allow them to utilize our solutions in multiple application scenarios, such as public health monitoring, epidemic response and population health management.

Life Sciences Solutions. We commenced providing life science solutions in 2017. We provide analytics-driven clinical development, real-world evidence (RWE)-based research and digital commercialization solutions to pharmaceutical, biotech and medical device companies, as well as other companies involved in the clinical development process. Our life sciences solutions serve our customers in their drug and medical device development and commercialization process. As part of our life sciences solutions, we also offer software and technology platforms to pharmaceutical, biotech and medical device companies and contract research organizations (CROs) to enhance their clinical trial process. We are currently still at an early stage of development and our scale is relatively small. For the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2020, the Life Sciences Solutions segment contributed revenues in the amount of RMB5.1 million, RMB34.8 million, RMB102.8 million and RMB27.5 million, respectively, representing 22.2%, 34.2%, 18.4% and 16.1% of our total revenues, respectively.

Health Management Platform and Solutions. We operate our research-driven personal health management platform under the brand “CausaHealth”. Through this platform we offer doctors clinical research and management tools powered by YiduCore. Our CausaHealth platform helps doctors conduct research and manage their patients. Since the launch of CausaHealth in 2020, the number of active doctors grew to approximately 7,000 as of June 30, 2020 and further to approximately 29,900 as of September 30, 2020. We also offer insurance technology and disease management solutions under the “CausaCloud” brand to insurance companies and agencies. We commenced the operation of

SUMMARY

CausaHealth in February 2020 and CausaCloud in 2019, and this segment is still at a preliminary development stage. For the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2020, the Health Management Platform and Solutions segment contributed revenues in the amount of nil, RMB10.8 million, RMB55.6 million and RMB9.1 million, respectively, representing nil, 10.5%, 10.0% and 5.4% of our total revenues, respectively.

Customer Type	Offerings	Value Add	Monetization Method During the Track Record Period
Big Data Platform and Solutions			
Hospitals	Big Data Platform - DPAP - Eywa	<ul style="list-style-type: none"> Aggregate and convert the raw data that reside in existing operating systems into computable, structured and standardized data 	<ul style="list-style-type: none"> Upfront platform development and installation and upgrade fee Maintenance fee
	Solutions - Medical Research - Clinical Diagnosis and Treatment - Hospital Operations Management	<ul style="list-style-type: none"> Leverage insights from data to drive higher quality and more efficient medical research and clinical diagnosis and treatment and improved operational efficiencies and service quality. 	<ul style="list-style-type: none"> Perpetual or term-based license⁽¹⁾ and/or subscription fee Maintenance and data processing-as-a-service fee
	Research Network	<ul style="list-style-type: none"> Enable efficient collaboration and coordination for high-quality large-scale real-world research. 	<ul style="list-style-type: none"> Upfront platform deployment fee Maintenance and data processing-as-a-service fee
Regulators and Policymakers	Big Data Platform	<ul style="list-style-type: none"> Aggregate and convert multi-source heterogeneous data from healthcare institutions and various government agencies into computable, structured and standardized data 	<ul style="list-style-type: none"> Upfront platform development and installation and upgrade fee Maintenance fee
	Solutions - Public Health Monitoring - Epidemic Response - Population Health Management	<ul style="list-style-type: none"> Leverage insights from data to enhance public health monitoring and regulatory oversight, generate insights and evidence for policy making and outcome evaluation, and implement population health management initiatives 	<ul style="list-style-type: none"> Perpetual or term-based license⁽¹⁾, subscription and/or term-based service fee Maintenance and data processing-as-a-service fee
Life Sciences Solutions			
Pharmaceutical, biotech and medical device companies	Analytics-driven clinical development	<ul style="list-style-type: none"> Increase probability of clinical development success in lesser time and cost 	<ul style="list-style-type: none"> Service contract revenue predominantly charged on a time-and-material basis
	Real-world evidence-based research Evidence-based digital commercialization	<ul style="list-style-type: none"> High quality evidence to demonstrate value and outcomes Improve commercial success and return on investment 	
Health Management Platform and Solutions			
Patients	Health and disease management plans		<ul style="list-style-type: none"> Service package subscription fee
	Online consultation	<ul style="list-style-type: none"> One-stop platform for personalized health and disease management services 	<ul style="list-style-type: none"> Consultation fee per time
	Drugs and devices		
	Insurance		<ul style="list-style-type: none"> Take-rate of insurance premium
Insurance Companies	Insurance Technology Solutions	<ul style="list-style-type: none"> Support product innovation and enable faster and more accurate insurance underwriting and claim processing 	<ul style="list-style-type: none"> Project-based implementation and consulting fee Take-rate

SUMMARY

Note:

- (1) Term-based license fee refers to fees that we charge our customers for the right to use our platform or application for a specified period of time or license term.

Pricing

Big Data Platform and Solutions. Our big data platform fees include upfront platform development and installation fees and maintenance fees. We currently charge our new customers and platform upgrades using a cost-plus approach. When determining our fees chargeable to our individual clients, we take into account various factors such as the scale and scope of data, number of features and models and level of service provided. We charge maintenance and upgrade services fees at a fixed percentage of the upfront platform development and installation fees. The fee model for our solutions includes one-off fee for implementation and license, of which, the revenue for term-based license is recognized over the term, as well as recurring fee for subscription and services. The fees we charge regulators and policy makers are set on a case-by-case basis and vary widely according to the scope and size of coverage and value of the outcome.

Life Sciences Solutions. We predominantly charge per project on a time-and-material basis. The price range varies widely based on the type of the project, scope of project, the scale of the project and the difficulty of the project.

Health Management Platform and Solutions. For our health management platform and services, our revenues currently consist of online consultation fees, health management service fees, sales of drugs procured from pharmaceutical companies to partnering pharmacies on our CausaHealth platform and take-rate of insurance premium. For our CausaCloud solutions, we price on a project-by-project basis with reference to market dynamic and internal margin guideline.

See “Business—Pricing” for more details on our pricing strategies. In the future, we plan to follow the current pricing strategy and make dynamic adjustments in accordance with the development of our business the industry.

YiduCore - empowered Ecosystem

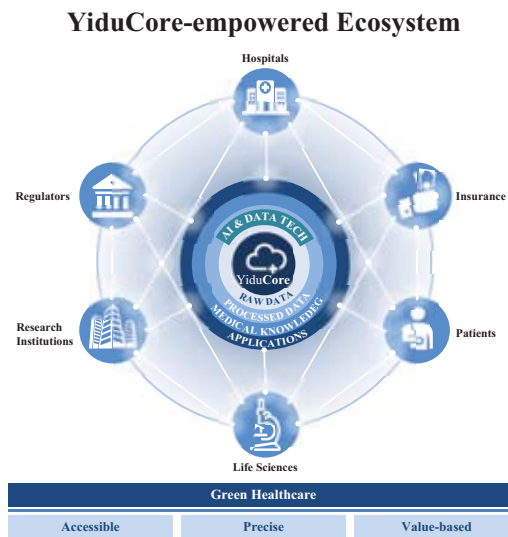
Anchored upon the data processing capabilities of YiduCore and the actionable insights derived from the processed data, we started to monetize the research-driven solutions we designed and offered to players in healthcare industry in 2017. Participants in our ecosystem include hospitals, pharmaceutical, biotech and medical device companies, research institutions, insurance companies, doctors and patients, and regulators and policy makers. The self-reinforcing nature of YiduCore, through an expanding ecosystem of participants coupled with increasing value derived from more data processed, creates significant network effects to fuel our rapid expansion.

With actionable insights accumulated and our network of investigators and partnering hospitals, we are able to conduct real-world studies on different drugs in various disease areas efficiently for our customers in the Life Sciences Solutions segment. For example, in 2019 we helped different pharmaceutical company customers perform cost-effectiveness analysis on nine drugs of six disease areas based on real-world studies, which is necessary to the admission of such drugs into or the preservation of such drugs in the catalog of drugs covered by national medical insurance system. Supported by the result of our studies and other materials submitted by the customers, all of these customers’ applications for the inclusion or preservation of these drugs in the catalog were approved by the National Healthcare Security Administration.

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Earlier this year, we also built for the Wuhan health authorities a dynamic epidemic monitoring platform for combating COVID-19. The platform integrates the databases at city, district and county levels that cover the majority of healthcare institutions in the region and is capable of processing millions of data entries. With YiduCore, it took us merely seven days to develop the platform and complete the first phase of data aggregation, processing and quality control. The epidemic monitoring platform actively monitors population health conditions to identify unusual trends and emerging risks so that health authorities can allocate resources and take measures to contain the pandemic.

In addition, our online health management platform, CausaHealth, has helped physicians significantly improve patient management and productivity. In general, medical experts on our CausaHealth platform, through leveraging our platform solutions, were able to increase their weekly consultation productivity by around four times compared to traditional offline consultations.



Our Accomplishments

While we believe we are only at the beginning of our journey, our results speak to the progress already achieved. According to the EY Report, we ranked No. 1 in terms of revenue among all healthcare big data solution providers in China in 2019 with a market share of 5.0% in the healthcare big data solutions market in China. Leveraging YiduCore, we have (i) provided big data platforms and research-driven solutions covering more than 500 hospitals in China, encompassing over 120 Grade 3A hospitals, of which 64 are ranked among the top 150 hospitals in China, and regulators and policy makers across different administrative levels, (ii) processed and analyzed upon authorization over 1.3 billion longitudinal healthcare records from over 300 million patients to derive deep insights and knowledge, and (iii) successfully launched and started the monetization of multiple healthcare solutions across our three business segments.

As we leverage YiduCore to introduce and launch new healthcare solutions, our results of operations continued to improve during the Track Record Period. In particular, our revenue growth has accelerated and our gross profit continued to grow and has turned positive since the fiscal year ended March 31, 2019. In the meantime, our loss and adjusted net loss have been declining since the fiscal year ended March 31, 2019. See “—Summary of Historical Financial Information,” “—Non-IFRS Measure,” “Financial Information—Description of Major Components of Our Results of Operations” and “Financial Information—Non-IFRS Measure: Adjusted Net Loss” for details.

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In the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2020, purchases from our largest five suppliers in aggregate accounted for 45.3%, 23.6%, 36.9% and 45.0% of our total purchases, respectively. Our top five customers accounted for 89.7%, 40.9%, 48.0% and 66.6% of our total revenues for each of the fiscal years ended March 31, 2018, 2019, 2020 and the three months ended June 30, 2020, respectively. In addition, our research and development activities aim to strengthen the core capabilities of YiduCore by investment in AI technologies and information security to develop and adopt frontier AI and data security technologies, leveraging YiduCore to improve services and solutions to serve the critical needs of our customers, and optimizing and enhancing our technology infrastructure. We incurred RMB153.6 million, RMB257.6 million, RMB263.7 million and RMB48.3 million of research and development expenses in the fiscal years ended March 31, 2018, 2019 and 2020 and in the three months ended June 30, 2020, respectively.

Key Operating Data

The following tables set forth the key operating data for the period indicated:

Big Data Platform and Solutions	For the Years Ended March 31,			For the Three Months Ended June 30,	
	2018	2019	2020	2019	2020
Number of Active Customers					
Hospital Customers ⁽¹⁾	37	51	71	56	72
Regulators and Policy Makers ⁽²⁾	1	6	14	6	15
Total	<u>38</u>	<u>57</u>	<u>85</u>	<u>62</u>	<u>87</u>

Notes:

- (1) Hospital customers mean hospitals that installed our big data platform or purchased our standalone solutions during the period.
- (2) Include regulators and policy makers that installed our big data platform or purchased our standalone solutions during the period.

Life Sciences Solutions	For the Years Ended March 31,			For the Three Months Ended June 30,	
	2018	2019	2020	2019	2020
Number of Active Customers⁽¹⁾					
Pharmaceutical, Biotech and Medical Device					
Companies	5	30	55	40	65
Others ⁽²⁾	4	7	19	7	21
Total	<u>9</u>	<u>37</u>	<u>74</u>	<u>47</u>	<u>86</u>

Notes:

- (1) Number of active customers means the number of customers who have entered into at least one service agreement with us during the period.
- (2) Include foundations, universities, research institutions and market research firms.

During the Track Record Period, we recorded significant total revenue growth and revenue growth for each of our three segments. Our revenue growth was primarily driven by growth in our customer base and deepening relationship with our existing customers. For example, for our Big Data Platform and Solutions segment, (i) the number of our hospital customers increased from 37 in the fiscal year ended March 31, 2018 to 51 in the fiscal year ended March 31, 2019 and further to 71 in the fiscal year ended March 31, 2020 and the solutions that we offer to hospitals also increased, (ii) our regulators and policy makers covered increased from 1 to 6 and further to 14 in the respective fiscal years. The increase in revenue in the three months ended June 30, 2020 also included one-off revenue from sales of medical devices and other COVID-19 prevention supplies to foreign governments. For our Life

SUMMARY

Sciences Solutions segment, our number of active customers increased from 9 in the fiscal year ended March 31, 2018 to 37 in the fiscal year ended March 31, 2019 and further to 74 in the fiscal year ended March 31, 2020. Our overall revenue retention rate was 162% in the fiscal year ended March 31, 2019 and 125% in the fiscal year ended March 31, 2020, while the revenue retention for our core pharmaceutical, biotech and medical device company customers was 171% and 152% in these periods, respectively. Revenue retention refers to the revenues generated in a certain period associated with the total customers active in the prior period. Revenue retention rate is further computed by dividing the revenue retention by the total revenues in the prior period associated with these same customers. This is an important metric tracked internally by our management to monitor the relevance of our services to our core customers. We exercise our judgement to match the revenues associated with each customer to enhance the relevance of our tracking mechanism as the contracting party in some circumstances may not be the ultimate beneficiary of our services. Our Health Management Platform and Solutions business is our newest segment with considerable growth potential.

Sustainability of Business

We have transitioned from the investment phase to monetization phase, and have achieved continuous improvement in our results of operations, asset position and cash flow position during the Track Record Period. 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. See “Business—Sustainability of Business” for more details.

- *Scalable and flexible YiduCore enabling fast product development and iteration under three business segments.* Leveraging our scalable YiduCore, we have successively developed a suite of data analytics-driven healthcare solutions. We will continue to explore new use cases and broaden our solution offerings to further unleash the monetization potential of YiduCore and capture more growth opportunities, while deriving additional insights and uncover new areas to explore, improve and optimize.
- *Rapid diversification and growth of customers, leading to decline in customer concentration.* We have displayed strong track record in our ability to leverage YiduCore to expand our business and solution offerings and penetrate new and large addressable markets. We believe that the diversification of customers will continue as the life sciences solutions and health management platform and solutions segments further expand.
- *Strong gross profit and gross margin expansion driven by revenue mix shift and increasing pricing power.* Our gross profit has turned positive since the fiscal year ended March 31, 2019 and witnessed fast growth during the Track Record Period, and so did our overall gross margins. If the one-off revenue from selling epidemic prevention supplies is taken out in the three months ended June 30, 2020, our gross profit will decrease from RMB31.5 million to RMB27.6 million and our gross margin will increase from 18.5% to 29.5% in the three months ended June 30, 2020. We expect our overall gross margin to continue to expand in the near term as we realize greater pricing power, drive further economies of scale in our service delivery, increase the contribution from higher margin revenue streams and fully leverage the synergy among our different business segments.
- *Solid track record in displaying strong operating leverage.* We have been able to achieve rapid growth with strong operating leverage. We expect to further improve our operational and selling and marketing efficiency and drive rapid moderation of our selling and marketing expenses, administrative expenses and research and development expenses as a percentage of revenue.

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- *Solid track record in displaying improved asset and cash flow positions.* Our net liabilities position and operating cash flow have been improving during the Track Record Period. Our Directors are of the view that our asset position and operating cash flow will continue to improve as we will continue to grow rapidly with expanding gross profit margin and monitor and manage our operating expenses in a disciplined approach, as well as collect our trade receivables in a more efficient manner. On the basis of the factors set out above and the Company's historic financial performance during the Track Record Period, nothing has come to the attention of the Joint Sponsors to cause them to doubt the reasonableness of the views of our Directors above.

OUR INDUSTRY AND MARKET OPPORTUNITIES

China is the second largest healthcare market in the world in terms of national healthcare expenditure for the year ended December 31, 2019 at US\$931.4 billion, growing at a CAGR of 11.2% from 2016, according to the EY Report.

During the past decade, China has invested heavily in the informatization of the healthcare system and a massive amount of data has been generated and accumulated. However, most of this data reside in hundreds of discrete legacy applications across different stakeholders and are in non-computable formats such as free-form texts. As such, the value of the data can only be realized through advanced technologies such as artificial intelligence and big data, which requires the adoption of (i) integrated technology infrastructure to effectively connect, standardize and analyze the data and (ii) healthcare big data applications. The following challenges are expected to drive the development of the healthcare big data solutions market in China: (i) increasing pressure for public hospitals to transform, (ii) urgency for R&D efficiency improvement and commercial transformation in the life sciences industry, (iii) huge health resource gap to meet emerging demands for high quality holistic health management, and (iv) misalignment of incentive structure. See "Industry Overview—Market Opportunities and Drivers for China's Healthcare Big Data Solutions Market" for details.

Healthcare big data solutions can help to overcome the above challenges and create significant value for major stakeholders in the healthcare value chain by enabling effective policy-making and precise healthcare regulations, efficient clinical research and effective hospital management, improved life sciences R&D and commercialization effectiveness, and intelligent personal health management.

According to the EY Report, the total amount of informatization investment in China's healthcare industry was RMB145.6 billion in 2019 and is expected to grow to RMB356.7 billion in 2024 at a CAGR of 19.6%. The size of the healthcare big data solutions market was RMB10.5 billion in 2019 and is expected to grow to RMB57.7 billion in 2024 at a CAGR of 40.5%. The overall healthcare big data solutions penetration rate, which refers to the amount of sales revenue of healthcare big data solutions as a percentage of the total amount of healthcare informatization investment in China, is expected to increase from 7.2% in 2019 to 16.2% in 2024.

In addition to the strong growth momentum of the healthcare big data solutions market, there are other emerging market opportunities such as in the internet healthcare market. China's internet healthcare market, which consists of online consultation, health management, pharmaceutical e-commerce and insurance cooperation, has experienced robust growth since 2015. The total size of China's internet healthcare market, as measured by total revenue, is expected to grow from RMB52.9 billion in 2019 to RMB257.0 billion by 2024, with a CAGR of 37.2%.

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OUR STRENGTHS

We believe the following strengths contribute to our success and differentiate us from our competitors: (i) powerful AI technology capable of processing massive multi-source heterogeneous healthcare data with speed and accuracy, (ii) self-reinforcing YiduCore to generate evolving insights and knowledge, (iii) strong capability to develop research-driven healthcare solutions, (iv) powerful network effects of our ecosystem fueling multi-pronged monetization potentials, (v) robust customer relationship deepened through long-term value creation, and (vi) visionary management team supported by a deep pool of in-house talent with big data and healthcare expertise.

OUR STRATEGIES

To achieve our mission and further solidify our leadership, we intend to pursue the following strategies: (i) continue to strengthen our data processing capabilities, (ii) deepen and broaden our knowledge and use cases by disease areas, (iii) expand customer base and deepen relationship with existing customers, (iv) explore opportunities in international markets, and (v) further enrich our ecosystem through strategic partnerships, investments and acquisitions.

RISK FACTORS

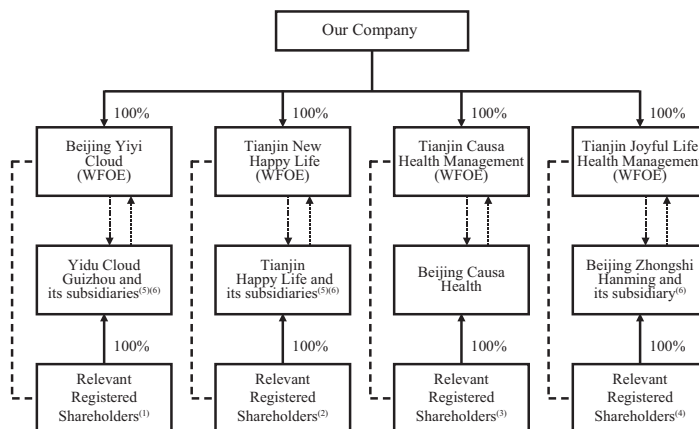
Our business and the Global Offering involve certain risks, which are set out in the section headed “Risk Factors”. You should read that section in its entirety carefully before you decide to invest in our Shares. Some of the major risks we face are relating to: (i) our ability to manage the growth and expansion of our business and operations, (ii) challenges as a fast growing company with limited operating history in an emerging and dynamic industry, (iii) our ability to keep up with rapid changes in AI, big data analytics and other technologies, (iv) our ability to continue to access and accurately and efficiently process healthcare data and generate insights from the data processed, and (v) our ability to maintain compliance with data protection and privacy-related laws and regulations.

CONTRACTUAL ARRANGEMENTS

Our Company operates or may operate in industries which fall under Internet resource collaboration service or Internet information service, both being the value-added telecommunication services and subject to restrictions under the current PRC laws and regulations. In order to comply with such laws, while availing ourselves of international capital markets and maintaining effective control over all of our operations, we control our Consolidated Affiliated Entities through the Contractual Arrangements entered into on August 18, 2020. Hence, we do not directly own any equity interest in our Consolidated Affiliated Entities. Pursuant to the Contractual Arrangements, we have effective control over the financial and operational policies of our Consolidated Affiliated Entities and are entitled to all the economic benefits derived from the Consolidated Affiliated Entities’ operations. For further details, please see section headed “Contractual Arrangements” in this prospectus.

SUMMARY

The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to our Company stipulated under the Contractual Arrangements:



Notes:

- (1) Yidu Cloud Guizhou is owned by Ms. Gong Yingying as to 99% and Ms. Zhang Shi as to 1%.
- (2) Tianjin Happy Life is owned by Mr. Xu Jiming as to 99% and Mr. Hao Yiming as to 1%.
- (3) Beijing Causa Health is owned by Mr. He Zhi as to 51% and Mr. Liang Yupeng as to 49%.
- (4) Beijing Zhongshi Hanming is owned by Mr. Li Wei as to 51% and Mr. Guo Xiaoyu as to 49%.
- (5) These include certain companies which do not currently carry out any business operations but intend to carry out businesses which are subject to foreign investment restrictions in accordance with the Negative List.
- (6) For details of the subsidiaries of the Onshore Holdcos, see “History, reorganization and corporate structure”.
- (7) “—>” denotes direct legal ownership in the equity interest.
- (8) “--->” denotes contractual relationship.
- (9) “----->” denotes provision of technical and consultation series
- (10) “----->” denotes payment of service fees
- (11) “-----” denotes the control by WFOEs over the Registered Shareholders and the Onshore Holdcos through (i) powers of attorney to exercise all shareholders’ rights in the Onshore Holdcos; (ii) exclusive call options to acquire all or part of the equity interests in the Onshore Holdcos; and (iii) equity pledges over the equity interests in the Onshore Holdcos.

On March 15, 2019, the National People’s Congress promulgated the Foreign Investment Law, which took effect on January 1, 2020. As the law is relatively new, uncertainties exist in relation to its interpretation and implementation. For example, the Foreign Investment Law does not explicitly classify whether variable interest entities that are controlled through contractual arrangements would be deemed as foreign invested enterprises if they are ultimately “controlled” by foreign investors. However, the law has a catch-all provision under the definition of “foreign investment” that includes investments made by foreign investors in China through other means as provided by laws, administrative regulations or the State Council. Therefore it still leaves leeway for future laws, administrative regulations or provisions of the State Council to provide for contractual arrangements as a form of foreign investment. As a result, it remains uncertain whether our contractual arrangements will be deemed as a foreign investment in the PRC. If our control over our Consolidated Affiliated Entities through the Contractual Arrangements is deemed as foreign investment in the future, and any business of our Consolidated Affiliated Entities is “restricted” or “prohibited” from foreign investment under the Special Administrative Measures (Negative List) for Foreign Investment Access effective at the time, we may be deemed to be in violation of the Foreign Investment Law, the Contractual Arrangements that allow us to have control over our Consolidated Affiliated Entities may be deemed as invalid and illegal, and we may be required to unwind such contractual arrangements and/or restructure our business operations, any of which may have a material adverse effect on our business operations.

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There are potential risks relating to the Contractual Arrangements. See the section headed “Risk Factors—Risks relating to our Contractual Arrangements” for further details. For the potential tax impact on the Group upon the adoption of the Contractual Arrangements, please see the section headed “Risk Factors—Risks Relating to Our Contractual Arrangements—Contractual arrangements we have entered into with our VIEs may be subject to scrutiny by the PRC tax authorities. A finding that we owe additional taxes could negatively affect our financial condition and the value of your investment”.

OUR CONTROLLING SHAREHOLDER

Immediately after completion of the Global Offering, Ms. Gong, our Founder, executive Director, Chief Executive Officer and Chairlady of the Board, will be interested in and control 44.23% of our issued Shares (assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Plans, Post-IPO Share Option Scheme and Post-IPO Share Award Scheme) and will therefore be a Controlling Shareholder of our Company after the Listing. Ms. Gong holds her interest in the Company through an intermediary company wholly-owned by her, namely, Sweet Panda Limited.

For further details about our Controlling Shareholder, please refer to the section headed “Relationship with our Controlling Shareholder”.

PRE-IPO INVESTORS

We have received eleven rounds of Pre-IPO Investments totalling over US\$337 million since our establishment. Our Pre-IPO Investors include private equity funds, sovereign wealth funds and other professional investment companies, some with a focus on the healthcare industry and/or the big data industry. For details of our Pre-IPO Investors and their investment in us, please see section headed “History, Reorganization and Corporate Structure—Pre-IPO Investments”.

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 Accountant’s Report set out in Appendix I to this prospectus. 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 prospectus, including the related notes. Our consolidated financial information was prepared in accordance with IFRS.

SUMMARY

Selected Consolidated Income Statement

The following table sets forth our consolidated statements of comprehensive income with line items in absolute amounts and as percentages of our revenues for the periods indicated:

	For the Year Ended March 31,						For the Three Months Ended June 30,			
	2018		2019		2020		2019		2020	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)									
Revenue from contracts with customers	22,727	100.0	102,013	100.0	558,083	100.0	24,815	100.0	170,401	100.0
Cost of sales and services ⁽¹⁾	(23,661)	(104.1)	(96,300)	(94.4)	(411,546)	(73.7)	(22,921)	(92.4)	(138,899)	(81.5)
Gross (loss)/profit	(934)	(4.1)	5,713	5.6	146,537	26.3	1,894	7.6	31,502	18.5
Selling and marketing expenses ⁽¹⁾	(49,212)	(216.5)	(101,327)	(99.3)	(170,702)	(30.6)	(40,270)	(162.3)	(43,888)	(25.8)
Administrative expenses ⁽¹⁾	(40,792)	(179.5)	(83,515)	(81.9)	(301,990)	(54.1)	(64,297)	(259.1)	(55,441)	(32.5)
Research and development expenses ⁽¹⁾	(153,610)	(675.9)	(257,615)	(252.5)	(263,683)	(47.2)	(70,796)	(285.3)	(48,297)	(28.3)
Net impairment losses on financial assets and contract assets	(2,524)	(11.1)	(7,958)	(7.8)	(22,725)	(4.1)	(3,803)	(15.3)	(1,840)	(1.1)
Other income	—	—	5,092	5.0	11,419	2.0	72	0.3	8,147	4.8
Other (losses)/gains – net	(5,274)	(23.2)	7,403	7.3	3,716	0.7	1,827	7.4	(369)	(0.2)
Operating loss	(252,346)	(1,110.3)	(432,207)	(423.7)	(597,428)	(107.1)	(175,373)	(706.7)	(110,186)	(64.7)
Finance income	139	0.6	250	0.2	5,496	1.0	643	2.6	227	0.1
Finance costs	(2,466)	(10.9)	(3,103)	(3.0)	(4,199)	(0.8)	(661)	(2.7)	(1,390)	(0.8)
Finance (costs)/income, net	(2,327)	(10.2)	(2,853)	(2.8)	1,297	0.2	(18)	(0.1)	(1,163)	(0.7)
Net loss on impairment of associates	(9,185)	(40.4)	—	—	—	—	—	—	—	—
Share of (loss)/profit from investment in associates	(2,137)	(9.4)	1	0.0	113	0.0	72	0.3	(410)	(0.2)
Fair value changes of convertible redeemable preferred shares	(646,901)	(2,846.4)	(406,980)	(398.9)	(821,584)	(147.2)	(470,366)	(1,895.5)	(400,381)	(235.0)
Fair value changes of convertible notes	(65,446)	(288.0)	(91,082)	(89.3)	(102,356)	(18.3)	(20,772)	(83.7)	(24,192)	(14.2)
Fair value changes of warrants	—	—	—	—	9,063	1.6	—	—	30,107	17.7
Loss before income tax	(978,342)	(4,304.8)	(933,121)	(914.7)	(1,510,895)	(270.7)	(666,457)	(2,685.7)	(506,225)	(297.1)
Income tax (expense)/credit	(26)	(0.1)	(569)	(0.6)	(533)	(0.1)	(184)	(0.7)	418	0.2
Loss for the year/period	(978,368)	(4,304.9)	(933,690)	(915.3)	(1,511,428)	(270.8)	(666,641)	(2,686.4)	(505,807)	(296.8)
Loss is attributable to:										
Owners of the Company	(978,368)	(4,304.9)	(933,588)	(915.2)	(1,509,878)	(270.5)	(666,474)	(2,685.7)	(505,687)	(296.7)
Non-controlling interests	—	—	(102)	(0.1)	(1,550)	(0.3)	(167)	(0.7)	(120)	(0.1)
	<u>(978,368)</u>	<u>(4,304.9)</u>	<u>(933,690)</u>	<u>(915.3)</u>	<u>(1,511,428)</u>	<u>(270.8)</u>	<u>(666,641)</u>	<u>(2,686.4)</u>	<u>(505,807)</u>	<u>(296.8)</u>

SUMMARY

Note:

(1) Share-based compensation expenses were allocated as follows:

	For the Year Ended March 31,			For the Three Months Ended June 30,	
	2018	2019	2020	2019	2020
	(in thousands of RMB)				
Cost of sales and services	—	50	10,554	—	1,096
Big Data Platform and Solutions	—	—	3,278	—	457
Life Sciences Solution	—	33	7,098	—	493
Health Management Platform and Solutions	—	17	178	—	146
Selling and marketing expenses	4,297	8,895	28,822	741	2,590
Administrative expenses	3,760	1,812	196,792	43,482	21,136
Research and development expenses	5,043	5,532	36,779	1,012	3,436
Total	<u>13,100</u>	<u>16,289</u>	<u>272,947</u>	<u>45,235</u>	<u>28,258</u>

During the Track Record Period, our total revenues increased by 348.9% from RMB22.7 million in the fiscal year ended March 31, 2018 to RMB102.0 million in the fiscal year ended March 31, 2019 and further by 447.1% to RMB558.1 million in the fiscal year ended March 31, 2020, and increased by 586.7% from RMB24.8 million in the three months ended June 30, 2019 to RMB170.4 million in the three months ended June 30, 2020. The increase in revenue in the three months ended June 30, 2020 also included one-off revenue from sales of medical devices and other COVID-19 prevention supplies to foreign governments. If the one-off revenue RMB76.8 million from selling epidemic prevention supplies is excluded in the three months ended June 30, 2020, our total revenue will decrease from RMB170.4 million to RMB93.6 million in the three months ended June 30, 2020.

Our loss for the year or period was RMB978.4 million, RMB933.7 million and RMB1,511.4 million for the fiscal years ended March 31, 2018, 2019 and 2020, respectively, and was RMB666.6 million and RMB505.8 million for the three months ended June 30, 2019 and 2020, respectively. We recorded accumulated losses throughout the Track Record Period primarily due to the significant amounts of research and development expenses, administrative expenses, and fair value losses of convertible redeemable preferred shares and convertible notes. See the section headed “Financial Information” for more details.

During the Track Record Period, we had outstanding convertible redeemable preferred shares, convertible notes and warrants, all of which were designated as financial liabilities at fair value through profits or losses. Their fair value is determined based on the valuation performed by an independent valuer using valuation techniques. We use our judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the respective valuation dates. Fair value changes of convertible redeemable preferred shares would adversely affect our financial performance during the Track Record Period and subsequent to the Track Record Period before their automatic conversion into our Shares upon the Listing. See “Financial Information—Description of Major Components of Our Results of Operations” for more details.

SUMMARY

Summary Financial Information by Business Segment

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

	For the Year Ended March 31,						For the Three Months Ended June 30,			
	2018		2019		2020		2019		2020	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)									
Revenues:										
Big Data Platform and Solutions	17,672	77.8	45,895	45.0	371,864	66.6	2,918	11.8	133,767	78.5
Life Sciences Solutions	5,055	22.2	34,842	34.2	102,793	18.4	8,188	33.0	27,508	16.1
Health Management Platform and Solutions	—	—	10,758	10.5	55,648	10.0	5,807	23.4	9,126	5.4
Others	—	—	10,518	10.3	27,778	5.0	7,902	31.8	—	—
Total	22,727	100.0	102,013	100.0	558,083	100.0	24,815	100.0	170,401	100.0

During the Track Record Period, we generated revenues from three main operating segments: Big Data Platform and Solutions, Life Sciences Solutions and Health Management Platform and Solutions.

- *Big Data Platform and Solutions.* Our total revenue from Big Data Platform and Solutions increased during the Track Record Period. We expect our revenue from Big Data Platform and Solutions to continue to increase in absolute amounts in the foreseeable future. Set forth below is a breakdown of revenue by customer type during the Track Record Period.

	For the Year Ended March 31,			For the Three months Ended June 30,	
	2018	2019	2020	2019	2020
	(in thousands of RMB)				
Revenue by customer type					
Hospitals	3,430	14,672	27,501	2,628	8,874
Regulators and policy makers	14,227	11,632	241,305	80	101,382
Others ⁽¹⁾	15	19,591	103,058	210	23,511
Total	17,672	45,895	371,864	2,918	133,767

Note:

(1) Consist of other healthcare ecosystem participants whom we offered big data processing and analytics services such as Customer N, a big internet company and one of our top five customers in the fiscal year ended March 31, 2020, whom we helped build a healthcare data platform for healthcare data analysis. See “Business—Our Customers” for more details. Customer N’s revenue contribution was nil, nil, RMB34.0 million, nil and RMB2.3 million for the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020, respectively.

Our revenue from Big Data Platform and Solutions was primarily driven by the increase in the number of customers. See “—Key Operating Data” for more details. The increase in revenue in the three months ended June 30, 2020 also included one-off revenue from sales of medical devices and other COVID-19 prevention supplies to foreign governments. If the one-off revenue RMB76.8 million from selling epidemic prevention supplies is excluded in the three months ended June 30, 2020, our segment revenue will decrease from RMB133.8 million to RMB57.0 million in the three months ended June 30, 2020. Along with the increase in the total number of customers, our average revenue per active customer under the

SUMMARY

Big Data Platform and Solutions segment witnessed growth as well during the Track Record Period as shown in the table below:

	For the Year Ended March 31,			For the Three months Ended June 30,	
	2018	2019	2020	2019	2020
	(in thousands of RMB)				
Average revenue per active customer ⁽¹⁾	465	461	3,162	44 ⁽²⁾	1,267

Note:

- (1) Calculated by dividing the total revenue from hospitals, regulators and policy makers by the total number of active hospital, regulator and policy maker customers.
- (2) Average revenue per active customer for the three months ended June 30, 2019 was significantly lower than that for the other fiscal years or period during the Track Record Period because average revenue per active customer for the Big Data Platform and Solutions segment was affected by seasonality as some projects with relatively large contract value have to be secured through our customer tendering process which tends to be concentrated in the December quarter.

- *Life Sciences Solutions.* Our revenue from Life Sciences Solutions increased during the Track Record Period. We expect our revenue from Life Sciences Solutions to continue to increase in absolute amounts in the foreseeable future. Set forth below a breakdown of revenue by customer type and by project type during the Track Record Period.

	For the Year Ended March 31,			For the Three months Ended June 30,	
	2018	2019	2020	2019	2020
	(in thousands of RMB)				
Revenue by customer type					
Core pharmaceutical, biotech and medical device companies	4,689	29,195	85,310	6,949	25,462
Others ⁽¹⁾	366	5,647	17,483	1,239	2,046
Total	<u>5,055</u>	<u>34,842</u>	<u>102,793</u>	<u>8,188</u>	<u>27,508</u>

Note:

- (1) Include foundations, universities, research institutions and market research firms.

	For the Year Ended March 31,			For the Three months Ended June 30,	
	2018	2019	2020	2019	2020
	(in thousands of RMB)				
Revenue by project type					
Clinical development and RWE-based research	2,768	14,635	56,041	5,522	15,636
Commercialization solutions	2,287	20,207	46,752	2,666	11,872
Total	<u>5,055</u>	<u>34,842</u>	<u>102,793</u>	<u>8,188</u>	<u>27,508</u>

Revenue from Life Sciences Solutions was primarily driven by (i) the increase in the number of active customers and (ii) our deepened customer relationship, as shown by our overall revenue retention rate. See “—Key Operating Data” for more details.

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Along with the increase in the total number of active customers, our average revenue per active customer under the Life Sciences Solutions segment witnessed growth as well during the Track Record Period as shown in the table below:

	For the Year Ended March 31,			For the Three months Ended June 30,	
	2018	2019	2020	2019	2020
	(in thousands of RMB)				
Average revenue per active customer	562	942	1,389	174	320

- Health Management Platform and Solutions.** Health Management Platform and Solutions started generating revenues in the fiscal year ended March 31, 2019, and continued to increase during the remaining of the Track Record Period. Revenue from Health Management Platform and Solutions was primarily contributed by our insurance technology solutions offered under the “CausaCloud” brand during the Track Record Period. CausaHealth was launched in February 2020 and is expected to have considerable growth potential.

Gross Profit and Margin. The following table sets forth our gross profit both in absolute amount and as a percentage of total revenues, or gross margin, by segment for the periods indicated. The increase in overall gross margin during the Track Record Period was primarily driven by our increased pricing power and the scalability and improved utilization of our core capabilities. The increase in gross profit in the three months ended June 30, 2020 also included one-off revenue from sales of medical devices and other COVID-19 prevention supplies to foreign governments. If the one-off revenue RMB76.8 million from selling epidemic prevention supplies is excluded in the three months ended June 30, 2020, the gross profit will decrease from RMB31.5 million to RMB27.6 million in the three months ended June 30, 2020.

	For the Year Ended March 31,						For the Three Months Ended June 30,			
	2018		2019		2020		2019		2020	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)									
Gross (loss)/profit:										
Big Data Platform and Solutions	(1,041)	(5.9)	1,491	3.2	124,358	33.4	514	17.6	29,335	21.9
Life Sciences Solutions	107	2.1	2,854	8.2	13,776	13.4	907	11.1	4,171	15.2
Health Management Platform and Solutions	—	—	944	8.8	7,711	13.9	167	2.9	(2,004)	(22.0)
Others	—	—	424	4.0	692	2.5	306	3.9	—	—
Total	(934)	(4.1)	5,713	5.6	146,537	26.3	1,894	7.6	31,502	18.5

The gross margin of the Big Data Platform and Solutions segment increased during the Track Record Period, driven by increased pricing power and revenue mix shift from lower margin implementation revenue to higher margin software and service revenue. For the three months ended June 30, 2020, our gross margin was negatively impacted by our recognition of more share-based compensation compared to the same period of 2019 due to the one-off accounting treatment of historical share-based compensation expenses as elaborated under “—Description of Major Components of Our Results of Operations—Share-based Compensation Expenses” and “—Period-to-Period Comparison of Results of Operations,” as well as one-time costs incurred in connection with the procurement of medical devices

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and other COVID-19 prevention supplies. If the one-off revenue from selling epidemic prevention supplies is taken out in the three months ended June 30, 2020, the gross margin of this segment will increase from 21.9% to 44.7% in the three months ended June 30, 2020. The gross margin of our Big Data Platform and Solutions segment will be affected by the rate of new customer additions. An acceleration in the number of new customers in a particular period may depress the segment gross margin in that period due to lower margin implementation services. However, we expect the gross margin of our Big Data Platform and Solutions segment to expand over the long term as we deepen our relationship with customers by selling higher margin software and solutions on top of the infrastructure platform.

The gross margin of the Life Sciences Solutions segment increased during the Track Record Period, driven by our increased pricing power and higher utilization. Our gross margin in the fiscal year ended March 31, 2020 was materially impacted by the one-off accounting treatment of historical share-based compensation as indicated above. For the three months ended June 30, 2020, our gross margin was impacted by lower utilization as we continued to build out our delivery capability and experienced lower than expected revenue growth due to the impact of the COVID-19 pandemic. The near term gross margin of Life Sciences Solutions may remain depressed as we continue to invest to build out our service delivery capability and time is needed to onboard and integrate our new hires to achieve full productivity.

The gross margin of the Health Management Platform and Solutions segment generally increased during the Track Record Period, driven by our increased pricing power of the solutions offered to insurance companies and agencies. The gross margin of our Health Management Platform and Solutions segment was negative 22.0% in the three months ended June 30, 2020, primarily due to investments to develop our operations and customer service capabilities for our CausaHealth platform.

Selected Balance Sheet Items

The table below sets forth selected information from our consolidated balance sheets as of the dates indicated, which have been extracted from our audited consolidated financial statements included in Appendix I to this document:

	As of March 31,			As of
	2018	2019	2020	June 30, 2020
	(in thousands of RMB)			
Non-current assets:				
Property, plant and equipment	32,705	26,758	32,945	33,805
Right-of-use assets	26,733	23,448	35,689	32,947
Intangible assets	164	32,202	39,067	41,030
Deferred income tax assets	298	286	225	643
Investments accounted for using the equity method	1,228	993	10,206	9,796
Financial assets measured at fair value through profit or loss	—	—	20,840	21,020
Pledged bank deposits	—	192	585	585
Restricted bank balance and deposits	—	5,000	4,000	—
Total non-current assets	61,128	88,879	143,557	139,826
Current assets:				
Inventories	—	27,194	67,496	23,984
Contract assets	73	2,673	8,766	14,764
Trade receivables	18,362	68,067	287,271	186,866
Other financial assets at amortized cost	4,852	37,323	19,050	19,849

SUMMARY

	As of March 31,			As of
	2018	2019	2020	June 30, 2020
	(in thousands of RMB)			
Financial assets measured at fair value through profit or loss	—	134,715	—	—
Pledged bank deposits	—	6,731	10,740	—
Term deposits	—	67,335	—	—
Restricted bank balance and deposits	—	—	1,000	5,000
Cash and cash equivalents	560,366	305,864	719,721	838,083
Other current assets	8,062	27,853	45,628	30,080
Total current assets	591,715	677,755	1,159,672	1,118,626
Total assets	652,843	766,634	1,303,229	1,258,452
Non-current liabilities:				
Convertible redeemable preferred shares	1,540,449	2,395,644	1,053,173	1,676,852
Convertible notes	253,851	364,215	486,392	—
Lease liabilities	17,102	10,817	21,494	19,526
Deferred income	—	37,248	62,279	63,595
Total non-current liabilities	1,811,402	2,807,924	1,623,338	1,759,973
Current liabilities:				
Convertible redeemable preferred shares	—	—	2,952,075	3,307,375
Warrants	—	—	35,426	5,310
Trade and other payables	28,328	78,980	187,086	170,994
Salary and welfare payable	45,156	93,125	122,585	152,076
Contract liabilities	1,687	48,902	93,805	30,617
Current income tax liabilities	—	557	234	245
Lease liabilities	11,546	14,930	14,944	17,770
Total current liabilities	86,717	236,494	3,406,155	3,684,387
Total liabilities	1,898,119	3,044,418	5,029,493	5,444,360
Net current assets/(liabilities)	504,998	441,261	(2,246,483)	(2,565,761)
Share capital	58	49	49	49
Treasury shares	(10)	(1)	(1)	(1)
Other reserves	62,616	(36,652)	25,860	72,023
Accumulated deficits	(1,307,940)	(2,241,528)	(3,751,406)	(4,257,093)
Non-controlling interests	—	348	(766)	(886)
Deficits on total equity	(1,245,276)	(2,277,784)	(3,726,264)	(4,185,908)
Deficits on total equity and total liabilities	652,843	766,634	1,303,229	1,258,452

We had net current assets as of March 31, 2018 and 2019 and as of October 31, 2020. Our net current assets position as of each of these dates was primarily attributable to our large balance of cash and cash equivalents and trade receivables, partially offset by our trade and other payables, and salary and welfare payable.

We had net current liabilities of RMB2,565.8 million as of June 30, 2020, primarily due to our convertible redeemable preferred shares, partially offset by our cash and cash equivalents. We had net current liabilities of RMB2,246.5 million as of March 31, 2020 primarily due to convertible redeemable preferred shares of RMB3.0 billion and trade and other payables of RMB187.1 million, partially offset by cash and cash equivalents of RMB719.7 million and trade receivables of RMB287.3 million. Our net current assets remained relatively stable at RMB505.0 million as of March 31, 2018

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and at RMB441.3 million as of March 31, 2019. Our convertible redeemable preferred shares will be re-designated from liabilities to equity as a result of the automatic conversion into our Shares upon the Listing. Our net deficit was RMB1.2 billion, RMB2.3 billion, RMB3.7 billion and RMB4.2 billion as of March 31, 2018, 2019 and 2020 and June 30, 2020 respectively.

We had net liabilities of RMB1.2 billion, RMB2.3 billion, RMB3.7 billion and RMB4.2 billion as of March 31, 2018, 2019 and 2020 and June 30, 2020, respectively, primarily due to the fair value change of convertible redeemable preferred shares and convertible notes. See “Risk Factors—Risks Relating to Our Business and Industry—We have incurred net losses, net liabilities and net operating cash outflow in the past and may not be able to achieve or maintain profitability, net assets or net operating cash inflow in the foreseeable future.” In addition, as a result of the agreements we entered into in August 2020 to extend the certain preferred shareholders’ redemption date from January 2021 to January 2022, our current portion of convertible redeemable preferred shares were reclassified into non-current liabilities, resulting into a net current assets position as of October 31, 2020. All our convertible redeemable preferred shares will automatically be converted into our ordinary shares upon Listing. See “Financial Information—Discussion of Certain Key Balance Sheet Items” for more details.

Selected Consolidated Statements of Cash Flows

The following table sets forth our cash flows for the periods indicated:

	For the Year March 31,			For the Three Months Ended June 30,	
	2018	2019	2020	2019	2020
	(in thousands of RMB)				
Cash (used in)/generated from operations	(165,398)	(369,873)	(358,361)	(89,642)	42,349
Interest (paid)/received and/or tax paid	(2,327)	(2,853)	(2,193)	(18)	(1,163)
Net cash (used in)/generated from operating activities . . .	(167,725)	(372,726)	(360,554)	(89,660)	41,186
Net cash (used in)/generated from investing activities . . .	(32,926)	(252,685)	142,168	129,033	(6,791)
Net cash generated from financing activities	434,464	331,754	603,342	406,248	84,887
Net increase/(decrease) in cash and cash equivalents . . .	233,813	(293,657)	384,956	445,621	119,282
Cash and cash equivalents at the beginning of the year/ period	372,875	560,366	305,864	305,864	719,721
Exchange (losses)/gain on cash and cash equivalents	(46,322)	39,155	28,901	1,106	(920)
Cash and cash equivalents at the end of the year/ period	<u>560,366</u>	<u>305,864</u>	<u>719,721</u>	<u>752,591</u>	<u>838,083</u>

We recorded net operating cash outflows of RMB167.7 million, RMB372.7 million, RMB360.6 million and RMB89.7 million for the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019, respectively, primarily attributable to our loss before income tax, partially offset by fair value change of convertible redeemable preferred shares and convertible notes. We recorded net operating cash inflows of RMB41.2 million for the three months ended June 30, 2020. See the section headed “Financial Information—Liquidity and Capital Resource” for more details.

In view of our cash outflow from operating activities as of the three years ended March 31, 2020, net liabilities throughout the Track Record Period, net current liabilities as at March 31, 2020 and June 30, 2020, and net losses throughout the Track Record Period, based on our cash flow projections and taking into account the available financial resources, including cash and cash equivalents on hand and

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the estimated net proceeds from the Global Offering, as well as the fact that the convertible redeemable preferred shares will be automatically converted into our Shares upon the Listing, the Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of the document. Based on the written confirmation from the Company in respect of working capital sufficiency, the review of Accountant's Report and discussion with the Directors, taking into account the working capital statement and memorandum on working capital forecast as well as the Company's cash and cash equivalents and net proceeds from the Global Offering, the Joint Sponsors concur with the Directors' view.

NON-IFRS MEASURE

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use adjusted net loss (defined below) as an additional financial measure, which is not required by, or presented in accordance with, IFRS. We believe that the presentation of this non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance such as certain non-cash items and certain impact of financing transactions. We believe that this measure provides useful information to investors in understanding and evaluating the Group's consolidated results of operations in the same manner as they help our management. However, the use of non-IFRS measure has limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under IFRS. In addition, the non-IFRS financial measure may be defined differently from similar terms used by other companies.

We define "adjusted net loss" as loss for the year or period and adding back (i) fair value changes of convertible redeemable preferred shares, (ii) fair value changes of convertible notes, (iii) fair value changes of warrants, (iv) share-based compensation expenses, and (v) listing expenses.

For the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020, our adjusted net loss was approximately RMB252.9 million, RMB419.3 million, RMB322.3 million, RMB130.3 million and RMB76.0 million respectively.

The following tables set forth the reconciliations of our non-IFRS financial measure for the years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020 to the nearest measures prepared in accordance with IFRS:

	Years Ended March 31,			Three Months Ended June 30,	
	2018	2019	2020	2019	2020
	(in thousands, except for percentages)				
Loss for the year	(978,368)	(933,690)	(1,511,428)	(666,641)	(505,807)
Add:					
Fair value changes of convertible redeemable preferred shares ⁽¹⁾	646,901	406,980	821,584	470,366	400,381
Fair value changes of convertible notes ⁽²⁾	65,446	91,082	102,356	20,772	24,192
Fair value changes of warrants ⁽³⁾	—	—	(9,063)	—	(30,107)
Share-based compensation expenses ⁽⁴⁾	13,100	16,289	272,947	45,235	28,258
Listing expenses ⁽⁵⁾	—	—	1,260	—	7,121
Non-IFRS adjusted net loss	(252,921)	(419,339)	(322,344)	(130,268)	(75,962)
Non-IFRS adjusted net loss margin (%)⁽⁶⁾	(1,112.9)	(411.1)	(57.8)	(525.0)	(44.6)

SUMMARY

Notes:

- (1) The non-IFRS adjustments are non-recurring in nature. Fair value changes of convertible redeemable preferred shares represent the gains or losses arising from change in fair value of our issued Series A, A-1, A-2, B and C convertible redeemable preferred shares, which was recognized as a financial liability at fair value change through profit or loss. Such changes are non-cash in nature and are not directly related to our operating activities.
- (2) Fair value changes of convertible notes represent the gains or losses arising from change in fair value of our issued convertible notes, which was recognized as a financial liability at fair value change through profit or loss. Such changes are non-cash in nature and are not directly related to our operating activities.
- (3) Fair value changes of warrants represent the gains or losses arising from change in fair value of the warrants we issued to our investors, which was recognized at fair value change through profit or loss. Such changes are non-cash in nature and are not directly related to our operating activities.
- (4) Share-based compensation expenses relate to the share awards we offered to our employees, directors and consultants under the Share Incentive Plans, which are primarily non-cash in nature and commonly not included in similar non-IFRS measures adopted by other companies in our industry.
- (5) Listing expenses are non-recurring items in nature and commonly not included in similar non-IFRS financial measures.
- (6) Represents non-IFRS adjusted net loss divided by the total revenue for the period indicated.

See the section headed “Financial Information—Non-IFRS Measure: Adjusted Net Loss” for details.

During the Track Record Period and up to the Latest Practicable Date, we had historically funded our cash requirements principally from capital contribution from shareholders and financing through issuance and sales of convertible redeemable preferred shares and convertible notes in private placement transactions. Taking into account the financial resources available to us, including our cash and cash equivalents on hand and the estimated net proceeds from the Global Offering, our Directors are of the view that we have sufficient working capital to meet our present needs and for the next twelve months from the date of this document.

KEY FINANCIAL RATIOS/METRICS

The following table sets forth our key financial ratios/metrics for the periods indicated:

	For the Year Ended March 31,			For the Three Months Ended June 30,	
	2018	2019	2020	2019	2020
Total revenue growth (%)	—	348.9	447.1	—	586.7
Gross margin (%)	(4.1)	5.6	26.3	7.6	18.5
Non-IFRS adjusted net loss (RMB in thousands) ⁽¹⁾	(252,921)	(419,339)	(322,344)	(130,268)	(75,962)
Non-IFRS adjusted net loss margin (%) ⁽²⁾	(1,112.9)	(411.1)	(57.8)	(525.0)	(44.6)

Notes:

- (1) We define “adjusted net loss” as loss for the year or period by adding back (i) fair value changes of convertible redeemable preferred shares, (ii) fair value changes of convertible notes, (iii) fair value changes of warrants, (iv) share-based compensation expenses, and (v) listing expenses.
- (2) Represents non-IFRS adjusted net loss divided by the total revenue for the period indicated.

During the Track Record Period, we recorded significant total revenue growth by 348.9% from RMB22.7 million for the fiscal year ended March 31, 2018 to RMB102.0 million for the fiscal year ended March 31, 2019 and further by 447.1% to RMB558.1 million for the fiscal year ended March 31, 2020. Our revenue growth was primarily driven by growth in our customer base and deepening relationship with our existing customers. The significant increase in overall gross margin during the Track Record Period from negative 4.1% for the fiscal year ended March 31, 2018 to 5.6% for the fiscal year ended March 31, 2019 and further to 26.3% for the fiscal year ended March 31, 2020. Our increase in overall gross margin was primarily driven by our increased pricing power and the scalability and improved utilization of our core capabilities. If the one-off revenue RMB76.8 million from selling epidemic prevention supplies is excluded in the three months ended June 30, 2020, our total revenue will decrease from RMB170.4 million to RMB93.6 million, with the revenue growth rate

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from the same period in 2019 declining from 586.7% to 277.2%, and the gross margin will increase from 18.5% to 29.5% in the three months ended June 30, 2020. After adjusting for certain cost and expense items from our revenues, primarily including fair value changes of convertible redeemable preferred shares, fair value changes of convertible notes, fair value changes of warrants, share-based compensation expenses and listing expenses, our non-IFRS adjusted net loss was RMB252.9 million, RMB419.3 million and RMB322.3 million for the fiscal years ended March 31, 2018, 2019 and 2020, respectively. Our Non-IFRS adjusted net loss margin increased from negative 1,112.9% for the fiscal year ended March 31, 2018 to negative 411.1% for the fiscal year ended March 31, 2019 and further to negative 57.8% for the fiscal year ended March 31, 2020, primarily due to the growth of our revenue during the relevant periods.

See “Financial Information—Period-to-Period Comparison of Results of Operations” for a discussion of the factors affecting our results of operations during the respective periods.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of the listing of, and permission to deal in, the Shares, including any Shares which may be issued by us pursuant to the Global Offering and upon (i) the exercise of the Over-allotment Option, (ii) the exercise of the options granted under the Pre-IPO Share Option Plans, (iii) the exercise of options which may be granted under the Post-IPO Share Option Scheme, and (iv) awards which may be granted under the Post-IPO Share Award Scheme. We satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to (i) our revenue for the fiscal year ended March 31, 2020, being approximately RMB558.1 million, which is over HK\$500 million, and (ii) our expected market capitalization at the time of Listing, which, based on the low-end of the indicative Offer Price Range, exceeds HK\$4 billion.

FUTURE DIVIDENDS

We are a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividend will also depend on the availability of dividends received from our subsidiaries. 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 IFRS. 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.

Any amount of dividends we pay will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors consider relevant. As advised by Maples and Calder (Hong Kong) LLP, our Company’s Cayman Islands legal counsel, the existence of accumulated losses or net deficit does not necessarily restrict us from declaring and paying dividends to our Shareholders. Under Cayman Islands law, our Company may pay a dividend out of either our profits or amounts standing to the credit of our share premium account, provided that this would not result in our Company being unable to pay our debts as they fall due in the ordinary course of business.

During the Track Record Period, no dividends were paid or declared by us, and there is no assurance that dividends of any amount will be declared or distributed in the future.

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GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises of:

- (a) the Hong Kong Public Offering of initially 15,645,000 Offer Shares (subject to reallocation) in Hong Kong as described below in the section headed “—The Hong Kong Public Offering”; and
- (b) the International Offering of initially 140,805,000 Offer Shares (subject to reallocation and the Over-allotment Option) outside the United States in reliance on Regulation S and in the United States to QIBs in reliance on Rule 144A or other available exemption from the registration requirements of the U.S. Securities Act.

The Offer Shares will represent 17.35% of the issued share capital of the Company immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised and the options granted under the two Pre-IPO Share Option Plans, Post-IPO Share Award Scheme and Post-IPO Share Option Scheme are not exercised.

RECENT DEVELOPMENTS

An outbreak of COVID-19 was first reported in December 2019 and has rapidly spread around the world. Our results of operations and financial condition in 2020 have been and may continue to be affected by the spread of COVID-19. Although China gradually controlled the spread of COVID-19 by the end of June 2020, the extent to which COVID-19 impacts our results of operations in 2020 will depend on future developments with respect to the outbreak, including new information concerning the global severity of and actions taken to contain the outbreak, which are highly uncertain and unpredictable.

In response to intensifying efforts to contain the spread of COVID-19, the Chinese government has taken a number of actions, which included quarantining individuals infected with or suspected of having COVID-19, temporarily restricting residents from free travel, encouraging employees of enterprises to work remotely from home and cancelling public activities, among others. COVID-19 also resulted in the temporary closure of many corporate offices, retail stores, manufacturing facilities and factories across China. As a result, our employees were unable to go to our offices for approximately three weeks, which negatively impacted our operational efficiency. We understand that some of our customers and suppliers also suffered business disruption. Even though there has not been any termination or cancellation of projects since the beginning of the COVID-19 outbreak and up to the Latest Practicable Date, the tender process of three platform establishment projects with an aggregate contract amount of RMB26 million under the Big Data Platform and Solutions segment were delayed. Our Life Sciences Solutions segment was also adversely impacted, with five analytics-driven clinical development projects with an aggregate contract amount of RMB30 million being delayed, due to delayed clinical trial initiation and patient enrollment and other adverse effects caused by the COVID-19 outbreak, which in turn negatively impacted our revenue. No project under the Health Management Platform and Solutions segment was delayed due to the COVID-19 outbreak. As of the Latest Practicable Date, all of these delayed projects have resumed normal operations. Our major suppliers and supply chain experienced minor disruption since the outbreak of COVID-19, but we do not expect to encounter any further supply chain disruption. Meanwhile, we have not failed to fulfill our obligations under any of our existing contracts.

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Our headquarters are located in Beijing, where most of our Directors and management and the majority of our employees currently reside.

Since the beginning of the outbreak and up to the Latest Practicable Date, we had not had any suspected or confirmed COVID-19 cases on our premises or among our employees. To prevent any spread of COVID-19 in our offices, we have adopted a thorough disease prevention scheme to protect our employees from contracting COVID-19. The measures we have implemented include, among others, regularly sterilizing and ventilating our offices, checking the body temperature of our employees, keeping track of the travel history and health conditions of our employees and their immediate family members, providing face masks to employees attending the office, minimizing in-person meetings to the extent possible and requesting employees to wear masks at all times during working hours.

During the early stage of the COVID-19 outbreak, we saw a delay in demand for certain of our data solutions and services. However, the COVID-19 pandemic and supportive government policies related to epidemic prevention and public health emergencies have driven the growth of China's internet healthcare market, increased people's awareness of digital healthcare in general, and increased market demand for our services and products, and as a result, our business has gradually recovered. For example, we launched our epidemic response solutions, which consist of our comprehensive infectious diseases monitoring platform and closed-loop epidemic response system to help domestic and foreign regulators and policy makers fight against the COVID-19 pandemic. Our digital commercialization solutions designed for pharmaceutical companies under the Life Sciences Solutions segment also experienced growth as a result of the COVID-19 outbreak as most of the traditional commercialization methods were no longer feasible during the outbreak.

Our revenues increased by 586.7% from RMB24.8 million in the three months ended June 30, 2019 to RMB170.4 million in same period of 2020, primarily due to the revenue increase of our Big Data Platform and Solutions. Revenue from Big Data Platform and Solutions increased by 4,484.2% from RMB2.9 million in the three months ended June 30, 2019 to RMB133.8 million in the same period of 2020, primarily due to (i) an increase in revenue from regulators and policy makers, primarily driven by an increase in customers from six in the three months ended June 30, 2019 to 15 in the same period of 2020, and (ii) an increase in revenue from hospitals, primarily driven by an increase in hospital customers from 56 in the three months ended June 30, 2019 to 72 in the same period of 2020. The increase in revenue from regulators and policy makers also included one-off revenue from sales of medical devices and other COVID-19 prevention supplies to foreign governments. If the one-off revenue RMB76.8 million from selling epidemic prevention supplies is excluded in the three months ended June 30, 2020, our total revenue will decrease from RMB170.4 million to RMB93.6 million, and the gross profit will decrease from RMB31.5 million to RMB27.6 million in the three months ended June 30, 2020.

Our cost of revenues increased by 506.0% from RMB22.9 million in the three months ended June 30, 2019 to RMB138.9 million in the same period of 2020. The increase was caused by business expansion in each of Big Data Platform and Solutions, Life Science Solutions and Health Management Platform and Solutions and the cost of RMB72.9 million incurred in connection with the procurement of medical devices and other COVID-19 prevention supplies, which was one-off in nature. As a result of the foregoing, our overall gross profit in the three months ended June 30, 2019 and 2020 were RMB1.9 million and RMB31.5 million, respectively.

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The following table sets forth revenue, cost of sales and services, gross profit and gross profit margin related to our selling epidemic prevention supplies:

	For the year ended March 31, 2020	For the three months ended June 30, 2020
Epidemic prevention supplies:		
Revenue	47,657	76,800
Cost of sales and services	(42,243)	(72,939)
Gross profit	5,414	3,861
Gross profit margin	11.4%	5.0%

(RMB in thousands, except for percentage)

The transactions for selling epidemic prevention supplies, including N95 respirators, non-medical disposable masks and other medical instruments, were recorded in the Big Data Platform and Solutions segment. Two of the three customers for epidemic prevention supplies were foreign government departments and the third was a German trading company that procures for European governments. For the two foreign government departments, we offered the service as part of our medical resource optimization solution, a component of our COVID-19 response total solution, which support local health authorities to prioritize medical resources, track social and economic conditions and risk factors, automatically formulate containment strategies and simulate optimized policy measures. One of them purchased our total solution and further engaged us for additional solutions within our offering for regulators and policy makers. We engaged the German trading company as we initially thought they would be able to connect us with additional foreign government departments which could be interested in our COVID-19 response total solution. These epidemic prevention supplies were mainly sourced from a medical supply and equipment supplier in the PRC. Going forward, we do not expect to receive any one-off revenues from selling epidemic prevention supplies. If the one-off revenue of RMB76.8 million from selling epidemic prevention supplies is taken out in the three months ended June 30, 2020, our total revenue will decrease from RMB170.4 million to RMB93.6 million, and the gross profit will decrease from RMB31.5 million to RMB27.6 million in the three months ended June 30, 2020.

We provide local regulators or authorities with our comprehensive epidemic response solutions to assist with tracking and monitoring the health conditions of the local population, predicting epidemic infection trends, planning medical resources, conducting multi-factor contact tracing, etc. We charge service fees based on service types, for example, platform development fees, IT infrastructure fees, solution implementation and operations fees, etc., which typically includes a warranty period that covers free customer services and maintenance. For maintenance or subscription services beyond the warranty period, we charge customers recurring service fees. The customers have the right to use the solutions that we develop and relevant licenses under the agreement without any additional cost. We typically retain the ownership and intellectual property rights for the work products designated as being owned by us under the agreement and our pre-existing properties, except that we shall grant a non-exclusive, world-wide, perpetual, irrevocable, non-transferable (except as permitted by the agreement), royalty-free license for customers under specific circumstance.

For the sales of medical devices and other COVID-19 prevention supplies, the customers shall issue purchase orders based on its demands, which shall include information with respect to the products' names, models, specifications, quantity, unit prices, payment terms, etc. Upon receiving of the products, the customers shall promptly inspect the products and notify us of any shortage or quality issues within specified days. The inspection shall comply with the quality standards agreed by us and the customers. The payment method varies in different sales. In some cases the customer make full payments after the execution of the contracts or makes partial payments after the execution of the

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contracts and makes the remaining payments after product inspection, and in some other cases the customer shall make the payments upon receipt of certain documents from us (e.g. original invoices).

Below sets forth our revenue by segments, gross profit and gross profit margin for the periods indicated:

	For the seven months ended October 31,	
	2019	2020
	(unaudited)	(unaudited)
	(in thousands of RMB, except for gross profit margin)	
Revenue:		
Big Data Platform and Solutions	17,081	214,167
Life Sciences Solutions	25,822	80,226
Health Management Platform and Solutions	15,037	26,511
Other	10,279	17,487
Total Revenue	68,219	338,391
Gross (Loss)/Profit	(6,131)	84,540
Gross (Loss)/Profit Margin	-9.0%	25.0%

The unaudited financial information for the seven months ended October 31, 2020 is derived from our unaudited interim condensed financial information for the seven months ended October 31, 2020. We are responsible for the preparation of the unaudited interim condensed financial information for the seven months ended October 31, 2020 in accordance with the basis of preparation and presentation as well as the accounting policies, which conform with the International Financial Reporting Standards, consistent with those adopted for the preparation of the historical financial information for the three years ended March 31, 2020 and three months ended June 30, 2020 as set out in the Accountant’s Report in Appendix I to this document. Our unaudited interim condensed financial information for the seven months ended October 31, 2020 has been reviewed by our Reporting Accountant in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the International Auditing and Assurance Standards Board.

If the one-off revenue RMB76.8 million from selling epidemic prevention supplies is excluded in the seven months ended October 31, 2020, our total revenue will decrease from RMB338.4 million to RMB261.6 million, and the gross margin will increase from 25.0% to 30.8% in the seven months ended October 31, 2020.

When and whether COVID-19 could be contained remains uncertain. We cannot guarantee that the outbreak of COVID-19 will not further escalate or have a material adverse effect on our business operations. Please refer to the paragraphs headed “Risk Factors—Risks Relating to Our Business and Industry—Any catastrophe, including natural catastrophes, outbreaks of health epidemics and other outbreaks and extraordinary events, could disrupt our business operations” for more information of the relevant risks.

The Directors are of the view that we will remain financially viable for approximately 15 months from the date of the prospectus with our cash and cash equivalents on hand as of June 30, 2020 and 10% of the expected net proceeds from the Global Offering, which is allocated for working capital and general corporate purpose, based on the following assumptions: (i) the Global Offering is priced at HK\$23.50 per Share, the low end of the indicative Offer Price range of HK\$23.50 to HK\$26.30 per Share, and the Over-allotment is not exercised; (ii) no revenue generated starting from June 30, 2020 to reflect the

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worst case scenario where our operations are suspended; (iii) average fixed cash cost of RMB56 million per month including labor cost and other fixed costs embedded in the cost of sales, selling and marketing expenses, administrative expenses, and research and development expenses for the three months ended June 30, 2020 and such amount of cost will remain at the same level starting from June 30, 2020; (iv) our outstanding trade receivables as at June 30, 2020 will be settled according to the historical settlement rates of trade receivables; (v) no additional cash generated from settling other current assets, excluding cash and cash equivalents; (vi) restricted bank balance and deposit remains as is and will not be used as operating cash; and (vii) cash repaid on current liabilities, adjusted for convertible redeemable preferred shares and warrants, at 100% of their book value as of June 30, 2020. Current assets (excluding cash) and liabilities (excluding convertible redeemable preferred shares and warrants) accounts will remain at zero and no further working capital will be generated due to business suspension.

Save for the subsequent events as described in note 38 in the Accountant's Report set out in Appendix I, our Directors confirm, as of the date of this document, that there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects of our Group since March 31, 2020, the end of the period reported on in the Accountant's Report set out in Appendix I to this document.

OFFERING STATISTICS

All statistics in the following table are based on the assumptions that (i) the Global Offering has been completed and 156,450,000 Offer Shares are issued pursuant to the Global Offering; and (ii) unless stated otherwise, 901,762,010 Shares are issued and outstanding following the completion of the Global Offering.

	<u>Based on an Offer Price of HK\$23.50 per Share</u>	<u>Based on an Offer Price of HK\$26.30 per Share</u>
Market capitalization of our Shares ⁽¹⁾	HK\$21,191.4 million	HK\$23,716.3 million
Unaudited pro forma adjusted consolidated net tangible assets per Share ⁽²⁾	HK\$4.87 (RMB4.37)	HK\$5.35 (RMB4.80)

Notes:

- (1) The calculation of market capitalization is based on 901,762,010 shares expected to be in issue immediately upon completion of the Global Offering.
- (2) The unaudited pro forma adjusted consolidated net tangible asset per Share as of June 30, 2020 is calculated after making the adjustments referred to in Appendix II and on the basis that 889,541,535 shares are expected to be in issue immediately upon completion of the Global Offering (excluding the 8,146,985 and 4,073,490 Series C Preference Shares (as adjusted taking into account the Share Subdivision) issued to Image Frame Investment (HK) Limited and Guiyang Big Data Industrial Group Co., Ltd. on July 3, 2020 respectively).

For the calculation of the unaudited pro forma adjusted net tangible asset value per Share attributed to our Shareholders, see the section headed "Unaudited Pro Forma Financial Information" in Appendix II.

LISTING EXPENSES

Based on the mid-point Offer Price of HK\$24.90 and assuming that the over-allotment option is not exercised, the total estimated listing expenses in relation to the Global Offering is approximately RMB182.8 million, representing approximately 5.23% of the total gross proceeds from the Global Offering of approximately HK\$3,895.6 million. Listing expenses of approximately RMB8.4 million were incurred and charged to our consolidated statements of comprehensive income during the Track Record Period. We estimate that we will further incur listing expenses of RMB174.4 million of which RMB36.0 million will be charged to our consolidated income statement for the remaining period of

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2020. The balance of approximately RMB138.4 million, which mainly includes underwriting commission, is expected to be accounted for as a deduction from equity upon the completion of the Global Offering.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$3,691.7 million after deducting the underwriting commissions and other estimated expenses paid and payable by us in relation to the Global Offering and taking into account any additional discretionary incentive fee (assuming the full payment of the discretionary incentive fee), assuming an Offer Price of HK\$24.90 per Share, being the mid-point of the indicative Offer Price range of HK\$23.50 to HK\$26.30 per Share. We intend to use the net proceeds we will receive from this offering for the following purposes:

- approximately 35% (approximately HK\$1,292.1 million) to strengthen our core capabilities, including data processing technology and machine learning algorithms, and enhance our ability to deliver solutions responsive to our customers' needs;
- approximately 35% (approximately HK\$1,292.1 million) to further our business expansion, including developing new applications and solutions for our existing and new markets and the related selling and marketing expenses;
- approximately 20% (approximately HK\$738.3 million) to further enrich our ecosystem through strategic partnerships, investments and acquisitions; and
- approximately 10% (approximately HK\$369.2 million) for working capital and general corporate purposes.

In the event that the Offer Price is set at the high point or the low point of the indicative Offer Price range, the net proceeds of the Global Offering will increase or decrease by approximately HK\$210.3 million, respectively. Under such circumstances, we will increase or decrease the allocation of the net proceeds to the above purposes on a pro-rata basis.

If the Over-allotment Option is exercised in full, the additional net proceeds that we will receive will be approximately HK\$560.9 million, assuming an Offer Price of HK\$24.90 per Share, being the mid-point of the indicative Offer Price range. We may be required to issue up to an aggregate of 23,467,500 additional Shares pursuant to the Over-allotment Option.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms shall have the following meanings. Certain technical terms are explained in the section headed “Glossary of Technical Terms”.

“active customers”	customers who have entered into at least one service agreement with our Company during a fiscal year
“active doctors”	doctors who have provided services through CausaHealth platform at least once in a defined period
“affiliate(s)”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“Articles” or “Articles of Association”	the articles of association of our Company conditionally adopted on December 28, 2020 with effect from the Listing Date, as amended from time to time, a summary of which is set out in “Summary of the constitution of our Company and Cayman Islands Companies Law” in Appendix III
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Beijing Causa Health”	Beijing Causa Health Technology Co., Ltd.* (北京因數健康科技有限公司), a limited liability company established under the laws of the PRC on April 9, 2015 and a Consolidated Affiliated Entity of our Company
“Beijing Yiyi Cloud”	Beijing Yiyi Cloud Technology Co., Ltd.* (北京懿醫雲科技有限公司), a limited liability company established under the laws of the PRC on January 15, 2015 and an indirect wholly-owned subsidiary of our Company
“Beijing Zhongshi Hanming”	Beijing Zhongshi Hanming Enterprise Co., Ltd.* (北京中世漢明實業有限公司), a limited liability company established under the laws of the PRC on June 8, 2010 and a Consolidated Affiliated Entity of our Company
“Board”	the board of Directors
“business day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
“Cayman Companies Act”	the Companies Act (2020 Revision) of the Cayman Islands, as amended or supplemented from time to time

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“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“Century Kangtai Insurance”	Ningbo Century Kangtai Insurance Brokerage Co., Ltd.* (寧波世紀康泰保險經紀有限公司), a limited liability company established under the laws of the PRC on July 3, 2008 and a Consolidated Affiliated Entity of our Company
“Century Kangtai Technology”	Ningbo Century Kangtai Technology Co., Ltd.* (寧波世紀康泰科技有限公司), a limited liability company established under the laws of the PRC on February 20, 2020 and a Consolidated Affiliated Entity of our Company
“China” or “the PRC”	the People’s Republic of China, and for the purposes of this document only, except where the context requires otherwise, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Class A Ordinary Shares”	the Class A ordinary shares of our Company with a par value of US\$0.00002 each, conferring a holder of a Class A Ordinary Share twenty votes per share at any general meeting of the Company under the Existing Articles; each Class A Ordinary Share shall be re-classified and re-designated into one Share with effect from the Listing Date
“Class B Ordinary Shares”	the Class B ordinary shares of our Company with a par value of US\$0.00002 each, conferring a holder of a Class B Ordinary Share one vote per share at any general meeting of the Company under the Existing Articles; each Class B Ordinary Share shall be re-classified and re-designated into one Share with effect from the Listing Date
“Co-founders”, each a “Co-founder”	our Founder, Mr. Sun Zhe, Mr. Xu Jiming and Mr. He Zhi

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“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”, or “the Company”	Yidu Tech Inc. (醫渡科技有限公司) (formerly known as “Yidu Inc.” and “Happy Life Tech Inc.”), a company with limited liability incorporated in the Cayman Islands on December 9, 2014
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Consolidated Affiliated Entity(ies)”	entities we control through the Contractual Arrangements, namely our Onshore Holdcos and their respective subsidiaries, details of which are set out in the section headed “History, Reorganization and Corporate Structure”
“Contractual Arrangement(s)”	the series of contractual arrangements entered into between the WFOEs, the Onshore Holdcos and the Registered Shareholders (as applicable), as detailed in the section headed “Contractual Arrangements”
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Ms. Gong and Sweet Panda Limited, as further detailed in the section headed “Relationship with our Controlling Shareholder”
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“CSRC”	the China Securities Regulatory Commission of the PRC (中國證券監督管理委員會)
“Director(s)”	the director(s) of our Company
“Existing Articles”	the tenth amended and restated memorandum and articles of association of the Company adopted on August 17, 2020
“Extreme Conditions”	any extreme conditions or events, the occurrence of which will cause interruption to the ordinary course of business

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	operations in Hong Kong and/or that may affect the Price Determination Date or the Listing Date
“Global Offering”	the Hong Kong Public Offering and the International Offering
“GREEN Application Form(s)”	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited
“Group”, “our Group”, “the Group”, “we”, “us”, or “our”	the Company, its subsidiaries and the Consolidated Affiliated Entities from time to time, and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“HK” or “Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong dollars” or “HK dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Offer Shares”	the 15,645,000 Shares being initially offered for subscription in the Hong Kong Public Offering (subject to reallocation as described in the section headed “Structure of the Global Offering”)
“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) on the terms and subject to the conditions described in this document, as further described in the section headed “Structure of the Global Offering—The Hong Kong Public Offering”
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong Takeovers Code” or “Takeovers Code”	Code on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time

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“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering as listed in the section headed “Underwriting—Hong Kong Underwriters”
“Hong Kong Underwriting Agreement”	the underwriting agreement, dated December 30, 2020, relating to the Hong Kong Public Offering, entered into by Gong Yingying, Sweet Panda Limited, the Joint Sponsors, the Joint Global Coordinators, the Hong Kong Underwriters and our Company, as further described in the section headed “Underwriting—Underwriting arrangements and expenses—Hong Kong Public Offering—Hong Kong Underwriting Agreement”
“IFRS”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“Independent Third Party(ies)”	any entity or person who is not a connected person of our Company or an associate of such person within the meaning ascribed to it under the Listing Rules
“International Offer Shares”	the 140,805,000 Shares being initially offered for subscription under the International Offering together, where relevant, with any additional Shares that may be issued pursuant to any exercise of the Over-allotment Option (subject to reallocation as described in the section headed “Structure of the Global Offering”)
“International Offering”	the conditional placing of the International Offer Shares at the Offer Price outside the United States in offshore transactions in accordance with Regulation S and in the United States to QIBs only in reliance on Rule 144A or any other available exemption from the registration requirements under the U.S. Securities Act, as further described in the section headed “Structure of the Global Offering”
“International Underwriters”	the underwriters of the International Offering
“International Underwriting Agreement”	the international underwriting agreement, expected to be entered into on or about January 8, 2021, relating to the International Offering, expected to be entered into by, among others, our Company, our Controlling Shareholder, the Joint Global Coordinators and the International Underwriters, as further described in the section headed “Underwriting—International Offering—International Underwriting Agreement”
“Joint Bookrunners”	Goldman Sachs (Asia) L.L.C., China International Capital Corporation Hong Kong Securities Limited, Citigroup

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	Global Markets Asia Limited (in relation to the Hong Kong Public Offering only) and Citigroup Global Markets Limited (in relation to the International Offering only)
“Joint Global Coordinators”	Goldman Sachs (Asia) L.L.C., China International Capital Corporation Hong Kong Securities Limited and Citigroup Global Markets Asia Limited
“Joint Lead Managers”	Goldman Sachs (Asia) L.L.C., China International Capital Corporation Hong Kong Securities Limited, Citigroup Global Markets Asia Limited (in relation to the Hong Kong Public Offering only), Citigroup Global Markets Limited (in relation to the International Offering only) and China Merchants Securities (HK) Co., Limited
“Joint Sponsors”	Goldman Sachs (Asia) L.L.C. and China International Capital Corporation Hong Kong Securities Limited
“Latest Practicable Date”	December 22, 2020 being the latest practicable date for ascertaining certain information in this document before its publication
“Laws”	all laws, statutes, legislation, ordinances, rules, regulations, guidelines, opinions, notices, circulars, orders, judgments, decrees, or rulings of any governmental authority (including, without limitation, the Stock Exchange and the SFC) of all relevant jurisdictions
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Date”	the date, expected to be on or about January 15, 2021, on which the Shares are to be listed and on which dealings in the Shares are to be first permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company conditionally adopted on December 28, 2020, with effect from the Listing Date, as amended from time to time, a

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	summary of which is set out in “Summary of the constitution of our Company and Cayman Islands Companies Law” in Appendix III
“MIIT”	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
“MOF”	the Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“Ms. Gong” or “Founder”	Ms. Gong Yingying
“Nanjing Yiyi Cloud”	Nanjing Yiyi Cloud Big Data Technology Co., Ltd.* (南京懿醫雲大數據科技有限公司), a limited liability company established under the laws of the PRC on August 31, 2018 and an indirect wholly-owned subsidiary of our Company
“NDRC”	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“NPC”	National People’s Congress of the PRC (全國人民代表大會)
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee), expressed in Hong Kong dollars, at which Hong Kong Offer Shares are to be subscribed for pursuant to the Hong Kong Public Offering and International Offer Shares are to be offered pursuant to the International Offering, to be determined as described in the section headed “Structure of the Global Offering—Pricing and allocation”
“Offer Share(s)”	the Hong Kong Offer Shares and the International Offer Shares together, where relevant, with any additional Shares to be sold by our Company pursuant to the exercise of the Over-allotment Option
“Onshore Holdco(s)”	Yidu Cloud Guizhou, Tianjin Happy Life, Beijing Causa Health and Beijing Zhongshi Hanming
“Over-allotment Option”	the option expected to be granted by our Company/the Over-allotment Option Grantor to the International Underwriters, exercisable by the Stabilizing Manager on behalf of the International Underwriters for up to 30 days from the day following the last day for the lodging of applications under the Hong Kong Public Offering, to

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	require our Company to allot and issue up to 23,467,500 additional Shares (representing in aggregate 15% of the initial Offer Shares) to the International Underwriters to, among other things, cover over-allocations in the International Offering, if any, details of which are described in the section headed “Structure of the Global Offering—Over-allotment Option”
“Post-IPO Share Award Scheme”	the post-IPO share award scheme conditionally approved and adopted by our Company on December 28, 2020, the principal terms of which are set out in the section headed “Statutory and General Information—Post-IPO Share Award Scheme” in Appendix IV
“Post-IPO Share Option Scheme”	the post-IPO share option scheme conditionally approved and adopted by our Company on December 28, 2020, the principal terms of which are set out in the section headed “Statutory and General Information—Post-IPO Share Option Scheme” in Appendix IV
“PRC Legal Adviser”	Han Kun Law Offices, our legal adviser on PRC law
“Pre-IPO Investment(s)”	the investment(s) in our Company undertaken by the Pre-IPO Investors prior to this initial public offering, the details of which are set out in the section headed “History, Reorganization and Corporate Structure”
“Pre-IPO Investor(s)” or “Preference Shareholders”	the Series A Preference Shareholders, Series A-1 Preference Shareholders, Series A-2 Preference Shareholders, Series B Preference Shareholders and Series C Preference Shareholders
“Pre-IPO Share Option Plans”	the two pre-IPO share option plans adopted by the Company on March 16, 2015 as amended from time to time, the principal terms of which are set out in “Statutory and General Information—Pre-IPO Share Option Plans” in Appendix IV
“Preference Shares”	the Series A Preference Shares, the Series A-1 Preference Shares, the Series A-2 Preference Shares, the Series B Preference Shares and the Series C Preference Shares
“Price Determination Agreement”	the agreement to be entered into between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) at or about the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be on or about Friday, January 8, 2021 and in any event no later than Thursday, January 14, 2021,

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	on which the Offer Price is to be fixed for the purposes of the Global Offering
“QIB”	a qualified institutional buyer within the meaning of Rule 144A
“Registered Shareholders”	the registered shareholders of the Onshore Holdcos, more particularly set out in the section headed “Contractual Arrangements”
“Regulation S”	Regulation S under the U.S. Securities Act
“RMB” or “Renminbi”	Renminbi, the lawful currency of China
“Rule 144A”	Rule 144A under the U.S. Securities Act
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAIC”	the State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局), which has now been merged into the SAMR
“SAMR”	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (中華人民共和國國務院國有資產監督管理委員會)
“Series A Preference Shareholders”	the holders of Series A Preference Shares, namely Astonish Investment Pte. Ltd., Magic Stone Hong Tao Alternative Fund, L.P. and Meddig International
“Series A Preference Shares”	the series A preference shares of our Company with a par value of US\$0.00002 each, 83,333,330 of which are in issue as at the date of this document and held by the Series A Preference Shareholders
“Series A-1 Preference Shareholder”	the holder of Series A-1 Preference Shares, namely MSA China Fund I L.P. (formerly named Magic Stone Alternative Private Equity Fund, L.P.)
“Series A-1 Preference Shares”	the series A-1 preference shares of our Company with a par value of US\$0.00002 each, 33,625,730 of which are in issue as at the date of this document and held by the Series A-1 Preference Shareholder
“Series A-2 Preference Shareholder”	the holder of Series A-2 Preference Shares, namely Sunshine Longevity Limited

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“Series A-2 Preference Shares”	the series A-2 preference shares of our Company with a par value of US\$0.00002 each, 96,068,715 of which are in issue as at the date of this document and held by the Series A-2 Preference Shareholder
“Series B Preference Shareholders”	the holders of Series B Preference Shares, namely Astonish Investment Pte. Ltd. and Leader Investment Corporation
“Series B Preference Shares”	the series B convertible redeemable preferred shares of our Company with a par value of US\$0.00002 each, 46,115,005 of which are in issue as at the date of this document and held by the Series B Preference Shareholders
“Series C Preference Shareholders”	the holders of Series C Preference Shares, namely Astonish Investment Pte. Ltd., Image Frame Investment (HK) Limited, Parallel Solar Investment Limited, Guiyang Big Data Industrial Group Co., Ltd.* (貴陽市大數據產業集團有限公司), Guiyang Industrial & Commercial Investment Group Co., Ltd.* (貴陽市工商產業投資集團有限公司) and Yaqut Sdn Bhd
“Series C Preference Shares”	the series C convertible redeemable preferred shares of our Company with a par value of US\$0.00002 each, 82,280,340 of which are in issue as at the date of this document and held by the Series C Preference Shareholders
“SFC”	Securities and Futures Commission of Hong Kong
“SFO” or “Securities and Futures Ordinance”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of our Company, currently with a par value of US\$0.00002 each
“Share Subdivision”	the subdivision of each share in the Company’s issued and unissued share capital with par value of US\$0.0001 each into 5 shares of the corresponding class with par value of US\$0.00002 each on December 28, 2020, the details of which are set out in the section headed “History, Reorganization and Corporate Structure — Major shareholding changes of our Company”
“Shareholder(s)”	holder(s) of our Share(s)
“STA”	State Taxation Administration of the PRC (中華人民共和國國家稅務總局)
“Stabilizing Manager”	Goldman Sachs (Asia) L.L.C.

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“State Council”	State Council of the PRC (中華人民共和國國務院)
“Stock Borrowing Agreement”	the agreement expected to be entered into on or around January 8, 2021 between Sweet Panda Limited and the Stabilizing Manager and/or its affiliates, pursuant to which the Stabilizing Manager may, on its own or through its affiliates, request Sweet Panda Limited to make available to the Stabilizing Manager up to 23,467,500 Shares to cover, inter alia, over-allocations in the International Offering
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it in section 15 of the Companies Ordinance
“substantial shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“Tianjin Causa Health Management”	Tianjin Causa Health Management Co., Ltd.* (天津因數健康管理有限公司), a limited liability company established under the laws of the PRC on July 27, 2020 and an indirect wholly-owned subsidiary of our Company
“Tianjin Happy Life”	Tianjin Happy Life Technology Co., Ltd.* (天津開心生活科技有限公司), a limited liability company established under the laws of the PRC on January 23, 2017 and a Consolidated Affiliated Entity of our Company
“Tianjin Joyful Life”	Tianjin Joyful Life Technology Co., Ltd.* (天津幸福生命科技有限公司), a limited liability company established under the laws of the PRC on November 7, 2016 and an indirect wholly-owned subsidiary of our Company
“Tianjin Joyful Life Health Management”	Tianjin Joyful Life Health Management Co., Ltd.* (天津幸福生命健康管理有限公司), a limited liability company established under the laws of the PRC on August 3, 2020 and an indirect wholly-owned subsidiary of our Company
“Tianjin New Happy Life”	Tianjin New Happy Life Technology Co., Ltd.* (天津新開心生活科技有限公司), a limited liability company established under the laws of the PRC on May 28, 2018 and an indirect wholly-owned subsidiary of our Company
“Track Record Period”	the three years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2020
“U.S. SEC”	the Securities and Exchange Commission of the United States

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“U.S. Securities Act”	United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“United States”, “U.S.” or “US”	United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US dollars”, “U.S. dollars”, “US\$” or “USD”	United States dollars, the lawful currency of the United States
“VAT”	value-added tax
“VIE(s)”	variable interest entity(ies)
“WFOE(s)”	Beijing Yiyi Cloud, Tianjin New Happy Life, Tianjin Causa Health Management and Tianjin Joyful Life Health Management
“White Form eIPO”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name, submitted online through the designated website of the White Form eIPO Service Provider, at www.eipo.com.hk
“White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited
“Yidu Cloud Beijing”	Yidu Cloud (Beijing) Technology Co., Ltd.* (醫渡雲(北京)技術有限公司), a limited liability company established under the laws of the PRC on February 3, 2012 and a Consolidated Affiliated Entity of our Company
“Yidu Cloud Guizhou”	Guizhou Yidu Cloud Technology Co., Ltd.* (貴州醫渡雲技術有限公司), a limited liability company established under the laws of the PRC on July 10, 2018 and a Consolidated Affiliated Entity of our Company
“%”	per cent

* For identification purposes only.

GLOSSARY OF TECHNICAL TERMS

This glossary contains definitions of certain technical terms used in this document in connection with us and our business. These may not correspond to standard industry definitions, and may not be comparable to similarly terms adopted by other companies.

“AI”	artificial intelligence
“breast cancer recurrence”	breast cancer that comes back after initial treatment. Breast cancer can recur at the original site (called local recurrence). It can also return and spread to other parts of the body (called metastasis or distant recurrence)
“clinical decision support system”	an AI-enabled system that is designed to provide physicians and other health professionals with clinical decision support, that is, assistance with clinical decision-making tasks
“clinical trial drug management system”	a software system used by biotechnology and pharmaceutical industries to manage clinical trials in clinical research. The system maintains and manages planning, performing and reporting functions, along with participant contact information, tracking deadlines and milestones
“clinical trial management system”	a software system used by biotechnology and pharmaceutical industries to manage clinical trials in clinical research. The system maintains and manages planning, performing and reporting functions, along with participant contact information, tracking deadlines and milestones
“contract research organization” or “CRO”	a company that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contract basis
“data cleansing”	the process of finding, fixing or removing incorrect, corrupted, incorrectly formatted, duplicate, or incomplete data within a dataset
“data intelligence”	all the analytical tools and methods a company employs to form a better understanding of and get insights from the information to improve its services or investments
“diagnosis-related groups” or “DRGs”	a patient classification system that standardizes prospective payment to hospitals and encourages cost containment

GLOSSARY OF TECHNICAL TERMS

	<p>initiatives. In general, a DRG payment covers all charges associated with an inpatient stay from the time of admission to discharge</p>
“disease registry”	<p>a special database that contains information about patients diagnosed with a specific type of disease. Most disease registries are either hospital based or population based. A hospital-based registry contains data on all the patients with a specific type of disease diagnosed and treated at that hospital. A population-based registry contains records for patients diagnosed with a specific type of disease who reside within a defined geographic region</p>
“EMR”	<p>electronic medical records, which are the digital records in the hospitals typically containing information such as hospital admission, discharge and the course of a disease</p>
“enterprise master patient index” or “EMPI”	<p>a patient database used by healthcare organizations to maintain accurate healthcare data across its various departments. Patients are assigned a unique identifier, so they are represented only once across all the organization’s systems or different healthcare organizations</p>
“feasibility study”	<p>an analysis that takes all of a project’s relevant factors into account, including economic, technical, legal, and scheduling considerations, to ascertain the likelihood of completing the project successfully</p>
“follow-up”	<p>a vital part of ongoing patient safety. It allows for subsequent investigations to be checked and acted upon, encourages specialist review of patients and ensures that patients with chronic conditions receive the appropriate secondary care input</p>
“Grade 3A hospitals”	<p>public hospitals of the top level in the NHC hospital classification system. Under the NHC hospital classification system, Grade 1 hospitals refer to smaller local hospitals typically having fewer than 100 beds and primarily providing more basic healthcare services limited to the surrounding community. Grade 2 hospitals are regional hospitals typically having 100 to 500 beds, providing multiple communities with integrated healthcare services and undertaking certain academic and scientific research missions. Grade 3 hospitals are those larger and better regional hospitals in China typically having more than 500 beds, providing high-quality professional healthcare services covering a wide geographic area and undertaking higher academic and scientific research</p>

GLOSSARY OF TECHNICAL TERMS

	initiatives. Each hospital grade can be further divided into three sub-grades, and Grade 3A hospitals are the top tier hospitals in China
“green healthcare”	healthcare services that offer precision medicine and are accessible and value-based
“GSP”	good supply practice
“health economics and outcomes research” or “HEOR”	a discipline that is used to complement traditional clinical development information (efficacy, safety and quality) to guide decision makers regarding patient access to specific drugs and services. HEOR has advanced considerably in methodology and in quantity over the past several decades. HEOR can provide data to help healthcare payers determine if treatments work in the populations they serve, and how much of the drug or treatment cost should be reimbursed by the healthcare system
“healthcare value chain”	a chain of activities that a firm operating in the healthcare industry performs in order to deliver a valuable product, service and solutions for the market. The healthcare value chain includes participants such as insurance companies and agencies, pharmacies, hospitals, pharmaceutical companies and medical device companies
“heterogeneous data”	data that are stored in different information systems or from multiple sources, and are usually in different formats. Raw healthcare data are normally heterogeneous data
“HIS”	hospital information system, which is a comprehensive, integrated information system designed to manage a hospital’s operation, such as patient information, hospital visits, prescriptions, doctors’ notes and fee collections
“ISO”	an acronym for a series of quality management and quality assurance standards published by the International Organization for Standardization, a non-government organization based in Geneva, Switzerland, for assessing the quality systems of business organizations
“knowledge base”	the “knowledge” in our knowledge base stands for a set of machine computable logical rules, which are mathematically in First Order Logic (FOL) formats. The knowledge base is a system stores a full set of knowledge rules with algorithms to support knowledge inference
“knowledge graph”	a knowledge graph consists of a set of interconnected typed entities and their attributes with their relations. It is a graph structured symbolic database

GLOSSARY OF TECHNICAL TERMS

“LIS”	laboratory information system, which collects information such as examination results and samples of patients
“longitudinal health information”	information over time and across systems to provide a holistic view of a patient’s medical history
“machine learning algorithms”	a mathematical learning model based on training data in order to make predictions or decisions without being explicitly programmed to do so
“multidisciplinary team” or “MDT”	a group of healthcare workers who are members of different disciplines, such as psychiatrists and social workers, working together and each providing specific services to the patient
“natural language processing” or “NLP”	a subfield of linguistics, computer science, information engineering, and artificial intelligence concerned with the interactions between computers and human (natural) languages, in particular how to program computers to process, understand and analyze large amounts of natural language data
“NIS”	nursing information system, which is a computer system that manages clinical data in various healthcare environments and makes such information available in a timely and orderly fashion to aid nurses in improving patient care
“PACS”	picture archiving and communication system, which collects and manages medical images and reports such as X-ray film, computed tomography (CT) scans and magnetic resonance imaging (MRI) scans
“population health management”	the process of improving clinical health outcomes of a defined group of individuals through improved care coordination and patient engagement supported by appropriate financial and care models
“precision medicine”	a medical model that proposes the customization of healthcare, with medical decisions, treatments, practices, or products being tailored to a subgroup of patients, as opposed to a one-drug-fits-all model
“principal investigator”	the individual responsible for the preparation, conduct, and administration of a research grant, cooperative agreement, training or public service project, contract, or other sponsored project

GLOSSARY OF TECHNICAL TERMS

“prospective study”	a type of cohort study, or group study, where participants are enrolled into the study before they develop the disease or outcome in question
“raw healthcare data”	data that are directly generated by doctors within the hospitals without external processing and normally include patient visit notes, diagnosis and treatment records, laboratory test results, among others. Raw healthcare data are usually stored in different information systems within a hospital and are stored in different formats, meaning that they are heterogeneous
“real-world data” or “RWD”	data derived from a number of sources that are associated with outcomes in a heterogeneous patient population in real-world settings, such as patient surveys, clinical trials, and observational cohort studies
“real-world evidence” or “RWE”	evidence obtained from real world data, which are observational data obtained outside the context of randomized controlled trials and generated during routine clinical practice
“research network”	a network that connects doctors specializing in the same disease area across the country and is developed as we work with medical experts in different disease areas
“revenue retention”	revenue retention refers to the revenues generated in this period associated with the total customers active in the prior period. Revenue retention rate is further computed by dividing the revenue retention by the total revenues in the prior period associated with these same customers. This is an important metric tracked internally by our management to monitor the relevance of our services to our core customers. We exercise our judgement to match the revenues for each customer to enhance the relevance of our tracking mechanism. Specifically, we match the majority of the revenue to the contracting entity as it is also the beneficiary of the services rendered. However, a small portion of beneficiaries of our services are not the same as the contracting entities. In such situation, we will match the revenue to the beneficiary. Such engagements are usually contracted with research or academic institutions for studies sponsored by our pharmaceutical company customers. As a result, we may consider different contracting parties as one customer as the contracting party in some circumstances may not be the ultimate beneficiary of our services. We only monitor revenue retention rate for the Life Sciences Solutions segment

GLOSSARY OF TECHNICAL TERMS

“site management organization” or “SMO”	an organization that provides clinical trial related services to a contract research organization, a pharmaceutical company, a biotechnology company, a medical device company or a clinical site
“treatment compliance”	the degree to which a patient correctly follows medical advice. Most commonly, it refers to medication or drug compliance, but it can also apply to other situations such as medical device use, self care, self-directed exercises, or therapy sessions
“value-based healthcare”	a healthcare delivery model in which providers, including hospitals and physicians, are paid based on patient health outcomes. Under value-based care agreements, providers are rewarded for helping patients improve their health, reduce the effects and incidence of chronic disease, and live healthier lives in an evidence-based way. Value-based care differs from a fee-for-service or capitated approach, in which providers are paid based on the amount of healthcare services they deliver. The “value” in value-based healthcare is derived from measuring health outcomes against the cost of delivering the outcomes

FORWARD-LOOKING STATEMENTS

Certain statements in this document are forward-looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions, future events, or performance (often, but not always, through the use of words or phrases such as ‘will’, ‘expect’, ‘anticipate’, ‘estimate’, ‘believe’, ‘going forward’, ‘ought to’, ‘may’, ‘seek’, ‘should’, ‘intend’, ‘plan’, ‘projection’, ‘could’, ‘vision’, ‘goals’, ‘aim’, ‘aspire’, ‘objective’, ‘target’, ‘schedules’, and ‘outlook’) are not historical facts, are forward-looking and may involve estimates and assumptions and are subject to risks (including but not limited to the risk factors detailed in this document), uncertainties and other factors some of which are beyond our Company’s control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- our operations and business prospects;
- our business and growth strategies and our ability to implement such strategies;
- our ability to develop and manage our operations and business;
- our operating results and financial performance;
- our ability to control costs and expenses;
- our ability to identify and satisfy our customers’ demands and preferences;
- our ability to maintain good relationships with business partners;
- changes to regulatory and operating conditions in the industry and geographical markets in which we operate; and
- all other risks and uncertainties described in the section headed “Risk factors”.

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution investors against placing undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by the Listing Rules, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of, or references to, our intentions or those of any of our Directors are made as of the date of this document. Any such intentions may change in light of future developments.

All forward-looking statements in this document are expressly qualified by reference to this cautionary statement.

RISK FACTORS

Prospective investors should consider carefully all of the information presented in this prospectus and, in particular, should consider the following risks and special considerations in connection with an investment in our Company before making any investment decision in relation to the Shares. The occurrence of any of the following risks may have a material adverse effect on the business, results of operations, financial conditions and future prospects of our Company. This prospectus contains certain forward-looking statements regarding our plans, objectives, expectations, and intentions which involve risks and uncertainties. Our actual results could differ materially from those discussed in this prospectus. Factors that could cause or contribute to such differences include those discussed below as well as those discussed elsewhere in this prospectus. The trading price of the Shares could decline due to any of these risks and you may lose all or part of your investments.

You should carefully read and consider all of the information in this prospectus including the risks and uncertainties described below before deciding to make any investment in our Shares. Our business, financial condition or results of operations could be materially adversely affected by any of these risks and uncertainties. The trading price of our Shares could decline due to any of these risks and uncertainties. As a result, you may lose part or all of your investment.

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and industry; (ii) risks relating to our Contractual Arrangements; (iii) risks relating to doing business in China; and (iv) risks relating to the Global Offering. You should consider our business and prospects in light of the challenges we face, including the ones discussed in this section.

Risks Relating to Our Business and Industry

If we fail to manage the growth and expansion of our business and operations, our results of operations, financial condition and growth prospects may be materially and adversely affected.

We have been expanding the type and scale of our business and the geographic presence of our services since our inception. As of the Latest Practicable Date, we had serviced and partnered with over 500 hospitals, encompassing over 120 Grade 3A hospitals in China, of which 64 are ranked among the top 150 hospitals in China, which allowed us to help our partnering hospitals digitalize and process healthcare data of over 300 million patients, and provided us with robust medical knowledge graphs based on real world healthcare data. We have expanded our business from Big Data Platform and Solutions to Life Sciences Solutions in the second half of 2017 and to “CausaHealth,” the personal health management platform as part of our Health Management Platform and Solutions business, in February 2020. We may continue to launch more new business initiatives as we unearth more pressing needs of the healthcare industry. Such expansion in business, while introducing more monetization opportunities, may increase the complexity of our operations and place a significant strain on our managerial, operational, financial and human resources. Our current and planned personnel, business systems, operation procedures and controls may not be adequate to support our future operations. We cannot assure you that we will be able to effectively manage our growth or to implement all these business systems, operation procedures and control measures successfully, neither can we guarantee that our new business initiatives will be as successful as expected or achieve profitability.

RISK FACTORS

We operate in an emerging and dynamic industry and have a limited operating history, and our historical results of operations and financial performance may not be indicative of future performance.

We were founded in 2014. As a fast growing company with a relatively limited operating history, our ability to forecast our future results of operations is limited and subject to a number of uncertainties, including our ability to plan for and model future growth. Our revenue increased from RMB22.7 million in 2018 to RMB102.0 million in 2019 and further to RMB558.1 million in 2020. Our revenue was RMB170.4 million for the three months ended June 30, 2020, representing an increase of 586.7% from RMB24.8 million for the three months ended June 30, 2019. The increase in revenue in the three months ended June 30, 2020 also included one-off revenue from sales of medical devices and other COVID-19 prevention supplies to foreign governments. If the one-off revenue RMB76.8 million from selling epidemic prevention supplies is excluded in the three months ended June 30, 2020, our total revenue will decrease from RMB170.4 million to RMB93.6 million, and the gross profit will decrease from RMB31.5 million to RMB27.6 million in the three months ended June 30, 2020. Our revenue growth in recent periods may not be indicative of our future performance.

We believe growth of our revenue depends on a number of factors, including our ability to:

- innovate and adapt our services and solutions to meet evolving needs of current and potential customers;
- create and productize new solutions;
- aggregate and process healthcare data for more hospitals, which is fundamental to the development and performance of our solutions;
- continuously improve on the algorithms underlying our solutions;
- introduce our services and solutions to new geographic markets;
- the reliability, security and functionality of our platform and solutions;
- adopt new technologies or adapt our information infrastructure to changing customer requirements or emerging industry standards;
- adapt to a changing regulatory landscape governing privacy matters;
- attract and retain talents; and
- increase brand awareness among existing and potential customers through various marketing and promotional activities.

We cannot assure you that we will be able to accomplish any of these objectives. Our failure to accomplish any of these objectives may adversely affect our results of operations, financial condition and growth prospects.

If we fail to keep up with rapid changes in AI, big data analytics and other technologies, our future success may be adversely affected.

We utilize AI, big data analytics, machine learning and other advanced data technology tools to process and analyze data and develop our solutions. The success of our business will depend, in part, on our ability to adapt and respond effectively to the technology development in AI and big data analytics on a timely basis. According to the EY Report, healthcare big data solutions market refers to

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the market where service providers offer big-data-driven solutions combined with advanced technology applications and medical insights to fulfill the demand for informatization, digitalization and intelligent integration of different sectors in healthcare industry, including hospitals, regulators and policy makers, life sciences companies and individuals. Application of big data technology has been popularized, with cutting-edge improvement in the overall knowledge base, algorithms and blockchain technology. The healthcare sector has also started to improve technology-oriented capabilities and leverage innovative applications to reshape the concept of prevention, diagnosis and treatments, such as AI-assisted diagnostics products, wearable healthcare devices and medical robots. If we are unable to design products and solutions that catch up with such trend in a timely manner, our market share may shrink and our results of operations and financial conditions may be negatively impacted. In addition, the practice of healthcare data aggregation and processing has become increasingly more regulated. Globally, more than 65% of the countries have promulgated regulations on the collection, use and sharing of personal information, according to the United Nations Conference on Trade and Development. Domestically, regulations over the usage of big data have become more comprehensive as well. See “Regulation—Regulations on Health Big Data and Information Security and Data Privacy” for more information. We cannot rule out the possibility that regulators may take over the collection and aggregation of population health data and provide the access to such data to the general public and private companies, in which case we may need to adjust our business strategies and launch new solutions and services in response to such change.

If we are unable to develop new solutions that satisfy our customers and provide enhancements and new features for our existing solutions that keep pace with rapid technological and industrial change, our business, results of operations and financial condition could be adversely affected. If our competitors are able to deliver more efficient, convenient and secure solutions and services at lower prices by using new technologies, it could adversely impact our ability to maintain and increase our market share.

Our big data platform and solutions may be launched and used on a variety of hardware, and software platforms, and we need to continuously modify and enhance our services and solutions to adapt to changes and innovation in these technologies. Technology and process issues across the entire operating platform can negatively impact the performance of AI systems. AI models themselves can create problems when they deliver biased results (which can happen, for example, if a population is underrepresented in the data used to train the model), become unstable, or yield conclusions for which there is no actionable recourse for those affected by its decisions. Any failure of our big data platform and solutions to operate effectively with evolving or new platforms and technologies could reduce the demand for our solutions. We must continue to invest substantial resources in research and development to enhance our technology. If we are unable to respond to these changes in a cost-effective manner, our solutions may become less marketable and less competitive or obsolete, and our business, results of operations and financial condition could be adversely affected.

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We process healthcare data that are translated from information in natural language in free-form text format. We cannot rule out the possibility of certain text or information being mistranslated or inaccurately categorized when we perform the natural language processing. We also rely on hospitals and their doctors and other supporting staff to update and enrich healthcare data through their diagnosis and research activities. We cannot rule out the possibility that they may inaccurately record or categorize data in such process, which may in turn compromise the quality of our data analysis results.

Clinical records of hospitals in China customarily are made in natural language in free-form text format. Our Big Data Platform and Solutions, therefore, begin with translation of a large volume of free-form text into computable data, which involves judgments on, and interpretations of, the meaning of the text. In practice, some of the clinical information is expressed with symbols that are hard to discern for lay people without medical education or related experience. The situation is further complicated by the fact that multiple medical natural language expressions may be used by different doctors in clinical records to convey the same idea. We cannot rule out the possibility of certain text or information being misidentified, mistranslated or inaccurately categorized when we perform the natural language processing. Any such mistakes or errors could lead to defect or inaccuracy in our Big Data Platform and Solutions, which could lead to liabilities against us, deter prospective customers and harm our reputation, business and results of operations.

In addition, collection, retaining and storage of individually identifiable or de-identified healthcare data are highly regulated in China. Therefore, we do not collect, retain or store healthcare data by ourselves in our Big Data Platform and Solutions business. After we deliver the big data platform we build for hospitals, we rely on hospitals and their doctors and other supporting staff to update and enrich the de-identified healthcare data on which our medical knowledge graphs and solutions are based through their diagnosis and research activities. Therefore, the quality of data could be compromised if doctors or other hospital staff fail to log the original healthcare data into the hospital's system accurately. In addition, doctors in many hospitals of China were trained to record diagnosis and prescribe treatments in hand-written format in natural language. It may take longer than we expect to reshape doctors' behaviors. We cannot rule out the possibility that some doctors and hospital personnel may still choose to record their clinical data in hand written format, or may fail to log the healthcare data into the data base in a timely manner. Any of these occurrences may compromise the timeliness of the data, and negatively impact the performance of our data analysis results and the quality of other solutions we provide based on the analysis of these healthcare data.

Our business processes a large amount of data. Data protection, privacy and similar laws in China and other jurisdictions restrict collection, use and disclosure of personal information, and failure to comply with or adapt to changes in these laws could materially and adversely harm our business.

We contract with hospitals and other customers in China and other jurisdictions, to help digitalize and process a large volume of medical information and certain of such information may be at individual patient level. Although hospitals allow us to access the private cloud that we build for them for the purposes of providing maintenance services, data processing and data quality control, we do not collect or store any individually identifiable or de-identified healthcare data in our big data platform and solutions for hospitals. Nevertheless, our access to these data in connection with providing maintenance, data processing and data quality control services may expose us to compliance risk with respect to data protection and privacy-related laws and regulations. According to Guide for De-Identifying Personal Information, any de-identified dataset bears the risk of re-identification. For

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example, although it is almost mathematically impossible to convert EMPI-ID back to personal information, it is possible to identify the patient from the medical records associated with that EMPI-ID if the hacker has access to the raw data, which are not under our control, and compares those records to determine the identity of the patient. To protect patients' personal information, we: (1) deployed double encryption so that brute-force attack requires impractical cost, (2) recommended customers to also perform de-identification on raw data stored by them, (3) established account and access control for our customers to prevent unauthorized re-identification attack, and (4) provided private cloud and other security solutions to reduce the risk of external attack.

The access, collection, use, storage, sharing, transfer, disclosure and security of personal data and healthcare data, including individually identifiable or de-identified health information and clinical trial patient-specific information, are highly regulated in China and other jurisdictions. Any failure or perceived failure to comply with these laws, regulations or policies may result in inquiries and other proceedings or actions against us by government authorities or others, as well as negative publicity and damage to our reputation and brand, each of which could cause us to lose customers. In addition, there has been an increase in regulatory activities in connection with privacy and data protection in China, and the regulatory landscape is becoming more complex with increasingly strict requirements. To the extent new laws and regulations are enacted or promulgated, or new interpretations and applications of existing privacy and data protection laws or regulations are adopted, our access to and use of de-identified healthcare data could be further restricted, and we may be required to implement new or enhanced security measures. Any additional enactment or promulgation of such laws or regulations may, among other things, substantially escalate our compliance costs and place restrictions on our business model.

Our ability to access, process and analyze data from various sources could be restricted, which may in turn adversely impact our ability to deliver our services and solutions, our business and results of operations.

The optimal performance of our data analytics algorithms and our solutions built thereupon depends on the breadth and depth of the data set that we process. We obtain the right to use and generate insights from the de-identified data set through our solution and service offerings to hospitals, policy makers, patients, ordinary mobile users and other participants in the healthcare value chain and we use the data set to enrich our knowledge graphs and develop and refine the functions and features of our services and solutions. Our ability to access and use these types of data is limited by a number of factors, some of which are described in further details elsewhere in this section, including:

- existing law, regulations, policies and industry standards on access, process and analysis of healthcare data by third parties retained by hospitals and new developments therein;
- our ability to secure requisite authorization from hospitals to use the data underlying our services and solutions in a timely manner;
- existing law, regulations, policies and industry standards on privacy and data protection regimes, including heightened requirements for consent and new developments therein;
- our relationship with our customers, which may restrict our ability to access and capture data or may stop providing, or be unable to provide, us with data access on terms acceptable to us;
- our inability to grow customer base in new geographic markets in order to obtain access to the critical mass of data necessary for our algorithms to perform optimally;

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- user choices, including the mobile users' modifications to privacy settings;
- changes in browser or device functionality and settings, and other new technologies, which could make it easier for mobile users to prevent the placement of cookies or other tracking technologies; and
- interruptions, failures or defects in our data aggregation, mining, analysis and storage systems.

Any of the above described limitations on our ability to successfully access, aggregate and analyze data could materially impair the performance of our algorithms, which could make our solutions and services less attractive to customers, result in damages to our reputation and a decline of our market share, and adversely affect our business and results of operations.

The proprietary technologies that comprise our data intelligence infrastructure may include design or performance defects and may not achieve their intended results, any of which could materially and adversely affect our business, results of operations and financial performance.

We rely on our proprietary AI and big data technologies that comprise YiduCore to deliver our solutions. Our proprietary technologies are relatively new, and they may contain design or performance defects that are not detectable even after extensive internal testing and may become apparent only after widespread commercial use. In addition, the data rules and models for quality control may not be comprehensive, and various anomalies in data such as incompleteness and inaccuracy may decrease the results delivered by our solutions. Any defect in those technologies as well as their subsequent alterations and improvements could hinder the effectiveness of our platform and the reliability of our solutions and discourage existing or potential customers from utilizing our solutions, which would have a material and adverse effect on our reputation, competitiveness and future prospects. In addition, correction of defects or errors could prove to be impossible or impracticable and the costs incurred in correcting any defects or errors may be substantial and could have a material adverse effect on our business, financial condition and results of operations. Our software products are subject to product liability laws of China and may also be subject to product liability laws of other jurisdictions where we provide solutions and services. If the technologies underlying our solutions are found to have design or performance defects, we may be liable for product liability claims in China or such other jurisdictions.

Security and privacy breaches may hurt our business.

Our solutions are rooted in the vast volume of healthcare data integrated for hospitals and the different departments thereof. As of the date of this prospectus, we have not experienced incidents of security breach. We cannot guarantee, however, that we and the hospitals will not experience cyber-attacks of varying degrees, including attempts to hack into our cloud system or attempts to hack into the hospitals' private cloud, which may lead to a leakage of sensitive personal medical information. The security measures we build may also be breached due to error, malfeasance or otherwise of employees of ours or the hospitals. Additionally, outside parties may attempt to fraudulently induce employees or doctors to disclose sensitive or account information in order to gain access to the system, or may otherwise obtain access. Any such breach or unauthorized access could result in significant legal and financial exposure, damage to our reputation and a loss of confidence in the security of our solutions and services that could have an adverse effect on our business and results of operations. Because the techniques used to obtain unauthorized access, disable or degrade service or sabotage systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate

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these techniques or to implement adequate preventative measures. If an actual or perceived breach of security occurs, the market perception of the effectiveness of our security measures could be harmed, we could lose customers and we may be exposed to significant legal and financial risks, including legal claims and regulatory fines and penalties. Any of these actions could have a material and adverse effect on our business and results of operations.

The efficiency of our delivery of Life Sciences Solutions to our customers may be compromised and, in extreme cases, we may lose the anticipated revenues to be generated from these solutions if we fail to secure requisite authorization from hospitals to use the data underlying our solutions in a timely manner or if the research community or the principal investigators are unwilling to cooperate with us on the clinical trials.

For our Life Sciences Solutions, we leverage real-world healthcare data to help our customers, including pharmaceutical companies, biotech companies, medical device manufacturers and CROs, to reduce the duration and costs and increase the success rate of clinical development. We must enter into cooperation agreements with and obtain authorization from hospitals for using healthcare data that are necessary to the development of our solutions before delivering our solutions pursuant to our service agreements with our customers. Negotiating and entering into cooperation agreements with and obtaining authorization from hospitals are usually time consuming, which have negatively affected and may continue to negatively affect the efficiency of our delivery of Life Sciences Solutions. In addition, we rely on cooperation with the research community and principal investigators to monitor clinical trials and record the data underpinning some of our solutions. If they are unwilling to cooperate with us, our ability to use the critical mass of data will be impeded. We plan to devote more resources and staff to facilitate the negotiation and authorization process of hospitals and to deepen our relationship with the research community and the principal investigators. However, we cannot guarantee the effectiveness of these efforts, especially given the complex internal approval procedures implemented by public hospitals in China. If we fail to reduce the time required for securing data usage authorization, or if the research community or principal investigators are unwilling to cooperate with us, the efficiency of our delivery of Life Sciences Solutions to our customers could be compromised. If such inefficiency prevents us from delivering our solutions within the timeframe required by the service agreements, we may face legal liabilities for breach of contract and lose the anticipated revenues under the relevant service agreements, which could harm our business, reputation, result of operations and financial conditions.

If we are unable to compete effectively, our business, results of operations and financial condition may be materially and adversely affected.

The healthcare big data solutions market is highly competitive. We face intense competition in different aspects of our business, especially the newly launched “CausaHealth” platform as part of our Health Management Platform and Solutions business. In addition to other emerging healthcare big data solution specialists, with whom we compete in each of the hospital sector, regulator and policy maker sector and life sciences sector of the healthcare big data solutions market, we also face competition from traditional healthcare IT service companies and general technology companies in the hospital sector and government sector, and face competition from traditional contract research organizations (CROs) and healthcare consulting firms in the life sciences sector. In addition, we compete with other health management platforms in our Health Management Platform and Solutions business. See “Industry Overview” and “Business—Competition” for more details.

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Some of these competitors may have longer operating histories, more project experience, more established brand names, larger user base and greater financial, technical and marketing resources than we do, and in turn may have an advantage in attracting and retaining customers. Meanwhile, large technology companies with substantial resources, technical expertise and greater brand power could enter or further expand in the markets where we operate to compete with us. Further, if one or more of our competitors and potential competitors were to merge or partner with another of our competitors, or if a new entrant emerged with substantial resources, the change in the competitive landscape could adversely affect our ability to compete effectively. If we fail to compete effectively, demand for our services may go down, which could result in a material and adverse impact on our results of operations, financial condition and growth prospects.

We have incurred net losses, net liabilities, net current liabilities and net operating cash outflow in the past and may not be able to achieve or maintain profitability, net assets or net operating cash inflow in the foreseeable future.

We incurred net losses in the Track Record Period. For the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2020, we reported a net loss of RMB978.4 million, RMB933.7 million, RMB1,511.4 million and RMB505.8 million, respectively. These losses reflect the substantial investments we made to grow our business, including development of our data analytics, machine learning and other AI capabilities, improvement of our technology infrastructure, commercialization of our solutions and our sales and marketing efforts. We cannot assure you that we will be able to generate net profits in the future.

We expect to continue to make significant future expenditures related to the continuous development and expansion of our business, including:

- investments in our research and development team and in the development of new services and solutions and enhancement of our services and solutions;
- investments in sales and marketing, including expanding our sales force, enlarging our customer base and promoting market awareness of our services and solutions;
- expanding our operations and infrastructure, including internationally; and
- incurring costs associated with general administration, including legal, accounting and other expenses related to being a public company.

As a result of these significant expenses, we will have to generate sufficient revenue to be profitable in future periods. Even if we achieve profitability in the future, we may not be able to sustain or increase profitability in subsequent periods. If we fail to achieve, sustain or increase profitability, our business and results of operations could be adversely affected.

We incurred net liabilities as of March 31, 2018, 2019 and 2020 and June 30, 2019 and 2020. Net liabilities (or deficiency in assets) position can expose us to the risk of shortfalls in liquidity. This in turn would require us to undertake additional equity financing, which could result in dilution of your equity interests, or to seek debt financing, which may not be available on terms favorable or commercially reasonable to us or at all. Any difficulty or failure to meet our liquidity needs as and when needed can have a material adverse effect on our prospects.

We had net current liabilities of RMB2,565.8 million as of June 30, 2020, primarily due to our convertible redeemable preferred shares, partially offset by our cash and cash equivalents. We had net

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current liabilities of RMB2,246.5 million as of March 31, 2020 primarily due to convertible redeemable preferred shares of RMB3.0 billion and trade and other payables of RMB187.1 million, partially offset by cash and cash equivalents of RMB719.7 million and trade receivables of RMB287.3 million. There can be no assurance that we will not experience liquidity problems in the future. If we fail to generate sufficient revenue from our operations, or if we fail to maintain sufficient cash and financing, we may not have sufficient cash flows to fund our business, operations and capital expenditure and our business and financial position will be adversely affected.

Net cash used in our operating activities was RMB167.7 million, RMB372.7 million and RMB360.6 million for the fiscal years ended March 31, 2018, 2019 and 2020, respectively. We had net cash generated from operating activities of RMB41.2 million for the three months ended June 30, 2020. While we believe that we have sufficient working capital to fund our current operations, we cannot guarantee that we will be able to continue to experience net cash inflows from our operating activities for the foreseeable future. If we are unable to maintain adequate working capital, we may default on our payment obligations and may not be able to meet our capital expenditure requirements, which may have a material adverse effect on our business, financial condition and results of operations.

We derive a substantial portion of our revenues from Big Data Platform and Solutions provided to public hospitals and policy makers in China and other jurisdictions. If we fail to win new project or if there are any significant changes in the contracting or fiscal policies of the public sector, it could have an adverse effect on our business.

We derive a substantial portion of our revenues from sales of our Big Data Platform and Solutions to public sector customers such as public hospitals and policy makers in China and other jurisdictions, and we believe that the success and growth of our business will continue to depend in part on our successful procurement of service contracts with these customers. In particular, we need to go through a competitive tendering process in order to secure contracts from public hospitals or other policy makers in China. We submit tenders for new contracts from time to time, but it would be subject to our customers' decision as to whether we will be awarded with the projects. There is a risk that we may not succeed in tendering for new projects or there is a significant reduction of projects for tendering in the future. In addition, we are subject to a number of other factors that are beyond our control and could impede our ability to maintain or increase the amount of revenues derived from government contracts:

- prolonged public-sector budgetary cycles;
- changes in fiscal or contracting policies;
- decreases in available government funding;
- changes in government programs or applicable requirements;
- the adoption of new laws or regulations or changes to existing laws or regulations; and
- potential delays or changes in the government appropriations or other funding authorization processes.

The occurrence of any of the foregoing could cause public hospitals or public policy makers to delay or refrain from purchasing our solutions and to fail to observe the payment schedules, or otherwise have an adverse effect on our business, results of operations and financial condition.

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We cannot guarantee that our new business initiatives will be successfully implemented or generate sustainable revenue or profit.

We continue to execute a number of growth initiatives, strategies and operating plans designed to diversify our business and unleash the monetization potential of our leading position in the healthcare big data solutions market. For example, we launched “CausaHealth” platform, which is included in our Health Management Platform and Solutions business, in February 2020 in response to an unmet market demand for more efficient and readily available medical diagnosis and consultation services, which became more imminent as a result of the COVID-19 pandemic. In the same business segment, we also offer insurance technology solutions to insurance companies and agencies, aiming to provide value-based services to patients on our personal health management platform through empowering insurance companies and agencies to improve operational efficiency and product innovation. These business initiatives are new and evolving, some of which are still at the inception or trial stage and may prove unsuccessful. For example, for our Health Management Platform and Solutions business, it may take a longer time than expected for us to build trust of users in our internet hospital, and we may not be able to attract new insurance company customers or maintain the relationship with existing ones either. In addition, we may not have sufficient experience in executing these new business initiatives effectively. For example, we have a short history in running Health Management Platform and Solutions business and in engaging with individual users. Our ability to predict our users’ preferences and needs and to customize our services and content recommendations to these users may be limited, which could impede our ability to deliver the user experience expected by our users at the early stage of these businesses. Further, we may incur increasing research and development spending, sales and marketing expenditures, personnel expenses and compliance costs as more efforts on product development, brand and service promotion, general administration and legal compliance are required for our newly launched businesses, and no guarantee on the effectiveness of our efforts can be given. As a result, we cannot assure you that any of these business initiatives will achieve wide market acceptance, increase the penetration of our addressable market or generate revenues or profit. If our efforts fail to enhance our monetization abilities, we may not be able to maintain or increase our revenues or recover any associated costs, and our business and results of operations may be materially and adversely impacted.

In addition, to maintain growth, we must continually identify the industry pain points faced by participants in the healthcare value chain and develop, produce and market new solutions to respond to unmet market demands in an effective manner. We have an established process for the development, evaluation and validation of our new solution concepts. Our big data analytics capabilities and our close relationship with value chain participants both in the public sector and private sector developed over the years have also put us in a good position to identify market demands and develop solutions in response thereto. Nonetheless, we may not identify addressable market demands despite substantial investments of time and resources, and even if a niche market is identified, we may not have enough resources, as compared with some of our competitors, to develop solutions fast enough to acquire an advantageous market position. In addition, each new solution launch involves risks, as well as the possibility of unexpected consequences. For example, the acceptance of our new solutions and sales to our targeted market may not be as high as we anticipate, due to lack of acceptance of the solutions themselves or their price, or limited effectiveness of our marketing strategies. Further, we may also experience a decrease in sales of certain existing solutions as a result of newly-launched solutions. Any of these occurrences could delay or impede our ability to achieve our sales objectives, which could have a material adverse effect on our business, results of operations and financial condition.

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If we do not succeed in attracting new customers for our solutions or growing revenue from existing customers, we may not be able to achieve our revenue growth goals.

We have been expanding our customer base. Our ability to attract new customers depends on a number of factors, including our ability to offer solutions and services at competitive prices in response to customers' needs, the evaluation by existing customers on the performance of our solutions, our ability to maintain comparative strength to our competitors and the effectiveness of our marketing and sales efforts. If we fail to perform well in any of these aspects, our ability to attract new customers could be impeded and, as a result, we may not be able to grow our net revenue as quickly as we anticipate, or at all.

We face challenges in growing revenues from existing customers as well. Currently, most of our revenues from existing customers are generated on a project-by-project, one-off basis. If we fail to capture recurring or new demands from these customers, the future growth of our revenues may be negatively impacted. We have been deepening our relationship with these customers through identifying more pressing industry needs and our tremendous network effects. We have also launched more subscription-based functions and services, such as disease registries, to increase recurring revenues. However, we cannot assure you that our sales efforts will be as successful as expected, as their effects are impacted by many factors, some of which are beyond our control. For example, we may not be able to effectively identify new industry needs or successfully launch new solutions in response to such needs. See “—Our new solutions developments and introductions may not be as successful as we anticipate.” In addition, the liquidity position of our public sector customers, our largest revenue contributors during the Track Record Period, is heavily impacted by the availability of government funding, public-sector budgetary cycles and evolving governmental policies. We cannot assure you that all of these public-sector customers will have sufficient funds to purchase our upgraded platforms and functionalities or subscription-based services, even if they consider our offerings valuable. As to our Life Sciences Solutions customers, our second largest revenue contributors during the Track Record Period, their demand for our solutions is partially impacted by the pace at which the pharmaceutical industry of China and other countries or regions changes from generic drug manufacturing-centric to innovative pharmaceutical product development-oriented, and by their willingness to outsource clinical trial related workstreams. If they do not increase their research and development spending on originator pharmaceutical products or a trend of clinical-trial workstream outsourcing does not develop, we may not be able to substantially grow our revenues from them. As a result, we cannot guarantee that we will be successful in substantially increasing the spending by our existing customers.

Our business and results of operations may be harmed by service disruptions to our data center facilities which are maintained by third parties, or by our failure to timely and effectively scale and adapt our existing technologies and infrastructure.

We have experienced, and may experience in the future, service disruptions, outages and other performance problems due to a variety of factors, including infrastructure changes, human or software errors, hardware failure, computer viruses, fraud and security attacks. While we have disaster recovery plans in place, they might not adequately protect us in the event of a system failure.

In particular, as the number of our hospital customers increases and our solutions and services become more complex, it may become increasingly difficult to help our hospital customers aggregate data across their own private clouds, to perform the data analysis quickly and to maintain and improve the performance of our solutions. Our cloud infrastructure is currently built on data center facilities leased

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from third party providers, whose capacity may need to be expanded as our customer base continues to grow and our customers' demand for services, solution upgrade and operational monitoring continues to increase. We cannot assure you that we will be able to expand the data center facilities to meet the increased infrastructure capacity demand in a timely manner, or on favorable economic terms. Further, we do not have sufficient control over the operation of the data center facilities and therefore cannot afford the same level of protection to them as compared to those facilities that are owned by us or located within our premises. Both data center facilities leased by us or such data center facilities of our partnering hospitals are vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunications failures, break-ins, sabotage, acts of terrorism, intentional acts of vandalism, operator errors and other similar events or misconducts. Despite precautions taken at these facilities and the disaster recovery plans we maintain, the occurrence of a natural disaster, an act of terrorism or other act of malfeasance, a decision to close the facilities without adequate notice, or other unanticipated problems at these facilities could result in lengthy interruptions in our service and solutions and the loss of data and our business, in which case we may not be able to switch to new data centers or move data from one data center to another on a timely basis, or at all.

Any disruption or failure in our system or the technology infrastructure could hinder our ability to deliver solutions and services, and the day-to-day management of our business, and could result in corruption, loss or unauthorized disclosure of proprietary, confidential or other data, which in turn may harm our reputation and business, entail claims and liabilities and deter prospective customers.

We invest significantly in research and development, and we may not be able to recoup the investments we make, which in turn could adversely impact our financial condition and results of operations.

Our success depends in part on our ability to continually enhance our core capabilities and solutions. If we are unable to respond to rapid technological changes in a cost-effective manner and develop new features and functions that satisfy our customers' demands, our solutions and other services may become less marketable and less competitive, and our business, results of operations may be adversely affected.

We have made, and will continue to make, investments in research and development which we believe to be helpful to our business, such as AI and big data technologies. Although investments in research and development are critical to our success, they may not yield the desired results. We may experience difficulties that could delay or impede the development, after having committed significant time and financial resources. Even if research and development projects successfully lead to new core capabilities or solutions, they may require lengthy period of time for testing before commercial launch, and the final solutions we offer to the market may not be well-received by our customers or generate sufficient revenue to cover the expenses incurred.

The continued and collaborative efforts of our senior management and key employees are crucial to our success, and our business may be harmed if we lose their services.

Our success depends on the continued and collaborative efforts of our senior management and key employees. If, however, one or more of our executives or other key personnel are unable or unwilling to continue to provide services to us, we may not be able to find suitable replacements easily or at all. Competition for management and key personnel is intense and the pool of qualified candidates is limited. We may not be able to retain the services of our executives or key personnel, or attract and

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retain experienced executives or key personnel in the future. If any of our executive officers or key employees joins a competitor or forms a competing business, we may lose crucial business secrets, know-hows, customers and other valuable resources. Our future success will also depend on our ability to attract and retain highly skilled AI and data analytics experts, quality professionals with medical education background or experience, and skilled employees in the areas of technology, managerial, editorial, finance, marketing, sales and customer service. Qualified individuals are in high demand, and we may not be able to successfully attract, assimilate or retain the personnel we need to succeed.

The potential loss or delay of our large service contracts or of multiple service contracts could adversely affect our results of operations.

Our customers may delay, terminate, fail to perform or reduce the scope of our contracts for a variety of reasons beyond our control, which include but not limited to:

- decisions to forego or terminate a particular project;
- lack of available financing, budgetary limits or changing priorities;
- actions by regulatory authorities;
- unexpected or undesired clinical results for products;
- shift of business to a competitor or internal resources;
- product withdrawal following market launch;
- shut down of medicine manufacturing facilities; or
- change of trial registration or medicine marketing strategies.

Although some of our contracts provide for termination fees for our customers' failure to perform the contract, such customers may refuse to pay these fees, and even if successfully enforced, these fees may not be sufficient for us to realize the full amount of revenues or profits anticipated under the related services contracts, or recover the our advanced costs. In cases where our contracts do not contain such clauses providing for these fees or our customers refuse to pay such fees, we may need to resort to legal proceedings for resolutions. Such proceedings are usually time consuming and could entail additional legal costs and distract our management. In addition, we will not realize the full benefits of our backlog of contractually committed services if our customers cancel, fail to renew, delay or reduce their commitments under our contracts with them, which may occur if, among other things, a customer decides to shift its business to a competitor or revoke our status as a preferred provider. Furthermore, some of our contracts are short-term and our customers may not renew or extend such short-term contracts with us after such contracts expire. Thus, the loss or delay of a large contract or the loss or delay of multiple contracts could adversely affect our revenues and profitability. We cannot assure that we will be able to offset such revenue loss or delay in a timely fashion as large contracts or contracts in the amount we lose may not be available on a regular basis.

We are subject to extensive and evolving regulatory requirements. We may be adversely affected by the complexity, uncertainties and changes in PRC regulations of healthcare, digital healthcare and internet-related business and companies, including limitations on our ability to own key assets.

We are operating a multifaceted business spanning healthcare and internet industries, which the PRC government extensively regulates. Foreign ownership of and the licensing and permit requirements pertaining companies in such industries and the access and usage of healthcare data are among such

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areas that are subject to government scrutiny. These laws and regulations related to healthcare, digital healthcare and internet industries are relatively new and evolving, and their interpretation and enforcement involve significant uncertainties. As a result, in certain circumstances it may be difficult to determine what actions or omissions may be deemed to be in violation of applicable laws and regulations. Issues, risks and uncertainties relating to PRC government regulation of such industries include, but are not limited to, the following:

- We operate our business and hold licenses through our VIEs and their respective affiliates due to restrictions on foreign investment in businesses providing value-added telecommunication services.
- Uncertainties relating to the regulation of the medical big data business, internet hospital business and other internet business in general in China, including evolving licensing practices, give rise to the risk that some of our permits, licenses or operations may be subject to challenge, which may be disruptive to our business, subject us to sanctions or require us to increase capital, compromise the enforceability of relevant contractual arrangements, or have other adverse effects on us. The numerous and often vague restrictions on access to healthcare data, user data, content distributed online, and liabilities as platform provider for contracted external doctors in China may subject us to potential liability, temporary blockage of our platform or complete shut-down of our platform or business.
- We have not received notice of violation or faced administrative actions in connection with our operation of business via the VIEs and their respective affiliates. We cannot assure you, however, that the PRC government will not find such practice non-compliant with PRC laws and regulations or the interpretation thereof, in which case we could be subject to severe penalties or be forced to relinquish our interests in those operations.

In particular, it is uncertain whether existing laws governing issues such as privacy, property ownership, medical malpractice and other form of torts, liability theories based on contracts, and sales and other taxes, etc. could apply to healthcare data processing, digital healthcare offering and other online services, and such uncertainty may take years to resolve. We face risks of medical liability claims against the doctors and us for consultations conducted via CausaHealth. In particular, the doctors and healthcare institutions that we partner with, may provide sub-standard services, mishandle sensitive information, engage in other misconduct or commit medical malpractice, which could subject us to medical liability claims. Although we carry insurance covering medical malpractice claims in amounts that we believe are appropriate in light of the risks attendant to our business, successful medical liability claims could result in substantial damage awards that may exceed the limits of our insurance coverage. In addition, due to the increased popularity of the digital healthcare solutions and the significant impact of any safety and security breach in the digital health solutions on the society generally, it is possible that a number of laws and regulations may be adopted with respect to health, digital healthcare and internet industries. The adoption of additional laws or regulations, the application to our business of laws and regulations from jurisdictions whose laws do not currently apply to our business, or the application to our business of existing laws and regulations that are traditionally not applicable to digital forms of services, may heighten requirements on medical big data services and other digital healthcare offerings, which could, in turn, increase our cost of doing business, disrupt our operations and impede the development or growth of the digital healthcare industry generally.

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We cannot assure you that subsequent laws and regulations or interpretation of existing ones would not render our operations non-compliant or that we would always be in full compliance with applicable laws and regulations. In the event that we must remedy any violations, we may be required to modify our business models as well as solution and service offerings in a manner that undermines our solutions' and services' attractiveness. We may also become subject to fines or other penalties and, if we determine that the requirements to operate in compliance are overly burdensome, we may elect to terminate the non-compliant operations. In each case, our business, financial condition and results of operations may be materially and adversely affected.

If we fail to perform our services in accordance with contractual requirements, we could be subject to significant costs or liability and our reputation could be harmed.

We contract with our customers to provide a wide range of solutions to assist them in areas such as healthcare management, clinical research, real world evidence study, data mining and analysis, and patient recruitment for clinical trials. Such services are complex and subject to contractual requirements, and any mistake or failure to perform in accordance with contractual specifications on our part could result in our customers suing us for breach of contract as well as other severe consequences. For example, if the free-form medical information in natural language is inaccurately translated when we perform the natural language processing, doctors' clinical research and other solutions based on such data could be compromised, or if our data processing results in leakage of personal medical information or otherwise fails to observe the regulatory standard, be it inadvertent or not, we may face severe administrative actions, claims and liabilities. For another instance, non-compliance with contractual specification when we perform the data mining and analysis for pharmaceutical companies and insurance companies may result in our customers suing us for breach of contract, disqualification of data for submission to regulatory authorities or inaccurate market prediction. Any such mistake or failure to perform in accordance with contractual requirements and standards may harm our reputation and business, result in administrative actions or heavy civil and contractual liabilities, and may deter prospective customers.

We rely on cooperation with hospitals to provide certain internet hospital-related services. Our Health Management Platform and Solutions business may be harmed if our partnering hospitals fail to perform their obligations in accordance with the cooperation agreements.

As of the Latest Practicable Date, the internet hospital services on our health management platform are delivered through an internet hospital jointly established by our VIE and a hospital in Guizhou, the operation of which partially relies on our healthy cooperation with this hospital. For example, the operation of our internet hospital partially relies on this hospital to facilitate the applications for certain necessary licenses, even though our eligibility to these licenses is not conditioned upon our partnership with this hospital. Our internet hospital also cooperates with this hospital with respect to online medical consultation and diagnosis service offerings to reduce the costs of identifying and negotiating with individual doctors. Therefore, we are exposed to the risk of our cooperating hospital's potential failure to provide the agreed support under our cooperation agreements, which may result in our failure to launch our services on the health management platform as anticipated and cause disruption to the operation of our health management platform. In addition, our cooperation agreements with this hospital provides that we will negotiate with the partnering hospitals with respect to the profit sharing ratio/mechanism after our internet hospital becomes profitable. However, we cannot guarantee that when such time comes we will be able to agree on a profit sharing ratio/mechanism that is acceptable or favorable to us in a timely manner without incurring substantial costs, or at all. Any such failure

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may interrupt our operation of the health management platform and have an adverse impact on our business, reputation, and results of operations.

Our financial results may be adversely affected if we underprice our service agreements, overrun our cost estimates or fail to convert out-of-scope work or excessive costs into pricing term amendments.

Our service agreements are either fee for service contracts or fixed-fee contracts. We currently deliver most Big Data Platform and Solutions to public sector customers in China and, therefore, our solutions are procured through the mandatory bidding procedure hosted by competent regulatory authorities of the healthcare industries. In the bidding process, we must submit our tender with pricing terms specified, which is not permitted to be changed through secondary negotiation after the bidding result is announced. If we initially underprice our solutions or otherwise overrun our cost estimates, we may not be able to recover our excessive costs, in which case our profit margin and our results of operations may be adversely impacted. Although our services to pharmaceutical companies, life sciences companies, insurance companies and other private sector customers are privately negotiated and we may be able to apply an amendment to the pricing terms in case of underpricing occurs, we cannot be sure that we will be able to reach an amendment in a timely manner without incurring substantial legal and administration costs, or at all. Where we are not successful in converting out-of-scope work or excessive costs into amendments to pricing terms under our current contracts, our profit margin, results of operations, financial condition and cash flows may be adversely affected.

Our Life Sciences Solutions business may suffer, if we are unable to attract suitable patients for clinical trials, or any of these patients incur personal injury or other harms from drugs tested on them.

We provide clinical trial patient recruitment service to pharmaceutical companies. Our advanced AI and big data analytic technologies backed by voluminous real world healthcare data have enabled us to shorten the time required for locating adequate patient candidates. However, our patient enrollment services for clinical trials may nevertheless be affected by a number of factors, some of which are beyond our control. As our patient recruitment services are usually performed on a success for fee basis, any failure to locate sufficient patients within the timeframe as required by our service agreements will result in our inability to collect the anticipated service fees despite our efforts and resources invested, which could hurt our business, results of operations and financial position. Factors that could impact our patient enrollment performance include but not limited to the following:

- severity of the disease under investigation;
- total size and nature of the relevant patient population;
- design and eligibility criteria for the clinical trial in question;
- perceived risks and benefits of the drug candidate under study;
- patient referral practices of doctors and hospitals;
- availability of competing therapies also undergoing clinical trials;
- our customers' efforts to screen and recruit eligible patients;
- proximity and availability of clinical trial sites for prospective patients; and
- occurrence of any health epidemic or other public events, such as the COVID-19 outbreak, that could deter patients from participating in clinical activities.

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Some of our competitors may have ongoing clinical trials for drug candidates that treat the same indications as the drug candidates tested by our pharmaceutical company clients. As a result, patients who would otherwise be eligible for the clinical trials held by our customers may instead enroll in the clinical trials of our competitors' drug candidates, which may further elevate the challenges we face.

Even if we enroll sufficient patients for our customers, our involvement as a recruiter in clinical trials, which involve inherent risks of inflicting harm to the health of participating patients, could expose us to potential claims, lawsuits, and liabilities. If any of these patients incur personal injury or other harms from drugs tested on them, we as the recruiter may be brought into legal proceedings claiming for damages, penalties or else. Any of these claims and actions could be time consuming and costly to defend and distracting to our management, and, even if not founded or supported, could hurt our reputation, harm our Life Sciences Solutions business and adversely impact on our results of operations.

We may be subject to liabilities for content available on our health management platform that is alleged to be factually incorrect, defamatory, libelous or otherwise unlawful.

We post articles and other contents on our health management platform to promote healthcare, disease and recovery care knowledge and instigate mobile users' interests in our offerings. In addition, our platform allows users to interact with external doctors that contract with us to provide online consultation and diagnosis services. Under PRC law, we are required to monitor content, including content posted or distributed by our users or available on our platform for items deemed to be factually incorrect or defamatory, and promptly take appropriate actions with respect to such content items. Sometimes, it is not apparent as to whether a piece of information is factually incorrect or involved other types of illegality, and it may be difficult to determine the type of content that may expose us to liabilities. We have implemented the terms of users for our health management platform through which users agree to take all responsibilities and legal consequences for the contents they post on the platform; however, we cannot assure that all users will read through and strictly follow these terms and policies. Our burden to administer the content may be exacerbated as we gradually introduce more features and functions to our platform, such as discussion panel or other interactive features to allow users to share thoughts and consultation experience, or columns for advertisements by pharmacies or pharmaceutical companies. If we are found to be liable, we may be subject to fines, have our relevant business operation licenses revoked, or be prevented from operating our websites or mobile interfaces in the PRC.

If we fail to identify and attract sufficient qualified participants to our health management platform, or fail to properly manage the conducts and quality of services and products provided by external doctors, pharmacies and other service providers on our health management platform, our health management business may be adversely impacted.

Our health management business relies on various participants, including, but not limited to, contracted external doctors, pharmacies and other service providers and product suppliers and vendors, and the success of our health management business depends on our ability to attract sufficient qualified participants, properly manage the quality of their services and products, and deliver superior user experience.

Although there are a large number of doctors and pharmacies in China, the pool of qualified doctors and pharmacies that satisfy our standard could be small. We face the risk of failing to identify suitable

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doctors and other key participants despite our efforts. Even if we successfully identify suitable doctors, and other key participants we may not be able to engage their services on commercial terms acceptable to us, or at all, due to various reasons, including that these doctors may be prohibited or restricted from doing so by the policies of the hospitals they work at or associate with, or by the service agreements they have entered into with other internet hospital platforms.

Management of the quality of these participants' services could be challenging as well. As such participants are not employed by us, we have limited control over their practice and the quality of their services on our mobile platform. There can be no assurance that our monitoring of their services would be sufficient to control the quality of their work, or they will strictly adhere to the specified work scope and quality requirements and comply with applicable laws and ethical rules. In the event that a participant fails to meet our quality and operating standards pursuant to our agreements or as required by relevant PRC laws and regulations or ethical rules, the operations of our health management business may be disrupted. Furthermore, because of the contractual relationships, we could be perceived as responsible for the actions of such participants and, as a result, suffer reputational damage and could be brought into legal proceedings that are costly and time consuming to defend. This may adversely affect our ability to attract and retain participants and users and could hurt our health management business.

If we fail to obtain and maintain the requisite licenses, permits and approvals applicable to our business, or fail to obtain additional licenses that become necessary as a result of new enactment or promulgation of laws and regulations or the expansion of our business, our business and results of operations may be materially and adversely affected.

Healthcare, internet and digital healthcare industries in China are highly regulated, which require multiple licenses, permits, filings and approvals to conduct and develop business. As of the Latest Practical Date, we have obtained the following valid licenses through our subsidiaries or VIEs: value-added telecommunication business operation license for provision of internet information services, or ICP License, value-added telecommunication business operation license for the offering of internet resource collaboration services, or IDC License, filings in connection with graded protection of information system security, insurance brokerage license, online drug information offering license, pharmaceutical operation permit, class III medical device operation license and filings in connection with class II medical device operation. Some of the licenses we hold are subject to periodic renewal. If we fail to maintain or renew one or more of our licenses and certificates when their current term expires, or obtain such renewals on a timely manner, our operations could be disrupted. In addition, under relevant PRC laws and regulations, our subsidiaries and VIEs as license holders are required to update certain licenses if any change to their respective name, registered capital or legal representative during the validity period of such license. If we fail to properly renew and maintain all such requisite licenses on time, we may face penalties and in extreme circumstances, order to suspend or terminate our business.

Due to uncertainties of interpretation and implementation of existing laws and the adoption of additional laws and regulations, the licenses we held may be deemed insufficient by PRC governments, which may restrain our ability to expand our business scope and may subject us to fines or other regulatory actions. Furthermore, as we develop and expand our business scope, we may need to obtain additional permits and licenses and we cannot assure that we will be able to obtain such permits on time or at all.

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We invested in some wealth management products, which may expose us to default risk and adversely affect our business, financial condition and results of operations.

We invested in a number of wealth management products issued by or sold through reputable banks as part of our treasury management operations. For the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2020, our investments in wealth management products amounted to nil, RMB471.4 million, RMB1,995.0 million and nil, respectively. During the Track Record Period, we had not encountered any losses from the default of our wealth management products. However, as we are subject to default risk associated with these wealth management products, we cannot assure you that we will receive investment income or will not incur financial losses from our wealth management products before they reach maturity. Changes of unobservable inputs such as annual interest rate will change the fair value of our wealth management products. In the event that we incur financial losses from these wealth management products, our business, financial condition and results of operations may be adversely affected.

Our results of operations, financial condition and prospects may be adversely affected by fair value changes in our convertible redeemable preferred shares and convertible notes at fair value through profit or loss.

During the Track Record Period, we issued convertible redeemable preferred shares and convertible notes, all of which are designated as financial liabilities at fair value through profit or loss. The assessment of fair value of our convertible redeemable preferred shares and convertible notes requires the use of unobservable inputs including discount rate, risk-free interest rate, volatility and discount for lack of marketability. Changes of these unobservable inputs will change the fair value of our convertible redeemable preferred shares and convertible notes. In the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020, our fair value changes of convertible redeemable preferred shares was loss of RMB646.9 million, RMB407.0 million, RMB821.6 million, RMB470.4 million and RMB400.4 million, respectively. In the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020, fair value changes of convertible notes was loss of RMB65.4 million, RMB91.1 million, RMB102.4 million, RMB20.8 million and RMB24.2 million, respectively. We also had net current liabilities as of March 31, 2020 and June 30, 2020 as a result of significant fair value change of convertible redeemable preferred shares. We expect continued fluctuation in the fair value of convertible redeemable preferred shares after June 30, 2020 to the Listing Date. After the automatic conversion of the convertible redeemable preferred shares into Shares upon the Listing, which will result in a net asset position, we do not expect to recognize any further loss or gain on fair value changes from the convertible redeemable preferred shares in the future. If we incur such fair value losses, our results of operations, financial condition and prospects may be adversely affected.

We may be adversely affected by customer concentration.

We derive a substantial portion of our revenues from a few large customers. Our top five customers accounted for 89.7%, 40.9%, 48.0% and 66.6% of our total revenues for the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2020, respectively. We have two, one, one and two customers that accounted for more than 10% of our total revenues in the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2020, respectively. If any large customer decreases or terminates its relationship with us, our business, results of operations and financial condition could be harmed. In addition, our large customers concentrated in the public sector of China in the Track Record Period and may continue to be so in the foreseeable future. In light of the

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highly regulated nature of the healthcare industry, especially business involving healthcare data, and the evolving policy and regulatory environment in this regard, our agreements with public sector customers usually provide for such customers' ability to terminate the agreement without liability in case of change of policies requiring the termination or if the termination is upon order by regulatory authorities. If any such policy or order is made, we will lose the anticipated revenues and may not be able to recover the advanced costs. Moreover, a large number of our service agreements, if not all, may be impacted and a substantial part of our revenue streams may be blanked out if such policy or order is made by the highest regulatory authorities.

We may be subject to intellectual property infringement claims or other allegations, which could result in payment of substantial damages, penalties and fines and removal of data or technology from our system.

Our internal procedures and licensing practices may not be effective in completely preventing the unauthorized use of copyrighted materials or the infringement by us of other rights of third parties. The validity, enforceability and scope of protection of intellectual property rights in internet-related industries, particularly in China, is uncertain and still evolving. As we face increasing competition and as litigation becomes a more common way to resolve disputes in China, we face a higher risk of being the subject of intellectual property infringement claims.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate patents, copyrights or other intellectual property rights held by third parties. We may from time to time in the future be subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, there could also be existing intellectual property of which we are not aware that our operations and business may inadvertently infringe. So far we have not been subject to claims or lawsuits outside China. We cannot assure you, however, that we will not become subject to intellectual property laws in other jurisdictions. If a claim of infringement brought against us in another jurisdiction is successful, we may be required to pay substantial penalties or other damages and fines or to enter into license agreements which may not be available on commercially reasonable terms or at all, or we may be subject to injunctions or court orders. Even if allegations or claims lack merit, defending against them could be both costly and time consuming and could significantly divert the efforts and resources of our management and other personnel.

Competitors and other third parties may claim as well that our officers or employees have infringed, misappropriated or otherwise violated their software, confidential information, trade secrets or other proprietary technology in the course of their employment with us. Although we take steps to prevent the unauthorized use or disclosure of such third-party information, intellectual property or technology by our officers and employees, we cannot guarantee that any policies or contractual provisions that we have implemented or may implement will be effective. If a claim of infringement, misappropriation or violation is brought against us or one of our officers or employees, we may suffer reputational harm and may be required to pay substantial damages, subject to injunction or court orders or be required to remove the data and redesign our technology, any of which could adversely affect our business, financial condition and results of operations.

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

We rely on a combination of copyright, trademark, patent and other intellectual property laws, trade secret protection and confidentiality and invention assignment agreements with our employees and

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third parties and other measures to protect our intellectual property rights. We have been enriching our intellectual property portfolio. However, there can be no assurance that any of our pending patents, trademarks, software copyrights or other intellectual property applications will issue or be registered. Any intellectual property rights we have obtained or may obtain in the future may not be sufficient to provide us with a competitive advantage, and could be challenged, invalidated, circumvented, infringed or misappropriated.

Despite our efforts to protect our intellectual property rights, unauthorized parties may attempt to copy or otherwise obtain and use our copyrighted content and other intellectual property. Monitoring for infringement or other unauthorized use of our intellectual property rights is difficult and costly, and such monitoring may not be effective. From time to time, we may have to resort to courts or administrative proceedings to enforce our intellectual property rights, which may result in substantial cost and diversion of resources. The PRC has historically afforded less protection to a company's intellectual property than other developed regions such as the United States and, therefore, companies such as ours operating in the PRC face an increased risk of intellectual property piracy.

Any failure to comply with anti-corruption and anti-bribery laws of China and other jurisdictions could subject us to penalties and other adverse effects.

Our business involves large volume of business solicitations and development activities targeting public hospitals, regulators and policy makers as well as companies in the private sector, which exposes us to potential risk of violation by our employees and agents of anti-corruption and anti-bribery laws of China and other jurisdictions. For example, under the Anti-Unfair Competition Law of the PRC, any commercial bribery committed by an employee of a given company will be deemed as conduct of such company unless it has evidence to rebut the presumption, and the offering of anything of value to employees, agents or representatives of any given transacting party or to any person with substantial influence over the decision making of the transacting party with an intent to obtain business opportunities or commercial advantages constitutes bribery. The scope of bribery includes not only kickbacks, gifts and other things of value or benefit transfer, but also rebates that are not properly recorded or evidenced in accounting. Therefore, any wrongdoings committed by our employees, even if committed without our knowledge or in violation of our policies, or any bad practice in terms of record keeping of the spending by our employees during the business development process, could subject us to anti-corruption and anti-bribery law liabilities.

We cannot assure that each of our employees is able to strictly follow our guidance on compliance with anti-corruption and anti-bribery laws and regulations or, in situations not covered by the guidance, could use a good judgment as to the dos and don'ts. Any violations of these anti-corruption laws by our employees, or even allegations of such violations, can lead to an investigation and/or enforcement action, which could disrupt our operations, involve significant management distraction, and lead to significant costs and expenses, including legal fees. If we, or our employees or agents acting on our behalf, are found to have engaged in practices that violate these laws and regulations, we could suffer severe fines and penalties, profit disgorgement, injunctions on future conduct, securities litigation, bans on transacting government business, and other consequences that may have a material adverse effect on our business, financial condition and results of operations. In addition, our brand and reputation, our sales activities or our stock price could be adversely affected if we become the subject of any negative publicity related to actual or potential violations of anti-corruption and anti-bribery laws and regulations.

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Our business and prospects depend on our ability to build our brand and reputation, which may not be effective, and our brand and reputation could be harmed by negative publicity with respect to us, our services and operations, our management or our business partners.

We believe that maintaining and enhancing our brands is of significant importance to the success of our business. Well-recognized brands are important to enhancing our attractiveness to our customers. Since we operate in a highly competitive market, brand maintenance and enhancement directly affect our ability to maintain our market position. The successful promotion of our brand will depend on the effectiveness of our marketing efforts and amount of word-of-mouth referrals we received from satisfied customers. We may incur extra expenses in promoting our brand. However, we cannot assure you that these activities are and will be successful or that we can achieve the brand promotion effect we expect. In addition, negative publicity about us, our services and operations, our management or our business partners may adversely affect our brand, reputation and business. Certain of such negative publicity may come from malicious harassment or unfair competition acts by third parties, which are beyond our control.

Future investments in and acquisitions of complementary assets, technologies and businesses may fail and may adversely affect our business, results of operations and financial performance.

We may invest in or acquire assets, technologies and businesses that are complementary to our existing business. Our investments or acquisitions may not yield the results we expect. In addition, investments and acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, significant amortization expenses related to goodwill or intangible assets and exposure to potential unknown liabilities of the acquired business. As of March 31 and June 30, 2020, we had intangible assets of RMB39.1 million and RMB41.0 million, respectively. The impairment assessment of intangible assets are based on a number of assumptions made by our management. If any of these assumptions does not materialize, or if the performance of our business is not consistent with such assumptions, we may be required to make a significant provision for our intangible assets and record a significant impairment loss, which could in turn adversely affect our results of operations. Any significant impairment of intangible assets could have a material adverse effect on our business, financial condition and results of operations. Such investments and acquisitions may also require our management team to devote a significant amount of attention. Moreover, the cost of identifying and consummating investments and acquisitions, and integrating the acquired businesses into ours, may be significant, and the integration of acquired businesses may be disruptive to our existing business operations. We may also have to obtain approval from the relevant PRC governmental authorities for the investments and acquisitions and comply with any applicable PRC rules and regulations, which may be costly. In the event that our investments and acquisitions are not successful, our results of operations and financial condition may be materially and adversely affected.

We are exposed to risks of obsolete and slow-moving inventory which may adversely impact our cash flow and liquidity.

As of March 31 and June 30, 2020, we had inventories of RMB67.5 million and RMB24.0 million, respectively. Our inventory turnover days decreased from 133 in the fiscal year ended March 31, 2019 to 86 in the fiscal year ended March 31, 2020, and to 49 in the three months ended June 30, 2020, which was primarily due to the decrease in inventory balances as we sold the medical devices and other COVID-19 prevention supplies that we procured in the fiscal year ended March 31, 2020 to be offered to our customers. The demand for our goods is highly dependent on customers' preferences, which are beyond our control. For the fiscal years ended March 31, 2019 and 2020, we have not

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identified material inventory items requiring impairment provisioning. Any increase in inventory may adversely affect our working capital. If we cannot manage our inventory level efficiently in the future, our liquidity and cash flow may be adversely affected. Further, if we fail to source appropriate products to suit consumer preferences in the future, the volume of obsolete and slow-moving inventory may increase and we may need to either sell off such inventory at a lower price or write off such inventory, in the event of which our financial position and results of operations may be materially and adversely affected.

We plan to expand into overseas markets, which will expose us to additional risks.

Expansion into the overseas market in a measured manner is part of our business strategies. We plan to continue to explore the business opportunities outside China, which requires significant resources and management attention and may subject us to regulatory, economic, political and other types of risks in addition to those we already face in China. There are risks and costs inherent in doing business in the overseas markets, including, among other things:

- difficulties in adapting our business management to the local corporate cultures and customs of such new geographical regions;
- difficulties in understanding local laws and regulations and increased compliance costs with the various regulatory and legal requirements of different jurisdictions and with different approval or licensing requirements;
- challenges in gaining market access and obtaining the relevant local licenses, permits or registrations necessary to our business operations as data processing-related industry sectors may not be open to foreign companies due to data security concerns;
- challenges in recruiting, retaining and motivating sufficient personnel in these new markets and coordinating operations across geographies;
- challenges in providing solutions, services and products as well as supports in these new markets;
- the need to adapt and localize products for specific countries and the potential difference in customer needs and preferences;
- challenges in competing with local healthcare and medical big data solution providers which may have longer experience in local operation and relatively more established client base;
- potential adverse tax consequences;
- foreign exchange losses and the requirements of currently control regulations;
- limited protection for intellectual property rights and potential disputes with local third-party intellectual right holders;
- inability to effectively enforce contractual or legal rights; and
- local political, regulatory and economic instability or civil unrest.

We have limited experience with overseas regulatory environments and market practices and may not be able to penetrate or successfully operate in the markets that we choose to enter. In addition, we may face limited brand recognition in certain parts of the world that could lead to non-acceptance or delayed acceptance of our solutions and services by customers in new markets. Further, we may incur significant expenses as a result of our overseas expansion, and we may not be successful in such

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expansion. Any failure to effectively avoid or mitigate these risks could cause us to lose our investments and adversely affect our ability to expand our business overseas.

If we fail to collect accounts receivable from our customers in a timely manner, our business, results of operations and financial condition may be materially and adversely affected.

Our customers span across private sector and public sector, to whom we typically extend credit terms that result in accounts receivable. We usually make credit assessment of our customers before entering into service agreements. However, we cannot assure you that we are or will be able to accurately assess the creditworthiness of each of our customers before entering into agreements or extending credit terms, neither can we guarantee that each of these customers will be able to strictly follow and enforce the payment schedules provided in the agreements. Any inability of our customers to pay us in a timely manner may adversely affect our liquidity and cash flows, which in turn has a material adverse effect on our business operations and financial condition.

If we fail to maintain adequate internal controls or fail to detect or prevent fraud and employee misconduct, we may not be able to effectively manage our business and may experience errors or information lapses affecting our business.

Prior to the Global Offering, we were a private company with limited accounting personnel and other resources with which to address our internal controls and procedures. As we continue to expand, we will need to modify and improve our financial and managerial controls, reporting systems and procedures and other internal controls and compliance procedures to meet our evolving business needs. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any instances of fraud or other misconduct involving our employees and other third parties that had a material and adverse impact on our business and results of operations. However, we cannot assure you that there will not be any such instances in the future. If we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our financial statements, which would likely cause investors to lose confidence in our reported financial information. This could in turn limit our access to capital markets, harm our results of operations and lead to a decline in the trading price of our Shares. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets, regulatory investigations and civil or criminal sanctions. We have invested, and will continue to invest, substantial efforts and resources in maintaining an effective internal control system and monitoring and remedying any weakness we identify in connection therewith. There is no assurance, however, we will be able to spot and eliminate all weaknesses in our internal control system on a timely basis.

We have limited business insurance coverage, which could expose us to significant costs and business disruption.

Insurance companies in China currently do not offer as extensive an array of insurance products as insurance companies do in more developed economies. We do not have any business liability or disruption insurance to cover our operations. In particular, we currently do not maintain product liability insurances, key-man insurances or typical CRO insurances such as professional liability insurance or commercial general liability insurance. It is costly to insure these risks and difficult to acquire such insurance on commercially reasonable terms, but we plan to procure CRO insurances for certain projects in the near future so as to better protect us from the related operation risks. Any uninsured occurrence may disrupt our business operations, expose us to liabilities, require us to incur

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substantial costs and divert our resources, which could have an adverse effect on our results of operations and financial condition.

Failure to make adequate contributions to various government-sponsored employee benefits plans as required by PRC regulations may subject us to penalties.

Companies operating in China are required to participate in various government-sponsored employee benefit plans, including certain social insurance, housing funds and other welfare-oriented payment obligations, complete related registration with the competent authorities and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of employees up to a maximum amount specified by the local government from time to time at locations where our employees are based. The requirements of employee benefit plans have not been implemented consistently by the local governments in China given the different levels of economic development in different locations. Historically, we did not complete the relevant employee benefit plan registrations for some of our subsidiaries in China either because the relevant subsidiaries did not have any employee or made the social insurance and housing fund contributions through labor agents, and the social insurance and housing fund contributions we paid for certain of our employees may be found inadequate under PRC law. We estimate that the total amount of historical shortfall was approximately RMB69.8 million as of June 30, 2020, and we have accrued this shortfall amount into our financial statements. As of the date of this document, we have not received any notice of warning or been subject to any administrative penalties or other disciplinary actions from the relevant governmental authorities for our historical shortfall in social insurance and housing fund contribution. Our PRC Legal Advisors has advised us that we may be ordered by the relevant government authorities to pay the historical shortfall amount within a prescribed period and the historical shortfall in social insurance contributions shall be subject to a late fee of 0.05% per day from the due date. If we fail to make a payment within the prescribed period, we may face an additional fine ranging between one to three times the historical shortfall in social insurance contributions. Our PRC Legal Advisor is of the opinion that the risk of us being subject to such fine is low provided that we make the payment within the prescribed period. We have remediated this noncompliance issue since July 2019. However, we cannot assure you that local authorities will not impose late fees, pecuniary penalties or other administrative actions on us for our historical noncompliance. If local authorities determine that we failed to make adequate contributions to any employee benefits as required by relevant PRC regulations, we may face late fees or fines in relation to the underpaid employee benefits. In addition, our provision for these liabilities may not be adequate. As a result, our financial condition and results of operations may be materially and adversely affected.

We have granted, and may continue to grant, share incentives, which may result in increased share-based compensation expenses and negatively impact our results of operations.

We have adopted two share option plans in 2015, or the 2015 Share Option Plans, to provide additional incentives to employees, directors and consultants. As of the date of this prospectus, the maximum aggregate number of shares which may be issued under the 2015 Share Option Plans is 30,333,334. For the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020, we incurred share-based compensation expenses of RMB13.1 million, RMB16.3 million, RMB272.9 million, RMB45.2 million and RMB28.3 million, respectively. We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share-based compensation to employees in the future. As

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a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations.

Any severe or prolonged slowdown in the global or Chinese economy may adversely affect our business and results of operations.

COVID-19 had a severe and negative impact on the Chinese and the global economy in the first quarter of 2020. Whether this will lead to a prolonged downturn in the economy is still unknown. Even before the outbreak of COVID-19, the global macroeconomic environment was facing numerous challenges. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies which had been adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China, even before 2020. Unrest, terrorist threats and the potential for war in the Middle East and elsewhere may increase market volatility across the globe. There have also been concerns about the relationship between China and other countries, including the surrounding Asian countries, which may potentially have economic effects. In particular, there is significant uncertainty about the future relationship between the United States and China with respect to trade policies, treaties, government regulations and tariffs. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. Any severe or prolonged slowdown in the global or Chinese economy may materially and adversely affect our business, results of operations and financial condition.

Any catastrophe, including natural catastrophes, outbreaks of health epidemics and other outbreaks and extraordinary events, could disrupt our business operations.

The recent COVID-19 outbreak has created unique global and industry-wide challenges, including challenges to our business. In early-2020, the COVID-19 outbreak resulted in the temporary closure of many corporate offices, hospitals and research laboratories of pharmaceutical companies across China. The population in most of the major cities was locked down to a greater or lesser extent. Our employees were unable to go to our offices for an extended period, which negatively impacted our operational efficiency. In addition, normal economic life throughout China was sharply curtailed as well. Although we were invited to help the government of Wuhan build the data platform to predict the disease development trends and inform its policy making in the battle against the coronavirus, hospitals' demand for our data solutions and services witnessed downturn during this period. While many of the restrictions on movement within China have been relaxed as of the date of this prospectus, there is great uncertainty as to the future progress of the disease and whether countries around the world (including China) could be hit by subsequent waves of COVID-19 infections. Currently, there is no vaccine or specific anti-viral treatment for COVID-19 that is ready for massive usage. Relaxation of restrictions on economic and social life may lead to new cases which may lead to the re-imposition of restrictions. If there is not a material recovery in the COVID-19 situation, or it further deteriorates in China or globally, our ability to provide efficient services and solutions, especially on-premise services, could be restricted, and our business, results of operations and financial condition could be adversely affected.

In addition to the impact of COVID-19, our business could be materially and adversely affected by natural disasters, other health epidemics or other public safety concerns affecting the PRC, especially Beijing, Guangzhou and Guizhou. Natural disasters may give rise to server interruptions, breakdowns, system failures, technology platform failures or internet failures, which could cause the loss or

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corruption of data or malfunctions of software or hardware as well as adversely affect our ability to operate our platforms and provide services and solutions. Our business could also be adversely affected if our employees are affected by health epidemics. In addition, our results of operations could be adversely affected to the extent that any health epidemic harms the Chinese economy in general. Our headquarters are located in Beijing, where most of our directors and management and the majority of our employees currently reside. Most of our system hardware and back-up systems are hosted in facilities located in Beijing, Guangzhou and Guizhou. Consequently, if any natural disasters, health epidemics or other public safety concerns were to affect any of Beijing, Guangzhou or Guizhou, our operation may experience material disruptions, which may materially and adversely affect our business, financial condition and results of operations.

Risks Relating to Our Contractual Arrangements

If the PRC government finds that the agreements that establish the structure for operating our operations in China do not comply with applicable PRC regulations, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe consequences, including the nullification of the contractual arrangements and being forced to relinquish our interests in those operations.

Foreign ownership in entities that provide internet and other related businesses, including the value-added telecommunication services, is subject to restrictions under current PRC laws and regulations, unless certain exceptions are available. We are a company incorporated in the Cayman Islands and our PRC subsidiaries are considered foreign-invested enterprises. Accordingly, we and our PRC subsidiaries are not eligible to provide internet information services and other value-added telecommunication business subject to foreign ownership restriction under PRC laws. To ensure compliance with the PRC laws and regulations, we conduct our business in China through a number of VIEs and their subsidiaries incorporated in China. We have entered into contractual arrangements with the VIEs and their shareholders, through which we obtain effective control over each of the VIEs and substantially all of the economic benefits arising from the VIEs and are able to consolidate the financial results of the VIEs in our results of operations. See “Contractual Arrangements.”

Our PRC Legal Advisor has advised us that subject to the risks as disclosed in the section headed “—Risks Relating to Our Contractual Arrangements” and “Contractual Arrangements,” (i) the ownership structures of our material WFOEs and our material VIEs in China, both currently and immediately after giving effect to the Global Offering, do not and will not violate any applicable PRC law, regulations or rules currently in effect in any material respects, and each agreement of the contractual arrangements between our material WFOEs, our material VIEs and their respective equity holders governed by PRC law is valid, binding and enforceable in accordance with its terms and applicable PRC laws and regulations currently in effect and does not violate any applicable PRC law currently in effect in any material respects. Our PRC Legal Advisor has also advised that there are, however, substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations. The relevant PRC regulatory authorities have broad discretion in determining whether a particular contractual structure violates PRC laws and regulations. Thus, we cannot assure you that the PRC government will not ultimately take a view contrary to the opinion of Han Kun Law Offices. If we are found in violation of any PRC laws or regulations or if the contractual arrangements among our material WFOEs, our material VIEs and their respective equity holders are determined as illegal or invalid by any PRC court, arbitral tribunal or regulatory authorities, the relevant

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governmental authorities would have broad discretion in dealing with such violation, including, without limitation:

- revoke the agreements constituting the contractual arrangements;
- revoke our business and operating licenses;
- require us to discontinue or restrict operations;
- restrict our right to collect revenue;
- restrict or prohibit our use of the proceeds from our public offering to fund our business and operations in China;
- shut down all or part of our websites or services;
- levy fines on us and/or confiscate the proceeds that they deem to have been obtained through non-compliant operations;
- require us to restructure the operations in such a way as to compel us to establish a new enterprise, re-apply for the necessary licenses or relocate our businesses, staff and assets;
- impose additional conditions or requirements with which we may not be able to comply;
or
- take other regulatory or enforcement actions that could be harmful to our business.

Furthermore, any of the assets under the name of any record holder of equity interest in material VIEs, including such equity interest, may be put under court custody in connection with litigation, arbitration or other judicial or dispute resolution proceedings against that record holder. We cannot be certain that the equity interest will be disposed of in accordance with the contractual arrangements. In addition, new PRC laws, rules and regulations may be introduced to impose additional requirements that may impose additional challenges to our corporate structure and contractual arrangements. The occurrence of any of these events or the imposition of any of these penalties may result in a material and adverse effect on our ability to conduct internet-related businesses. In addition, if the imposition of any of these penalties causes us to be unable to direct the activities of such VIEs and their respective subsidiaries or the right to receive their economic benefits, we would no longer be able to consolidate such VIEs into our financial statements, which could materially and adversely affect our financial condition and results of operations. In this case, we may also face the risk that the Stock Exchange may consider our Company to be no longer suitable for listing and consequently delist our Shares.

Our contractual arrangements may not be as effective in providing operational control as direct ownership.

We operate a majority of our business in China through our VIEs, in which we have no ownership interest and rely on a series of contractual arrangements with our VIEs and their respective equity holders to control and operate these businesses. A majority of our revenue and cash flow from our business are attributed to our VIEs. The contractual arrangements may not be as effective as direct ownership in providing us with control over our VIEs. Direct ownership would allow us, for example, to directly or indirectly exercise our rights as a shareholder to effect changes in the boards of directors of our VIEs, which, in turn, could effect changes, subject to any applicable fiduciary obligations at the management level. However, under the contractual arrangements, as a legal matter, if our VIEs or their respective equity holders fail to perform their respective obligations under the contractual arrangements, we may have to (i) incur substantial costs, (ii) expend significant resources to enforce

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those arrangements, and (iii) resort to litigation or arbitration and rely on legal remedies under PRC laws. These remedies may include seeking specific performance or injunctive relief and claiming damages, any of which may not be effective. In the event we are unable to enforce these contractual arrangements or we experience significant delays or other obstacles in the process of enforcing these contractual arrangements, we may not be able to exert effective control over our VIEs and may lose control over the assets owned by our VIEs. As a result, we may be unable to consolidate our VIEs in our consolidated financial statements, which could materially and adversely affect our financial condition and results of operations.

Any failure by our VIEs or their shareholders to perform their obligations under our contractual arrangements with them would have a material adverse effect on our business.

If our VIEs or their shareholders fail to perform their respective obligations under the contractual arrangements, we may have to incur substantial costs and expend additional resources to enforce such arrangements. We may also have to rely on legal remedies under PRC law, including seeking specific performance or injunctive relief, and contractual remedies, which we cannot assure you will be sufficient or effective under PRC law. For example, if the shareholders of our VIEs were to refuse to transfer their equity interests in the corresponding VIE to us or our designee if we exercise the purchase option pursuant to these contractual arrangements, or if they were otherwise to act in bad faith toward us, then we may have to take legal actions to compel them to perform their contractual obligations.

All the agreements under our contractual arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. The legal system in the PRC is not as developed as in some other jurisdictions, such as the United States. As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements. See “—Risks Relating to Doing Business in China—Uncertainties with respect to the PRC legal system could adversely affect us.” Meanwhile, there are very few precedents and little formal guidance as to how contractual arrangements in the context of a consolidated variable interest entity should be interpreted or enforced under PRC law. There remain significant uncertainties regarding the ultimate outcome of such proceeding if legal action becomes necessary. In addition, under PRC law, although rulings by arbitrators are final, if the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only resort to PRC courts for enforcement of the arbitration awards through arbitration award recognition proceedings, which would require additional expenses and delay. In the event we are unable to enforce these contractual arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these contractual arrangements, we may not be able to exert effective control over our VIE, and our ability to conduct our business may be negatively affected.

In addition, the shareholders of our VIEs may be involved in personal disputes with third parties or other incidents that may have an adverse effect on their respective equity interests in our VIEs and the validity or enforceability of our contractual arrangements with our VIEs and their respective shareholders. For example, in the event that any of the shareholders of our VIEs divorces his or her spouse, the spouse may claim that the equity interest of the applicable VIE held by such shareholder is part of their community property and should be divided between such shareholder and his or her spouse. If such claim is supported by the court, the relevant equity interest may be obtained by the shareholder’s spouse or another third party who is not subject to obligations under our contractual

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arrangements, which could result in a loss of the effective control over the VIE in question by us. Similarly, if any of the equity interests of our VIEs is inherited by a third party with whom the current contractual arrangements are not binding, we could lose our control over the corresponding VIE or have to maintain such control by incurring unpredictable costs, which could cause significant disruption to our business and operations and harm our financial condition and results of operations.

We may lose the ability to use, or otherwise benefit from, the licenses, approvals and assets held by our VIEs if any of our VIEs declares bankruptcy or becomes subject to a dissolution or liquidation proceeding.

Our VIEs and their respective subsidiaries contribute the majority of our revenues, and hold the majority of our operational assets and licenses, approvals and assets that are necessary for the operation of our business. The contractual arrangements contain terms that specifically obligate the equity holders of the VIEs to ensure the valid existence of the VIEs and restrict the disposition of material assets or any equity interest of the VIEs. However, in the event the equity holders of the VIEs breach the terms of these contractual arrangements and voluntarily liquidate our VIEs, or any of our VIEs declares bankruptcy and all or part of its assets become subject to liens or rights of third-party creditors, or are otherwise disposed of without our consent, we may be unable to operate some or all of our business or otherwise benefit from the assets held by the VIEs, which could have a material adverse effect on our business, financial condition and results of operations. Furthermore, if any of our VIEs undergoes a voluntary or involuntary liquidation proceeding, its equity holders or unrelated third-party creditors may claim rights to some or all of the assets of such VIEs, thereby hindering our ability to operate our business as well as constraining our growth.

The shareholders of our VIEs may have potential conflicts of interest with us.

The shareholders of our VIEs may have actual or potential conflicts of interest with us. These shareholders may breach, or cause our VIE to breach, or refuse to renew, the existing contractual arrangements we have with them and our VIEs, which would have a material and adverse effect on our ability to effectively control our VIEs and receive economic benefits from them. For example, the shareholders may be able to cause our agreements with our VIEs to be performed in a manner adverse to us by, among other things, failing to remit payments due under the contractual arrangements to us on a timely basis. We cannot assure you that when conflicts of interest arise any or all of these shareholders will act in the best interests of our company or such conflicts will be resolved in our favor.

Currently, we do not have any arrangements to address potential conflicts of interest between these shareholders and our company, except that we could exercise our purchase option under the exclusive option agreements with these shareholders to request them to transfer all of their equity interests in the VIEs to a PRC entity or individual designated by us, to the extent permitted by PRC law. For individuals who are also our directors and officers, we rely on them to abide by the laws of the Cayman Islands, which provide that directors and officers owe a fiduciary duty to the company that requires them to act in good faith and in what they believe to be the best interests of the company and not to use their position for personal gains. The shareholders of our VIEs have executed powers of attorney to appoint the corresponding WFOE or a person designated by such WFOE to vote on their behalf and exercise voting rights as shareholders of our VIEs. If we cannot resolve any conflict of interest or dispute between us and the shareholders of our VIEs, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings.

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Contractual arrangements we have entered into with our VIEs may be subject to scrutiny by the PRC tax authorities. A finding that we owe additional taxes could negatively affect our financial condition and the value of your investment.

The tax regime in China is rapidly evolving, and there is significant uncertainty for taxpayers in China as PRC tax laws may be interpreted in significantly different ways. The PRC tax authorities may assert that we or our subsidiaries or VIEs or their equity holders owe and/or are required to pay additional taxes on previous or future revenue or income. In particular, under applicable PRC laws, rules and regulations, arrangements and transactions among related parties, such as the contractual arrangements with our VIEs, may be subject to audit or challenge by the PRC tax authorities. If the PRC tax authorities determine that any contractual arrangements were not entered into on an arm's length basis and therefore constitute a favorable transfer pricing, the PRC tax liabilities of the relevant subsidiaries and/or VIEs and/or equity holders of the VIEs could be increased, which could increase our overall tax liabilities. In addition, the PRC tax authorities may impose late payment interest. Our profit may be materially reduced if our tax liabilities increase.

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

On March 15, 2019, the National People's Congress promulgated the Foreign Investment Law, which took effect on January 1, 2020. Since it is relatively new, uncertainties exist in relation to its interpretation and implementation. The Foreign Investment Law does not explicitly classify whether variable interest entities that are controlled through contractual arrangements would be deemed as foreign invested enterprises if they are ultimately "controlled" by foreign investors. However, it has a catch-all provision under definition of "foreign investment" that includes investments made by foreign investors in China through other means as provided by laws, administrative regulations or the State Council. Therefore it still leaves leeway for future laws, administrative regulations or provisions of the State Council to provide for contractual arrangements as a form of foreign investment, until when it remains uncertain whether our contractual arrangements will be deemed to be in violation of the market access requirements for foreign investment in the PRC and if yes, how our contractual arrangements should be dealt with.

The Foreign Investment Law grants national treatment to foreign-invested entities, except for those foreign-invested entities that operate in industries specified as either "restricted" or "prohibited" from foreign investment in the Special Administrative Measures (Negative List) for Foreign Investment Access jointly promulgated by Ministry of Commerce, or MOFCOM, and the National Development and Reform Commission, or the NDRC, and took effect in July 2019. The Foreign Investment Law provides that foreign-invested entities are not allowed to operate in "prohibited" industries and their operating in "restricted" industries shall satisfy certain conditions and will require market entry clearance and other approvals from relevant PRC government authorities. On December 26, 2019, the Supreme People's Court issued the Interpretations on Certain Issues Regarding the Applicable of Foreign Investment Law, or the FIL Interpretations, which came into effect on January 1, 2020. In accordance with the FIL Interpretations, any claim to invalidate an investment agreement will be supported by courts if such agreement is found to be entered into for purposes of making investments in the "prohibited industries" under the negative list or for purposes of investing in "restricted industries" while failing to satisfy the conditions set out in the negative list. If our control over our VIEs through contractual arrangements are deemed as foreign investment in the future, and any business of our VIEs is "restricted" or "prohibited" from foreign investment under the "negative list"

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effective at the time, we may be deemed to be in violation of the Foreign Investment Law, the contractual arrangements that allow us to have control over our VIE may be deemed as invalid and illegal, and we may be required to unwind such contractual arrangements and/or restructure our business operations, any of which may have a material adverse effect on our business operations.

Furthermore, if future laws, administrative regulations or provisions mandate further actions to be taken by companies with respect to existing contractual arrangements, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure and business operations.

Risks Relating to Doing Business in China

Changes in China's economic, political or social conditions or government policies could have a material adverse effect on our business and operations.

Substantially all of our assets and operations are located in China. Accordingly, our business, financial condition, results of operations and prospects may be influenced to a significant degree by economic, political and social conditions in China generally. The PRC economy differs from the economies of most developed countries in many respects, including the level of development, growth rate, level of government involvement and control of foreign exchange and allocation of resources. The PRC government exercises significant control over China's economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, and providing preferential treatment to particular industries or companies. In addition, the PRC government continues to play a significant role in regulating industry development by imposing relevant industrial policies.

While the PRC economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy. In addition, the rate of growth has been slowing since 2012, and the impact of COVID-19 on the Chinese and global economies in 2020 is likely to be severe. Any adverse changes in economic conditions in China, in the policies of the PRC government or in the laws and regulations in China could have a material adverse effect on the overall economic growth of China. Such developments could adversely affect our business and operating results, lead to reduction in demand for our solutions and services and adversely affect our competitive position. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall PRC economy, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations. In addition, in the past the PRC government has implemented certain measures, including interest rate adjustment, to control the pace of economic growth. These measures may cause decreased economic activity in China, which may adversely affect our business and results of operations.

Uncertainties with respect to the PRC legal system could adversely affect us.

The PRC legal system is a civil law system based on written statutes, where prior court decisions have limited precedential value. The PRC legal system is evolving rapidly, and the interpretations of many laws, regulations and rules may contain inconsistencies and enforcement of these laws, regulations and rules involves uncertainties.

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From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. However, since PRC judicial and administrative authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to predict the outcome of a judicial or administrative proceeding than in more developed legal systems. These uncertainties may impede our ability to enforce the contracts we have entered into and could materially and adversely affect our business and results of operations.

Furthermore, the PRC legal system is based, in part, on government policies and internal rules, some of which are not published in a timely manner, or at all, but which may have retroactive effect. As a result, we may not always be aware of any potential violation of these policies and rules. Such unpredictability towards our contractual, property (including intellectual property) and procedural rights could adversely affect our business and impede our ability to continue our operations.

We may be required to obtain prior approval from the China Securities Regulatory Commission for the listing and trading of our Shares on the Stock Exchange.

On August 8, 2006, six regulatory authorities in China, including MOFCOM, the State Assets Supervision and Administration Commission, the STA, the State Administration of Industry and Commerce, the China Securities Regulatory Commission, or the CSRC, and the State Administration of Foreign Exchange, or the SAFE, jointly issued the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, which became effective on September 8, 2006, and amended on June 22, 2009. The M&A Rules include, among other things, provisions that purport to require that an offshore special purpose vehicle formed for the purpose of an overseas listing of securities in a PRC company obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. However, substantial uncertainty remains regarding the scope and applicability of the M&A Rules to offshore special purpose vehicles.

Our PRC Legal Advisor is of the opinion that prior CSRC approval for this offering is not required because our foreign-invested enterprises were incorporated as foreign-invested enterprises without involving acquisition of the equity or assets of a "PRC domestic company," especially a PRC domestic company owned by our Controlling Shareholder or beneficial owners who are PRC companies or individuals, as such term is defined under the M&A Rules. However, we cannot assure you that the relevant PRC government authorities, including the CSRC, will reach the same conclusion as our PRC Legal Advisor. If the CSRC or other relevant PRC government authorities subsequently determine that prior CSRC approval is required, we may face regulatory actions or other sanctions from the CSRC or other PRC regulatory authorities. Consequently, if you engage in market trading or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that settlement and delivery may not occur.

We may be classified as a "PRC resident enterprise" for PRC enterprise income tax purposes, which could result in unfavorable tax consequences to us and our Shareholders and have a material adverse effect on our results of operations and the value of your investment.

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with a "de facto management body" within the PRC is considered a "resident enterprise" and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term "de facto management body" as the body that exercises full and

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substantial control over and overall and substantial management of the business, productions, personnel, accounts and properties of an enterprise. In 2009, the STA issued a circular (“STA Circular 82”), which provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the SAT’s general position on how the “de facto management body” test should be applied in determining the tax resident status of all offshore enterprises. According to STA Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its “de facto management body” in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location where senior management personnel and departments that are responsible for the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise’s financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise’s primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

We believe that neither us nor any of our offshore subsidiaries is a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term “de facto management body.” If the PRC tax authorities determine that we and/or our offshore subsidiaries are a PRC resident enterprise for enterprise income tax purposes, we and/or our offshore subsidiaries will be subject to the uniform 25% enterprise income tax on our world-wide income, which could materially reduce our net income. In addition, we and/or our offshore subsidiaries will also be subject to PRC enterprise income tax reporting obligations. Furthermore, if the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, gains realized on the sale or other disposition of our Shares may be subject to PRC tax, and dividends we pay may be subject to PRC withholding tax, at a rate of 10% in the case of non-PRC enterprises or 20% in the case of non-PRC individuals (in each case, subject to the provisions of any applicable tax treaty). It is unclear whether non-PRC Shareholders of our company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in our Shares.

PRC laws and regulations establish more complex procedures for some acquisitions of PRC companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

A number of PRC laws and regulations, including the M&A Rules, the Anti-monopoly Law promulgated by the Standing Committee of the National People’s Congress in August 2007, the Notice of the General Office of State Council on Establishment of Security Review System Pertaining to Mergers and Acquisitions of Domestic Enterprises by Foreign Investors promulgated by the General Office of the State Council in February 2011, and the Rules of Ministry of Commerce on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors promulgated by MOFCOM in August 2011, have established procedures and requirements that are expected to make merger and acquisition activities in China by foreign investors more time-consuming and complex. These include requirements in some instances that the approval from MOFCOM be obtained in circumstances where overseas companies established or controlled by

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PRC enterprises or residents acquire affiliated domestic companies. PRC laws and regulations also require certain merger and acquisition transactions to be subject to merger control review or security review.

We may also develop our business by acquiring complementary businesses in addition to via organic growth. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from MOFCOM or its local counterparts, may delay or inhibit our ability to complete such transactions. It is unclear whether our business would be deemed to be in an industry that raises “national defense and security” or “national security” concerns. However, MOFCOM or other government agencies may publish explanations in the future determining that our business is in an industry subject to the security review, in which case our future acquisitions in China, including those by way of entering into contractual control arrangements with target entities, may be closely scrutinized or prohibited. Our ability to expand our business or maintain or expand our market share through future acquisitions would as such be materially and adversely affected.

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

Pursuant to the Notice on Strengthening the Administration of Enterprise Income Tax Concerning Proceeds from Equity Transfers by Non-Resident Enterprises, or STA Circular 698, issued by the STA in December 2009 with retroactive effect from January 1, 2008, where a non-resident enterprise transfers the equity interests of a PRC resident enterprise indirectly by disposition of the equity interests of an overseas non-public holding company, or an Indirect Transfer, and such overseas holding company is located in a tax jurisdiction that (i) has an effective tax rate of less than 12.5% or (ii) does not impose income tax on the foreign income of its residents, the non-resident enterprise, being the transferor, must report to the competent tax authority of the PRC resident enterprise this Indirect Transfer. Using a “substance over form” principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax.

On February 3, 2015, the STA issued the Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises, or STA Circular 7, which abolished certain provisions in STA Circular 698, as well as certain other rules providing clarification on STA Circular 698. STA Circular 7 provided comprehensive guidelines relating to, and also heightened the PRC tax authorities’ scrutiny over, indirect transfers by a non-resident enterprise of PRC taxable assets. Under STA Circular 7, the PRC tax authorities are entitled to reclassify the nature of an indirect transfer of PRC taxable assets, when a non-resident enterprise transfers PRC taxable assets indirectly by disposing of equity interests in an overseas holding company directly or indirectly holding such PRC taxable assets, by disregarding the existence of such overseas holding company and considering the transaction to be a direct transfer of PRC enterprise without any other reasonable commercial purpose. However, STA Circular 7 contains certain exemptions, including (i) where a non-resident enterprise derives income from the indirect transfer of PRC taxable assets by acquiring and selling shares of an overseas listed company which holds such PRC taxable assets on a public market; and (ii) where there is an indirect transfer of PRC taxable assets, but if the non-resident enterprise had directly held and disposed of such PRC taxable assets, the income from the transfer

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would have been exempted from PRC enterprise income tax under an applicable tax treaty or arrangement.

On October 17, 2017, the STA issued the Announcement on Matters Concerning Withholding and Payment of Income Tax of Non-resident Enterprises from Source, or STA Circular 37, which became effective on December 1, 2017 and abolished STA Circular 698 as well as certain provisions in STA Circular 7. STA Circular 37 further clarifies the practice and procedure of withholding non-resident enterprise income tax. Pursuant to STA Circular 37, where the party responsible for deducting such income tax did not or was unable to make such deduction, or the non-resident enterprise receiving such income failed to declare and pay the taxes that should have been deducted to the relevant tax authority, both parties may be subject to penalties.

We may conduct acquisitions or sales involving changes in offshore corporate structures, and historically our Shares were transferred by certain then Shareholders to our current Shareholders. We face uncertainties as to the reporting and other implications of certain past and future transactions where PRC taxable assets are involved, including transfer of our Shares by non-PRC resident enterprise Shareholders unless such Shareholders acquire and sell such Shares on the public market after we are listed. We may be subject to filing obligations or taxed or subject to withholding obligations in such transactions under STA Circular 7 and STA Circular 37. For transfer of Shares in us by Shareholders that are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in the filing under STA Circular 7 and STA Circular 37. We cannot assure you that the PRC tax authorities will not, at their discretion, adjust any capital gains and impose tax return filing obligations on us or require us to provide assistance for the investigation of PRC tax authorities with respect thereto. Any PRC tax imposed on a transfer of our Shares or any adjustment of such gains would cause us to incur additional costs and may have a negative impact on the value of your investment in us.

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

Operating in the high-technology industry, a number of our PRC operating entities enjoy various types of preferential tax treatment according to the prevailing PRC tax laws. Our PRC subsidiaries and VIEs may, if they meet the relevant requirements, qualify for certain preferential tax treatment.

For a qualified high and new technology enterprise, the applicable enterprise income tax rate is 15%. The high and new technology enterprise qualification is re-assessed by the relevant authorities every three years. Moreover, a qualified software enterprise is entitled to a tax holiday consisting of a two-year enterprise income tax exemption beginning with the first profit-making calendar year and a 50% enterprise income tax reduction for the subsequent three years. On October 31, 2018, Beijing Yiyi Cloud and Yidu Cloud (Beijing) were qualified as “high and new technology enterprises” under the relevant PRC laws and regulations. Accordingly, both entities were entitled to a preferential income tax rate of 15% during the period from January 1, 2018 to December 31, 2020. Both Beijing Yiyi Cloud and Yidu Cloud (Beijing) plan to file an application to renew the status in 2021. If such PRC subsidiaries or VIEs fail to maintain their respective qualification under the relevant PRC laws and regulations, their applicable enterprise income tax rates may increase to up to 25%, which could have a material adverse effect on our results of operations.

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You may be subject to PRC income tax on dividends from us or on any gain realized on the transfer of our Shares.

Under the EIT Law and its implementation rules, PRC withholding tax at the rate of 10% is generally applicable to dividends from PRC sources paid to investors that are resident enterprises outside of China, which do not have an establishment or place of business in China, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such investors is subject to 10% PRC income tax if such gain is regarded as income derived from sources within China. Under the PRC Individual Income Tax Law and its implementation rules, dividends from sources within China paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to 20% PRC income tax. Any such PRC tax liability may be reduced by the provisions of an applicable tax treaty.

As discussed above under “—We may be classified as a “PRC resident enterprise” for PRC enterprise income tax purposes, which could result in unfavorable tax consequences to us and our Shareholders and have a material adverse effect on our results of operations and the value of your investment, we may be considered a PRC resident enterprise. As substantially all of our business operations are in China, it is unclear whether dividends we pay with respect to our Shares, or the gain realized from the transfer of our Shares, would be treated as income derived from sources within China and as a result be subject to PRC income tax if we are considered a PRC resident enterprise. If PRC income tax is imposed on gains realized through the transfer of our Shares or on dividends paid to our non-resident investors, the value of your investment in our Shares may be materially and adversely affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with China may not qualify for benefits under such tax treaties or arrangements.

In addition, pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation on Income, or the Double Tax Avoidance Arrangement and the Notice of the State Taxation Administration on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties issued on February 20, 2009 by STA, if a Hong Kong resident enterprise owns more than 25% of the equity interest in a PRC company at all times during the twelve-month period immediately prior to obtaining a dividend from such company, the 10% withholding tax on dividends is reduced to 5% provided certain other conditions and requirements under the Double Tax Avoidance Arrangement and other applicable PRC laws are satisfied at the discretion of the relevant PRC tax authority. However, based on the Notice of the State Taxation Administration on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, the PRC tax authorities may adjust the preferential tax treatment. Based on the Notice of the State Taxation Administration on the Recognition of Beneficial Owners in Tax Treaties, or Circular 9, issued on February 3, 2018 by STA and effective from April 1, 2018, when determining the applicant’s status of the “beneficial owner” regarding tax treatments in connection with dividends, interests or royalties in the tax treaties, several factors, including without limitation, whether the applicant is obligated to pay more than 50% of his or her income in twelve months to residents in a third country or region, whether the business operated by the applicant constitutes the actual business activities, and whether the counterparty country or region to the tax treaties does not levy any tax or grant tax exemption on relevant incomes or levies tax at an extremely low rate, will be taken into account, and it will be

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analyzed according to the actual circumstances of the specific cases. If our Hong Kong subsidiaries are determined by PRC government authorities as receiving benefits from reduced income tax rates due to a structure or arrangement that is primarily tax-driven, it would materially and adversely affect the amount of dividends.

PRC regulations of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of the Global Offering to make loans or additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

We may transfer funds to our PRC subsidiaries or finance our PRC subsidiaries by means of shareholders' loans or capital contributions, or to our VIEs and their subsidiaries by means of loans, after completion of the Global Offering. Any loans to our PRC subsidiaries, VIEs or their subsidiaries cannot exceed a statutory limit, and shall be filed with SAFE or its local counterparts, and if such loan is with a term of more than one year, must be recorded and registered with the NDRC or its local branches. In addition, any capital contributions we make to our PRC subsidiaries shall be filed with MOFCOM or its local counterparts via the online information reporting system and registered with the State Administration for Market Regulation, or the SAMR or its local branches. We may not be able to complete these government filings on a timely basis, if at all. If we fail to complete such filings, our ability to provide loans or capital contributions to our PRC subsidiaries in a timely manner may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

In March 2015, SAFE promulgated SAFE Circular 19, which took effective and replaced SAFE Circular 142 from June 1, 2015. On June 9, 2016, SAFE promulgated SAFE Circular 16. SAFE Circular 19 and SAFE Circular 16 removed certain restrictions previously provided under SAFE Circular 142 on the conversion by a foreign-invested enterprise of its capital denominated in foreign currency into Renminbi and the use of such Renminbi and allowed foreign invested enterprises to settle their foreign currency-denominated capital at their discretion based on actual needs of their business operations. However, SAFE Circular 19 and SAFE Circular 16 continue to prohibit foreign-invested enterprises from, among other things, using Renminbi fund converted from its foreign exchange capital for expenditure beyond its business scope, or providing loans to non-associated enterprises. In addition, neither SAFE Circular 19 nor SAFE Circular 16 clarifies whether a foreign-invested enterprise whose business scope does not include equity investment or similar activities may use Renminbi converted from the foreign currency-denominated capital for equity investments in the PRC. On October 23, 2019, the SAFE issued SAFE Circular 28, which expressly allows foreign-invested enterprises that do not have equity investments in their approved business scope to use their capital obtained from foreign exchange settlement to make domestic equity investments as long as there is a truthful investment and such investment is in compliance with the foreign investment-related laws and regulations.. If our VIEs require financial support from us or our PRC subsidiaries in the future, and we find it necessary to use foreign currency-denominated capital to provide such financial support, our ability to fund our VIEs' operations will be subject to statutory limits and restrictions, including those described above. The applicable foreign exchange circulars and rules may limit our ability to transfer the net proceeds from the Global Offering to our PRC subsidiaries and convert the net proceeds into Renminbi, which may adversely affect our business, financial condition and results of operations.

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

SAFE issued the Notice on Relevant Issues Relating to Domestic Residents' Investment and Financing and Round-Trip Investment through Special Purpose Vehicles, or Circular 37, effective on July 4, 2014. Circular 37 requires PRC residents, including PRC individuals and institutions, to register with SAFE or its local branches in connection with their direct establishment or indirect control of an offshore special purpose vehicle, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests. In addition, such PRC residents must update their foreign exchange registrations with SAFE or its local branches when the offshore special purpose vehicle in which such residents directly hold the equity interests undergoes material events relating to any change of basic information (including change of such PRC individual shareholder, name and operation term), increases or decreases in investment amount, share transfers or exchanges, or mergers or divisions.

If any shareholder holding interest in an offshore special purpose vehicle, who is a PRC resident as determined by Circular 37, fails to fulfill the required foreign exchange registration with the local SAFE branches, the PRC subsidiaries of that offshore special purpose vehicle may be prohibited from distributing their profits and dividends to their offshore parent company or from carrying out other subsequent cross-border foreign exchange activities, and the offshore special purpose vehicle may be restricted in its ability to contribute additional capital to its PRC subsidiaries. Moreover, failure to comply with the SAFE registration described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions.

On February 13, 2015, SAFE promulgated the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Policies of Foreign Exchange Administration Applicable to Direct Investment, or SAFE Circular 13, effective June 1, 2015. In accordance with SAFE Circular 13, entities and individuals are required to apply for foreign exchange registration of foreign direct investment and overseas direct investment, including those required under Circular 37, with qualified banks, instead of SAFE. The qualified banks, under the supervision of SAFE, directly examine the applications and conduct the registration.

We may not be fully informed of the identities of all our Shareholders or beneficial owners who are PRC residents, and therefore, we may not be able to identify all our Shareholders or beneficial owners who are PRC residents to ensure their compliance with Circular 37 or other related rules. In addition, we cannot provide any assurance that all of our Shareholders and beneficial owners who are PRC residents will comply with our request to make, obtain or update any applicable registrations or comply with other requirements required by Circular 37 or other related rules in a timely manner. Even if our Shareholders and beneficial owners who are PRC residents comply with such request, we cannot provide any assurance that they will successfully obtain or update any registration required by Circular 37 or other related rules in a timely manner due to many factors, including those beyond our and their control. If any of our Shareholders who is a PRC resident as determined by Circular 37 fails to fulfill the required foreign exchange registration, our PRC subsidiaries may be prohibited from distributing their profits and dividends to us or from carrying out other subsequent cross-border foreign exchange activities, and we may be restricted in our ability to contribute additional capital to our PRC subsidiaries, which may adversely affect our business.

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

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

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

Restrictions on the remittance of Renminbi into and out of China and governmental control of currency conversion may limit our ability to pay dividends and other obligations, and affect the value of your investment.

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and the remittance of currency out of China. We receive substantially all of our revenue in Renminbi. Under our current corporate structure, our income is primarily derived from dividend payments from our PRC subsidiaries. We may convert a portion of our revenue into other currencies to meet our foreign currency obligations, such as payments of dividends declared in respect of our Shares, if any. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency denominated obligations.

Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval from or registration or filings with competent government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. Pursuant to the SAFE Circular 19, a foreign-invested enterprise may convert up to 100% of the foreign currency in its capital account into Renminbi on a discretionary basis according to the actual needs. The SAFE Circular 16 provides for an integrated standard for conversion of foreign exchange under capital account items on a discretionary basis, which applies to all enterprises registered in China. In addition, the SAFE Circular 16 has narrowed the scope of purposes for which an enterprise must not use the Renminbi funds so converted, which include, among others, (i) payment for expenditure beyond its

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business scope or otherwise as prohibited by the applicable laws and regulations, (ii) investment in securities or other financial products other than banks' principal-secured products, (iii) provision of loans to non-affiliated enterprises, except where it is expressly permitted in the business scope of the enterprise, and (iv) construction or purchase of non-self-used real properties, except for real estate developers. The PRC government may at its discretion further restrict access to foreign currencies for current account transactions or capital account transactions in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency needs, we may not be able to pay dividends in foreign currencies to our Shareholders. Further, there is no assurance that new regulations will not be promulgated in the future that would have the effect of further restricting the remittance of Renminbi into or out of China.

Fluctuations in exchange rates could result in foreign currency exchange losses.

The conversion of Renminbi into other currencies, including the Hong Kong dollar and U.S. dollars, is based on rates set by the People's Bank of China. The Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. The value of Renminbi against the U.S. dollar and other currencies is affected by changes in China's political and economic conditions and by China's foreign exchange policies, among other things. We cannot assure you that Renminbi will not appreciate or depreciate significantly in value against the Hong Kong dollar or U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between Renminbi and the Hong Kong dollar or U.S. dollar in the future.

The proceeds from the Global Offering will be received in Hong Kong dollars. As a result, any appreciation of the Renminbi against the U.S. dollar, the Hong Kong dollar or any other foreign currencies may result in the decrease in the value of our proceeds from the Global Offering. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Furthermore, we are also currently required to complete filings with and obtain approvals from SAFE before converting significant sums of foreign currencies into Renminbi. All of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms.

It may be difficult to effect service of process upon us or our Directors or officers named in this document who reside in China or to enforce foreign court judgments against them in China.

Most of our assets are situated in China and most of our directors and officers named in this document reside in, and most of their respective assets are located in, China. As a result, it may be difficult to effect service of process outside China upon most of our directors and officers, including with respect to matters arising under applicable securities laws. China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom and many other countries. Consequently, it may be difficult for you to enforce against us or our directors or officers in China any judgments obtained from courts outside of China.

On July 14, 2006, Hong Kong and China entered into the *Arrangement between the Courts of the Mainland and Courts of the Hong Kong Special Administrative Region on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters Where the Parties Involved Have an Choice of Court Agreement*, or the Arrangement. Pursuant to the Arrangement, a final judgment on

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civil or commercial matters entered by Hong Kong courts can be recognized and enforced in China by application to a competent court of China if the judgment awards monetary payment and the parties thereto have agreed in writing to submit the matter exclusively to Hong Kong courts for resolution. Similarly, a final judgment entered by courts of China on civil or commercial matters are enforceable in Hong Kong if the judgment awards monetary payment and the parties thereto have agreed in writing to submit the matter exclusively to courts of China for resolution. In January, 2019, Hong Kong and China entered into another arrangement on court judgment recognition and enforcement—the *Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region*, or the New Arrangement—which no longer limits recognizable judgments to those granting monetary awards and whose parties have written and exclusive choice of forum agreement. The New Arrangement has yet come into effect and how it will be implemented remains uncertain.

Failure to comply with PRC regulations regarding the registration requirements for employee share ownership plans or share option plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

In February 2012, the State Administration of Foreign Exchange, or SAFE, promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company, replacing earlier rules promulgated in 2007. Pursuant to these rules, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year and participate in any stock incentive plan of an overseas publicly listed company are required to register with SAFE through a domestic qualified agent, which could be the PRC subsidiaries of such overseas-listed company, and complete certain other procedures, unless certain exceptions are available. In addition, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We and our executive officers and other employees who are PRC citizens or non-PRC citizens living in China for a continuous period of not less than one year and have been granted options will be subject to these regulations when our company becomes an overseas-listed company upon the completion of the Global Offering. Failure to complete SAFE registrations may subject them to fines of up to RMB300,000 for entities and up to RMB50,000 for individuals and may also limit our ability to contribute additional capital into our PRC subsidiary and our PRC subsidiary's ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors, executive officers and employees under PRC law.

In addition, the STA, has issued certain circulars concerning employee share options and restricted shares. Under these circulars, our employees working in China who exercise share options or are granted restricted shares will be subject to PRC individual income tax. Our PRC subsidiary has obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes for those employees who exercise their share options. If our employees fail to pay or we fail to withhold their income taxes according to relevant laws and regulations, we may face sanctions imposed by the tax authorities or other PRC government authorities.

It may be difficult for overseas regulators to conduct investigation or collect evidence within China.

Shareholder claims or regulatory investigation that are common in jurisdictions outside China are difficult to pursue as a matter of law or practicality in China. For example, in China, there are

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significant legal and other obstacles to providing information needed for regulatory investigations or litigation initiated outside China. Although the authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with the securities regulatory authorities in Hong Kong or other jurisdictions may not be efficient in the absence of mutual and practical cooperation mechanism. Furthermore, according to Article 177 of the PRC Securities Law, or Article 177, which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC, and without the consent by the Chinese securities regulatory authorities and the other competent governmental agencies, no entity or individual may provide documents or materials related to securities business to any foreign party. While detailed interpretation of or implementation rules under Article 177 have yet to be promulgated, the inability for an overseas securities regulator to directly conduct investigation or evidence collection activities within China and the potential obstacles for information provision may further increase difficulties faced by you in protecting your interests.

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

The PRC anti-monopoly enforcement agencies have in recent years strengthened enforcement under the Anti-monopoly Law of PRC (中華人民共和國反壟斷法). In March 2018, the SAMR was formed as a new governmental agency to take over, among other things, the anti-monopoly enforcement functions from the relevant departments under the MOFCOM, the NDRC and the SAIC, respectively. Since its inception, the SAMR has continued to strengthen anti-monopoly enforcement. On December 28, 2018, the SAMR issued the Notice on Anti-monopoly Enforcement Authorization (關於反壟斷執法授權的通知), which grants authorities to its province-level branches to conduct anti-monopoly enforcement within their respective jurisdictions. On September 11, 2020, the SAMR issued Anti-monopoly Compliance Guideline for Operators (經營者反壟斷合規指南), which requires, under the Anti-monopoly Law of the PRC, operators to establish anti-monopoly compliance management systems to prevent anti-monopoly compliance risks. In November 2020, the SAMR published a discussion draft of the Guideline on Anti-monopoly of Platform Economy Sector (關於平台經濟領域的反壟斷指南(徵求意見稿)) (the “**Draft Guideline**”), aiming to improve anti-monopoly administration on online platforms. The released Draft Guideline, if enacted, will operate as a compliance guidance under the existing PRC antimonopoly laws and regulations for platform economy operators. The Draft Guideline intends to regulate abuse of a dominant position and other anti-competitive practices by online platform operators and the related merchants and service providers on online platforms. Pursuant to the Draft Guideline, representative examples of abuse of dominance include unfairly locking in exclusive agreements with merchants and targeting specific customers with unreasonable big-data driven tailored pricing through their online behavior to eliminate or limit market competition.

The Draft Guideline was released for public comment only, and its operative provisions and the anticipated adoption or effective date may be subject to change with substantial uncertainty. Although it is impossible to predict the impact of the Draft Guideline, if any, at this stage, we will closely monitor and assess the trajectory of the rule-making process. In the event that a final version of the Draft Guideline is adopted and in light of the substantial uncertainty over the Draft Guideline, we may face challenges in addressing its requirements and making necessary changes to our policies and practices, and may incur significant costs and expenses in an effort to do so. Any failure or perceived

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

Risks Relating to the Global Offering

There has been no prior public market for our Shares prior to the Global Offering, and you may not be able to resell our Shares at or above the price you pay, or at all.

Prior to the completion of the Global Offering, there has been no public market for our Shares. There can be no guarantee that an active trading market for our Shares will develop or be sustained after completion of the Global Offering. The Offer Price is the result of negotiations between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), which may not be indicative of the price at which our Shares will be traded following completion of the Global Offering. The market price of our Shares may drop below the Offer Price at any time after completion of the Global Offering. We have applied to the Stock Exchange for the listing of, and permission to deal in the Share. A Listing on the Stock Exchange, however, does not guarantee that an active and liquid trading market for our Shares will develop, or if it does develop, that it will be sustained following the Global Offering, or that the market price of the Shares will not decline following the Global Offering.

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

In addition to market and industry factors, the price and trading volume for our Shares may be highly volatile for specific business reasons. In particular, factors such as variations in our revenue, earnings, and cash flow could cause the market price of our Shares to change substantially. Any of these factors may result in large and sudden change in the volume and trading price of our Shares.

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

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

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Only a limited number of the Shares currently outstanding will be available for sale or issuance immediately after the Global Offering due to contractual and regulatory restrictions on disposal and new issuance. Nevertheless, after these restrictions lapse or if they are waived, future sales of significant amount of our Shares in the public market or the perception that these sales may accrue could significantly decrease the prevailing market price of our Shares and our ability to raise equity capital in the future.

In addition, certain existing Shareholders of our Shares are not subject to lock-up agreements. Market sale of Shares by such Shareholders and the availability of these Shares for future sale may have negative impact on the market price of our Shares.

You will incur immediate and substantial dilution and may experience further dilution in the future.

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

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

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

Our Board has discretion as to whether to distribute dividends, subject to certain restrictions under Cayman Islands law, namely that our Company may only pay dividends either out of profits or share premium account, and provided always that in no circumstances may a dividend be paid if this would result in our Company being unable to pay its debts at they fall due in the ordinary course of business. In addition, our Shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our Board. Even if our Board decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiary, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in our Shares will likely depend entirely upon any future price appreciation of our Shares. There is no guarantee that our Shares will appreciate in value or even maintain the price at which you purchased the Shares. You may not realize a return on your investment in our Shares and you may even lose your entire investment in our Shares.

There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various government publications, market data providers and other independent third-party sources, including the industry expert reports, contained in this document.

This document, particularly the section headed “Industry Overview,” contains information and statistics relating to the healthcare big data solutions market. Such information and statistics have been derived from third-party reports, either commissioned by us or publicly accessible, and other publicly available sources. We believe that the sources of the information are appropriate sources for such

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information, and we have taken reasonable care in extracting and reproducing such information. However, we cannot guarantee the quality or reliability of such source materials. The information has not been independently verified by us, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, or their respective affiliates or advisers or any other party involved in the Global Offering, and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In any event, you should consider carefully the importance placed on such information or statistics.

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

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

Our Controlling Shareholder has significant influence over our Company and her interests may not be aligned with the interests of our other Shareholders.

Our Controlling Shareholder has substantial influence over our business and operations, including matters relating to management and policies, decisions in relation to acquisitions, expansion plans, business consolidation, the sale of all or substantially all of our assets, nomination of directors, dividends or other distributions, as well as other significant corporate actions. Following the completion of the Global Offering, our Controlling Shareholder will collectively beneficially own approximately 44.23% of the voting power of our outstanding share capital. The concentration of voting power and the substantial influence of our Controlling Shareholder over our Company may discourage, delay or prevent a change in control of our Company, which could deprive other Shareholders of an opportunity to receive a premium for their Shares as part of a sale of our Company and reduce the price of our Shares. In addition, the interests of our Controlling Shareholder may differ from the interests of our other Shareholders. Subject to the Listing Rules, our Articles of Association and other applicable laws and regulations, our Controlling Shareholder will continue to have the ability to exercise substantial influence over us and to cause us to enter into transactions or take, or fail to take, actions or make decisions which conflict with the best interests of our other Shareholders.

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There will be a time gap of several business days between pricing and trading of our Shares offered in the Global Offering. Holders of our Shares are subject to the risk that trading prices of our Shares could fall during the period before trading of our Shares begins.

The Offer Price of our Shares is expected to be determined on the Price Determination Date. However, our Shares will not commence trading on the Hong Kong Stock Exchange until they are delivered, which is expected to be not more than five Hong Kong business days after the pricing date. As a result, investors may not be able to sell or deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of our Shares could fall before trading begins as a result of unfavorable market conditions, or other adverse developments, that could occur between the time of sale and the time trading begins.

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In preparation for the Listing, we have sought the following waivers from strict compliance with the Listing Rules and exemptions from the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong. This will normally mean that at least two of its executive directors must be ordinarily resident in Hong Kong. We do not have sufficient management presence in Hong Kong for the purposes of Rule 8.12 of the Listing Rules.

Our Group's management headquarters, senior management, business operations and assets are primarily based outside Hong Kong, in China. The Directors consider that the appointment of executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company or the Shareholders as a whole.

Accordingly, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 8.12 of the Listing Rules. We will ensure that there is an effective channel of communication between us and the Stock Exchange by way of the following arrangements:

- (a) pursuant to Rule 3.05 of the Listing Rules, our Company has appointed and will continue to maintain two authorized representatives who shall act at all times as the principal channel of communication with the Stock Exchange. Each of our authorized representatives will be readily contactable by the Stock Exchange by telephone, facsimile and/or e-mail to deal promptly with enquiries from the Stock Exchange. Both of our authorized representatives are authorized to communicate on our behalf with the Stock Exchange. At present, our two authorized representatives are Ms. Yang Jing, our executive Director, President and Chief Financial Officer, and Ms. Li Ching Yi, our joint company secretary.
- (b) pursuant to Rule 3.20 of the Listing Rules, each Director will provide their contact information to the Stock Exchange and to the authorized representatives. This will ensure that the Stock Exchange and the authorized representatives should have means for contacting all Directors promptly at all times as and when required;
- (c) we will ensure that each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period; and
- (d) pursuant to Rule 3A.19 of the Listing Rules, our Company has retained the services of Somerley Capital Limited as compliance adviser (the "**Compliance Adviser**"), who will act as an additional channel of communication with the Stock Exchange. The Compliance Adviser will provide our Company with professional advice on ongoing compliance with the Listing Rules. We will ensure that the Compliance Adviser has prompt access to our Company's authorized representatives and Directors. In turn, they will provide the Compliance Adviser with such information and assistance as the Compliance Adviser may need or may reasonably request in connection with the performance of the Compliance

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Adviser's duties. The Compliance Adviser will also provide advice to our Company when consulted by our Company in compliance with Rule 3A.23 of the Listing Rules; and

- (e) meetings between the Stock Exchange and the Directors can be arranged through the authorized representatives or the Compliance Adviser, or directly with the Directors within a reasonable time frame. We will inform the Stock Exchange as soon as practicable in respect of any change in the authorized representatives and/or the Compliance Adviser in accordance with the Listing Rules.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

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

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

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

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

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

Our Company appointed Ms. Bai Rui and Ms. Li Ching Yi of Trident Corporate Services (Asia) Limited as joint company secretaries of our Company on August 16, 2020 and October 16, 2020, respectively. Please refer to the section headed "Directors and senior management—Joint company secretaries" for their biographies.

Ms. Li Ching Yi is an associate member of both The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom and The Hong Kong Institute of Chartered Secretaries, and therefore meets the qualification requirements under Rule 3.28 Note 1 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules.

Accordingly, while Ms. Bai Rui does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Stock Exchange for, and the

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Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Ms. Bai Rui may be appointed as a joint company secretary of our Company.

The waiver was granted for a three-year period from the Listing Date on the conditions that: (i) Ms. Li Ching Yi is appointed as a joint company secretary to assist Ms. Bai Rui in discharging her functions as a company secretary and in gaining the relevant experience under Rule 3.28 of the Listing Rules; the waiver will be revoked immediately if Ms. Li Ching Yi, during the three-year period, ceases to provide assistance to Ms. Bai Rui as the joint company secretary; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by our Company. In addition, Ms. Bai Rui will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the three-year period from the Listing Date. Our Company will further ensure that Ms. Bai Rui has access to the relevant training and support that would enhance her understanding of the Listing Rules and the duties of a company secretary of an issuer listed on the Stock Exchange. Before the end of the three-year period, the qualifications and experience of Ms. Bai Rui and the need for on-going assistance of Ms. Li Ching Yi will be further evaluated by our Company. We will liaise with the Stock Exchange to enable it to assess whether Ms. Bai Rui, having benefited from the assistance of Ms. Li Ching Yi for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Rule 3.28 Note 2 of the Listing Rules so that a further waiver will not be necessary.

WAIVER IN RESPECT OF CONTINUING CONNECTED TRANSACTIONS

We have entered into, and expect to continue, certain transactions that will constitute partially-exempt and non-exempt continuing connected transactions of our Company under the Listing Rules upon Listing. We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with (as applicable) (i) the announcement, circular and independent shareholders' approval requirements, (ii) the annual cap requirement, and (iii) the requirement of limiting the term of the continuing connected transactions set out in Chapter 14A of the Listing Rules for such continuing connected transactions. For further details in this respect, please see the section headed "Connected Transactions".

WAIVER AND EXEMPTION IN RELATION TO THE PRE-IPO SHARE OPTION PLANS

The Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance prescribes certain disclosure requirements in relation to the share options granted by the Company (the "Share Option Disclosure Requirements"):

- (a) Rule 17.02(1)(b) of the Listing Rules stipulates that all the terms of a scheme must be clearly set out in this document. The Company is also required to disclose in this document full details of all outstanding options and their potential dilution effect on the shareholdings upon listing as well as the impact on the earnings per share arising from the exercise of such outstanding options.
- (b) Paragraph 27 of Appendix 1A to the Listing Rules requires the Company to set out in this document particulars of any capital of any member of the Group that is under option, or

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agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee.

- (c) Under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the number, description and amount of any shares in or debentures of the company which any person has, or is entitled to be given, an option to subscribe for, together with the particulars of the option, that is to say, (a) the period during which it is exercisable; (b) the price to be paid for shares or debentures subscribed for under it; (c) the consideration (if any) given or to be given for it or for the right to it; and (d) the names and addresses of the persons to whom it or the right to it was given or, if given to existing shareholders or debenture holders as such, the relevant shares or debentures must be specified in the prospectus.

As of the Latest Practicable Date, our Company had granted options under the Pre-IPO Share Option Plans to 1,174 grantees. The aggregate number of Shares underlying the outstanding options as at the Latest Practicable Date was 150,435,170 Shares, and none of the options have been exercised. As of the Latest Practicable Date, among the outstanding options, 25,125,485 were held by Directors, 32,526,280 were held by members of the senior management of the Company (who are not Directors), 24,276,500 were held by connected persons of the Company (who are not Directors or member of the senior management of the Company), 8,807,895 were held by external consultants, 614,765 were held by an external grantee (who is not external consultant), 16,547,290 were held by grantee(s) who were granted options to subscribe for five million Shares or more (who are not Directors or member of the senior management or connected person of the Company), and 42,536,955 were held by other grantees. The Shares underlying the outstanding options represent 16.68% of the total number of Shares in issue immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Plans, the Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme). For further details of our Pre-IPO Share Option Plans, see the section headed “Statutory and General Information—Pre-IPO Share Option Plans” in Appendix IV.

We have applied to (i) the Stock Exchange for a waiver from strict compliance with the requirements under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix 1A to the Listing Rules and (ii) the SFC for an exemption from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance pursuant to section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in connection with the disclosure of certain details relating to the Share Options and certain grantees in this document on the ground that the waiver and the exemption will not prejudice the interest of the investing public and strict compliance with the above requirements would be unduly burdensome for our Company for the following reasons:

- (a) as of the Latest Practicable Date, we have granted options to a total of 1,174 grantees under the Pre-IPO Share Option Plans to acquire an aggregate of 150,435,170 Shares, representing approximately 16.68% of the total number of Shares in issue immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Plans, the Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme). The grantees under the

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Pre-IPO Share Option Plans include three Directors, two members of the senior management (who are not Directors), four connected persons of our Company (who are not Directors or members of the senior management of the Company), 20 external consultants, one external grantee (who is not external consultant), one grantee who has been granted options to subscribe for five million Shares or more (who is not Director, member of the senior management or connected person of the Company), and 1,143 current or former employees of our Group (who are not connected persons of our Company);

- (b) our Directors consider that it would be unduly burdensome to disclose in this document full details of all the options granted by us to each of the grantees, which would significantly increase the cost and time required for information compilation, prospectus preparation and printing for strict compliance with such disclosure requirements;
- (c) material information on the options has been disclosed in this document to provide prospective investors with sufficient information to make an informed assessment of the potential dilutive effect and impact on earnings per Share of the options in making their investment decision, and such information includes:
 - (i) a summary of the latest terms of the Pre-IPO Share Option Plans;
 - (ii) the aggregate number of Shares subject to the options and the percentage of our Shares of which such number represents;
 - (iii) the dilutive effect and the impact on earnings per Share upon full exercise of the options immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Plans, the Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme);
 - (iv) full details of the options granted to Directors, members of the senior management and connected persons of our Company, the external consultants, the external grantee(s) and the grantee(s) who have been granted options to subscribe for five million Shares or more, on an individual basis, are disclosed in this document, and such details include all the particulars required under Rule 17.02(1)(b) of the Listing Rules, paragraph 27 of Appendix 1A to the Listing Rules and paragraph 10 of Part 1 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
 - (v) with respect to the options granted to other grantees (other than those referred to in (iv) above), the following details are disclosed in this document, including the aggregate number of such grantees and the number of Shares subject to the options, the consideration paid for the grant of the options and the exercise period and the exercise price for the options; and
 - (vi) the particulars of the waiver and exemption granted by the Stock Exchange and the SFC, respectively;

the above disclosure is consistent with the conditions ordinarily expected by the Stock Exchange in similar circumstances as set out in Guidance Letter HKEx-GL11-09 issued in July 2009 and updated in March 2014 by the Stock Exchange.

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- (d) the 1,143 grantees who are not Directors, members of the senior management or connected persons of the Company and are not external consultants or external grantee or have been granted options to subscribe for five million Shares or more, have been granted options under the Pre-IPO Share Option Plans to acquire an aggregate of 42,536,955 Shares, which is not material in the circumstances of our Company, and the exercise in full of such options will not cause any material adverse change in the financial position of our Company;
- (e) our Directors consider that non-compliance with the above disclosure requirements would not prevent our Company from providing potential investors with sufficient information for an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Group; and
- (f) a full list of all the grantees containing all details as required under Rule 17.02(1)(b) of the Listing Rules, paragraph 27 of Appendix 1A to the Listing Rules and paragraph 10 of Part I of the Third Schedule will be made available for public inspection in accordance with the section headed “Appendix V Documents delivered to the Registrar of Companies and available for inspection—Documents available for inspection” in this document.

In light of the above, our Directors are of the view that the grant of the waiver and exemption sought under this application will not prejudice the interests of the investing public.

The Stock Exchange has granted to our Company a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix 1A to the Listing Rules with respect to the options granted under the Pre-IPO Share Option Plans on the condition that:

- (a) on an individual basis, full details of the options granted under the Pre-IPO Share Option Plans to each of the Directors, the senior management and connected persons of the Company, the external consultants, the external grantee(s) and the grantee(s) who have been granted options to subscribe for five million Shares or more, will be disclosed in the section headed “Statutory and General Information—Pre-IPO Share Option Plans” in Appendix IV as required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix 1A to, the Listing Rules, and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (b) in respect of the options granted under the Pre-IPO Share Option Plans to other grantees (other than those set out in (a) above), disclosure will be made on an aggregate basis, including (1) the aggregate number of the grantees other than those set out in (a) above and the number of Shares subject to the options granted to them under the Pre-IPO Share Option Plans, (2) the consideration paid for the grant of the options under the Pre-IPO Share Option Plans, and (3) the exercise period and the exercise price for the options granted under the Pre-IPO Share Option Plans;
- (c) the aggregate number of Shares underlying the outstanding options granted under the Pre-IPO Share Option Plans and the percentage of the Company’s total issued share capital represented by such number of Shares as of the Latest Practicable Date will be disclosed in this document;

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- (d) the dilutive effect and impact on earnings per Share upon the full exercise of the options under the Pre-IPO Share Option Plans will be disclosed in the section headed “Statutory and General Information—Pre-IPO Share Option Plans” in Appendix IV;
- (e) a summary of the major terms of the Pre-IPO Share Option Plans will be disclosed in the section headed “Statutory and General Information—Pre-IPO Share Option Plans” in Appendix IV;
- (f) the particulars of this waiver will be disclosed in this document;
- (g) a list of all the grantees (including those persons whose details have already been disclosed) containing all the particulars as required under Rule 17.02(1)(b) and paragraph 27 of Appendix 1A of the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance will be made available for public inspection in the section headed “Documents Delivered to the Registrar of Companies and Available for Inspection” in Appendix V; and
- (h) the grant of certificate of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance from the SFC exempting the Company from the disclosure requirements provided in paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

The SFC has agreed to grant to our Company the certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance with respect to the options granted under the Pre-IPO Share Option Plans exempting the Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that:

- (a) full details of the options under the Pre-IPO Share Option Plans granted to each of our Directors, the senior management and connected persons of our Company, the external consultants, the external grantee(s) and the grantee(s) who have been granted options to subscribe for five million Shares or more will be disclosed in the section headed “Statutory and General Information—Pre-IPO Share Option Plans” in Appendix IV as required by paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (b) in respect of the options granted under the Pre-IPO Share Option Plans to other grantees other than those referred to in (a) above, disclosure will be made on an aggregate basis, including (1) the aggregate number of the grantees and the number of Shares subject to the options granted to them under the Pre-IPO Share Option Plans, (2) the consideration paid for the grant of the options under the Pre-IPO Share Option Plans, and (3) the exercise period and the exercise price for the options granted under the Pre-IPO Share Option Plans; and
- (c) a full list of all the grantees (including the persons referred to in (a) above) who have been granted options to subscribe for shares under the Pre-IPO Share Option Plans, containing all the particulars as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, be made available for public inspection in accordance with the section headed “Documents Delivered to the Registrar of Companies and Available for Inspection” in Appendix V; and

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- (d) the particulars of this exemption will be disclosed in this document and that this document will be issued on or before December 31, 2020.

Further details of the Pre-IPO Share Option Plans are set forth in the section headed “Statutory and General Information—Pre-IPO Share Option Plans” in Appendix IV.

WAIVER FROM PRINTED PROSPECTUSES

Pursuant to Rules 12.04(3), 12.07 and 12.11 of the Listing Rules, we are required to make available copies of this document in printed form.

It is noted that the recent amendments to the Listing Rules relating to environmental, social and governance (“ESG”) matters, including where the Stock Exchange noted on page 1 of its Consultation Conclusions on Review of the Environmental, Social and Governance Reporting Guide and Related Listing Rules dated December 2019 that such amendments relating to ESG matters “echo the increasing international focus on climate change and its impact on business.” Electronic, in lieu of printed prospectuses and printed white and yellow application forms will help mitigate the environmental impact of printing, including the exploitation of precious natural resources such as trees and water, the handling and disposal of hazardous materials, air pollution, among others.

Given the high and extensive use of internet gadgets (e.g. smartphones, tablet devices and computers) and easy access to internet services nowadays, it is noted that almost all applications in Hong Kong public offerings of recent IPOs (both in terms of the number of applications and the number of shares applied) were submitted electronically, instead of in paper format.

It is also noted that in light of the severity of the ongoing COVID-19 pandemic, the provision of printed prospectuses and printed application forms will elevate the risk of contagion of the virus through printed materials. As of the Latest Practicable Date, the government of Hong Kong continues to put in place social distancing measures to restrict public gatherings. While the government of Hong Kong may relax such restrictions as the local COVID-19 situation improves, it is possible that stricter social distancing measures may be necessary later if the number of cases of infection in the territory dramatically increases. In any event, it is impossible to accurately predict the development of the COVID-19 pandemic as of the Latest Practicable Date. In this uncertain environment, an electronic application process with a paperless prospectus will reduce the need for prospective investors to gather in public, including branches of the receiving banks and other designated points of collection, in connection with the Hong Kong Public Offering.

Accordingly, we have applied for, and the Stock Exchange has granted a waiver from strict compliance with the requirements under Rule 12.04(3), Rule 12.07 and Rule 12.11 of the Listing Rules in respect of the availability of copies of this document in printed form.

We have adopted a fully electronic application process for the Hong Kong Public Offering and we will not provide printed copies of this document or printed copies of any application forms to the public in relation to the Hong Kong Public Offering.

Our Hong Kong Share Registrar has implemented enhanced measures to support the White Form eIPO Service, including increasing its server capacity and making available a telephone hotline to answer

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investors' queries in connection with the fully electronic application process. Our Hong Kong Share Registrar will also create a step-by-step guide setting out the steps for payment and completion of application for the retail investors as well as FAQs to address potential questions from the retail investors in relation to the Hong Kong Public Offering and the electronic application channels. Both the guide and the FAQs will be available in both English and Chinese and will be displayed on the White Form eIPO service website. For details of the telephone hotline and the application process, please see the section headed "How to Apply for Hong Kong Offer Shares". We will adopt additional communication measures to inform the potential investors that they can only subscribe for the Hong Kong Offer Shares electronically, including (i) publishing a formal notice of the Global Offering on our website and in selected English and Chinese local newspapers describing the fully electronic application process including the available channels for share subscription; (ii) advertising through the White Form eIPO Service Provider the electronic methods for subscription of the Hong Kong Offer Shares; (iii) the enhanced support provided by our Hong Kong Share Registrar and the White Form eIPO Service Provider in relation to the Hong Kong Public Offering (including additional enquiry hotlines for questions about the application for the Hong Kong Offer Shares and increasing its server capacity); and (iv) issuing a press release to remind investors that no printed prospectuses or application forms will be provided.

**WAIVER FROM STRICT COMPLIANCE WITH RULE 10.04 OF THE LISTING RULES
AND THE STOCK EXCHANGE'S CONSENT UNDER PARAGRAPH 5(2) OF APPENDIX 6
TO THE LISTING RULES**

Rule 10.04 of the Listing Rules provides that an existing shareholder of an issuer may only subscribe for or purchase any securities for which listing is sought which are being marketed by or on behalf of a new applicant either in his or its own name or through nominees if the conditions in Rules 10.03(1) and (2) are fulfilled. The requirements of Rule 10.03 of the Listing Rules are that (1) no securities are offered to the existing shareholder on a preferential basis and no preferential treatment is given to the existing shareholder in the allocation of the securities; and (2) the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules is achieved.

Paragraph 5(2) of Appendix 6 to the Listing Rules provides that unless with the prior written consent of the Stock Exchange, no allocations will be permitted to directors or existing shareholders of the applicant or their close associates, whether in their own names or through nominees unless the conditions set out in Rules 10.03 and 10.04 of the Listing Rules are fulfilled.

Tencent Mobility Limited

Our Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 10.04 of the Listing Rules and a consent under paragraph 5(2) of Appendix 6 to the Listing Rules in respect of the restriction on Tencent Mobility Limited, a close associate of existing shareholders Image Frame Investment (HK) Limited and Parallel Solar Investment Limited, to subscribe for Shares in the Global Offering as a cornerstone investor, subject to, among others, the following conditions:

- (a) Image Frame Investment (HK) Limited and Parallel Solar Investment Limited in aggregate are interested in less than 5% of our Company's voting rights before Listing;

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND
EXEMPTIONS FROM THE COMPANIES (WINDING UP AND
MISCELLANEOUS PROVISIONS) ORDINANCE**

- (b) none of Tencent Mobility Limited, Image Frame Investment (HK) Limited and Parallel Solar Investment Limited is a core connected person of our Company or its close associate;
- (c) neither Image Frame Investment (HK) Limited nor Parallel Solar Investment Limited have the power to appoint directors of our Company or any other special rights which may influence the allocation process;
- (d) the allocation to Tencent Mobility Limited will not affect our Company's ability to satisfy the public float requirement under Rule 8.08(1) of the Listing Rules;
- (e) each of the Joint Sponsors (based on (i) its discussions with our Company and the Joint Bookrunners; and (ii) the confirmation provided by our Company, and to the best of its knowledge and belief) confirms that (i) it has no reason to believe that Tencent Mobility Limited received any preferential treatment in the initial public offering allocation as a cornerstone investor by virtue of its relationship with our Company other than the preferential treatment of assured entitlement under a cornerstone investment which follows the principles set out in the guidance letter HKEX-GL51-13, and (ii) details of the allocation will be disclosed in this prospectus and the allotment results announcement of our Company; and
- (f) our Company confirms that, (i) no preferential treatment has been, nor will be, given to Tencent Mobility Limited by virtue of their relationship with our Company other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in the guidance letter HKEX-GL51-13, (ii) Tencent Mobility Limited's cornerstone investment agreement does not contain any material terms which are more favorable to Tencent Mobility Limited than those in other cornerstone investment agreements, and (iii) details of the allocation will be disclosed in this prospectus and the allotment results announcement of our Company.

Yaqut Sdn Bhd

Our Company has also applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 10.04 of the Listing Rules and a consent under paragraph 5(2) of Appendix 6 to the Listing Rules in respect of the restriction on Yaqut Sdn Bhd, an existing shareholder, to subscribe for Shares in the Global Offering as a cornerstone investor, subject to, among others, the following conditions:

- (a) Yaqut Sdn Bhd is interested in less than 5% of our Company's voting rights before Listing;
- (b) Yaqut Sdn Bhd is not a core connected person of our Company or its close associate;
- (c) Yaqut Sdn Bhd does not have the power to appoint directors of our Company or any other special rights which may influence the allocation process;
- (d) the allocation to Yaqut Sdn Bhd will not affect our Company's ability to satisfy the public float requirement under Rule 8.08(1) of the Listing Rules;
- (e) each of the Joint Sponsors (based on (i) its discussions with our Company and the Joint Bookrunners; and (ii) the confirmation provided by our Company, and to the best of its knowledge and belief) confirms that (i) it has no reason to believe that Yaqut Sdn Bhd

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND
EXEMPTIONS FROM THE COMPANIES (WINDING UP AND
MISCELLANEOUS PROVISIONS) ORDINANCE**

received any preferential treatment in the initial public offering allocation as a cornerstone investor by virtue of its relationship with our Company other than the preferential treatment of assured entitlement under a cornerstone investment which follows the principles set out in the guidance letter HKEX-GL51-13, and (ii) details of the allocation will be disclosed in this prospectus and the allotment results announcement of our Company; and

- (f) our Company confirms that, (i) no preferential treatment has been, nor will be, given to Yaqut Sdn Bhd by virtue of their relationship with our Company other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in the guidance letter HKEX-GL51-13, (ii) Yaqut Sdn Bhd's cornerstone investment agreement does not contain any material terms which are more favorable to Yaqut Sdn Bhd than those in other cornerstone investment agreements, and (iii) details of the allocation will be disclosed in this prospectus and the allotment results announcement of our Company.

INFORMATION ABOUT THIS DOCUMENT AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT

This document includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) (as amended) and the Listing Rules for the purpose of giving information to the public with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this document.

Our Directors confirm, having made all reasonable enquiries, that, to the best of their knowledge and belief, the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this document misleading.

THE HONG KONG PUBLIC OFFERING, UNDERWRITING AND THIS DOCUMENT

This document is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this document sets out the terms and conditions of the Hong Kong Public Offering.

The Offer Shares are offered solely on the basis of the information contained and representations made in this document and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this document, and any information or representation not contained herein must not be relied upon as having been authorized by us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters, any of their respective directors, officers, employees, partners, agents, advisers, representative or any other party involved in the Global Offering.

The Listing is sponsored by the Joint Sponsors. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to us and the Joint Global Coordinators (on behalf of the Underwriters) agreeing on the Offer Price. The International Underwriting Agreement relating to the International Offering is expected to be entered into on or around Friday, January 8, 2021, subject to the Offer Price being agreed. The Global Offering is managed by the Joint Global Coordinators.

If, for any reason, the Offer Price is not agreed between us and the Joint Global Coordinators (on behalf of the Underwriters), the Global Offering will not proceed and will lapse. For full information about the Underwriters and the underwriting arrangements, please refer to the section headed "Underwriting" in this document.

Neither the delivery of this document nor any offering, sale or delivery made in connection with the Offer Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this document or imply that the information contained in this document is correct as of any date subsequent to the date of this document.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedures for applying for Hong Kong Offer Shares is set out in the section headed "How to Apply for Hong Kong Offer Shares" in this document.

INFORMATION ABOUT THIS DOCUMENT AND THE GLOBAL OFFERING

STRUCTURE OF THE GLOBAL OFFERING

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

OVER-ALLOTMENT OPTION AND STABILIZATION

Details of the arrangements relating to the Over-allotment Option and stabilization are set out in the section headed “Structure of the Global Offering”.

RESTRICTIONS ON OFFER OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of Offer Shares to, confirm that he is aware of the restrictions on offers of the Offer Shares described in this document.

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

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of the listing of, and permission to deal in, the Shares, including any Shares which may be issued by us pursuant to the Global Offering and upon (i) the exercise of the Over-allotment Option, (ii) the exercise of the options granted under the Pre-IPO Share Option Plans, (iii) the exercise of options which may be granted under the Post-IPO Share Option Scheme, and (iv) awards which may be granted under the Post-IPO Share Award Scheme.

Save as disclosed in this document, no part of our Company’s share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Stock Exchange are expected to commence on Friday, January 15, 2021. The Shares will be traded in board lots of 100 Shares each. The stock code of the Shares will be 2158.

ADMISSION OF THE SHARES INTO CCASS

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

INFORMATION ABOUT THIS DOCUMENT AND THE GLOBAL OFFERING

under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests. All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

REGISTER OF MEMBERS AND STAMP DUTY

Our Company's principal register of members will be maintained by our principal share registrar, Maples Fund Services (Cayman) Limited, in the Cayman Islands and our Company's register of members in Hong Kong will be maintained by the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited. Unless the Directors otherwise agree, all transfer and other documents of title of the Shares must be lodged for registration with and registered by the Hong Kong Share Registrar and may not be lodged in the Cayman Islands.

All Offer Shares will be registered on the register of members of our Company in Hong Kong. Dealings in the Shares registered on our register of members in Hong Kong will be subject to Hong Kong stamp duty. The stamp duty is charged to each of the seller and purchaser at the ad valorem rate of 0.1% of the consideration for, or (if greater) the value of, the Shares transferred. In other words, a total of 0.2% is currently payable on a typical sale and purchase transaction of the Shares. In addition, a fixed duty of HK\$5 is charged on each instrument of transfer (if required).

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposal of, and dealing in the Shares (or exercising rights attached to them). None of us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters, any of their respective directors, officers, employees, partners, agents, advisers, representative or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding or disposal of, dealing in, or the exercise of any rights in relation to, the Shares.

EXCHANGE RATE CONVERSION

Solely for your convenience, this document contains translations of certain figures in HK dollars into US dollars, and vice versa, at specified rates.

Unless we indicate otherwise, the translation of HK dollars into US dollars, and vice versa, in this document was made at the following rate:

RMB0.8967	HK\$1.00
RMB6.9501	US\$ 1.00
HK\$7.7506	US\$ 1.00

No representation is made that any amounts in HK dollars or US dollars can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

LANGUAGE

If there is any inconsistency between this document and the Chinese translation of this document, this document shall prevail. Translated English names of Chinese laws and regulations, governmental

INFORMATION ABOUT THIS DOCUMENT AND THE GLOBAL OFFERING

authorities, departments, entities (including certain members of our Group), institutions, natural persons, facilities, certificates, titles and the like included in this document and for which no official English translation exists are unofficial translations for identification purposes only. In the event of any inconsistency, the Chinese name prevails.

ROUNDING

Unless otherwise stated, all the numerical figures are rounded to one decimal place. Any discrepancies in any table or chart between totals and sums of amounts listed therein are due to rounding.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Address	ID issuing country / territory
Executive Directors		
GONG Yingying (宮盈盈)	Unit 3101, Building No. 2 Guang Hua Xi Li No. 1 Chaoyang District Beijing China	China
YANG Jing (楊晶)	Unit 1603, Gate 1, Building No. 19 Ya Cheng San Li Chaoyang District Beijing China	China
YAN Jun (閻峻)	Unit 1102, Gate 1, Building No. 5 Hua Hu Gou No. 8 Chaoyang District Beijing China	China
ZHANG Shi (張實)	No. 31 Chao Shou Hutong Xi Cheng District Beijing China	China
Non-executive Director		
GAO Yongmei (高永梅)	Unit 608, Level 6, Building No. 2 Xi Guang Plaza Gong Yuan North Road Xin Cheng District Xi'an, Shaanxi China	China
Independent Non- executive Directors		
MA Wei-Ying (馬維英)	2244 77th Ave NE Medina, WA 98039 USA	Taiwan
PAN Rongrong (潘蓉蓉)	Room 902 No. 28, Lane 388 Furongjiang Road Shanghai China	China
ZHANG Linqi (張林琦)	Room 507 Lan Qi Ying, Chengfu Road Haidian district Beijing China	China

See “Directors and Senior Management” for further details.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING**Joint Sponsors**

Goldman Sachs (Asia) L.L.C.
68/F, Cheung Kong Center
2 Queen's Road Central, Central
Hong Kong

China International Capital Corporation Hong Kong Securities Limited
29/F, One International Finance Centre
1 Harbour View Street, Central
Hong Kong

Joint Global Coordinators

Goldman Sachs (Asia) L.L.C.
68/F, Cheung Kong Center
2 Queen's Road Central, Central
Hong Kong

China International Capital Corporation Hong Kong Securities Limited
29/F, One International Finance Centre
1 Harbour View Street, Central
Hong Kong

Citigroup Global Markets Asia Limited
50th Floor, Champion Tower
3 Garden Road, Central
Hong Kong

Joint Bookrunners

Goldman Sachs (Asia) L.L.C.
68/F, Cheung Kong Center
2 Queen's Road Central, Central
Hong Kong

China International Capital Corporation Hong Kong Securities Limited
29/F, One International Finance Centre
1 Harbour View Street, Central
Hong Kong

Citigroup Global Markets Asia Limited
(in relation to the Hong Kong Public Offering only)
50th Floor, Champion Tower
3 Garden Road, Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

	Citigroup Global Markets Limited (in relation to the International Offering only) 33 Canada Square Canary Wharf London E14 5LB United Kingdom
Joint Lead Managers	Goldman Sachs (Asia) L.L.C. 68/F, Cheung Kong Center 2 Queen's Road Central, Central Hong Kong
	China International Capital Corporation Hong Kong Securities Limited 29/F, One International Finance Centre 1 Harbour View Street, Central Hong Kong
	Citigroup Global Markets Asia Limited (in relation to the Hong Kong Public Offering only) 50th Floor, Champion Tower 3 Garden Road, Central Hong Kong
	Citigroup Global Markets Limited (in relation to the International Offering only) 33 Canada Square Canary Wharf London E14 5LB United Kingdom
	China Merchants Securities (HK) Co., Limited 45/F, Champion Tower 3 Garden Road, Central Hong Kong
Legal advisers to our Company	<i>As to Hong Kong and U.S. laws</i> Skadden, Arps, Slate, Meagher & Flom LLP and affiliates 42/F, Edinburgh Tower The Landmark 15 Queen's Road Central Hong Kong
	<i>As to PRC laws</i> Han Kun Law Offices 9/F, Office Tower C1, Oriental Plaza, 1 East Chang An Ave., Dongcheng District, Beijing 100738, PRC

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

	<p><i>As to Cayman Islands laws</i> Maples and Calder (Hong Kong) LLP 26th Floor, Central Plaza 18 Harbour Road Wan Chai Hong Kong</p>
Legal advisers to the Joint Sponsors and the Underwriters	<p><i>As to Hong Kong and U.S. laws</i> Slaughter and May 47th Floor, Jardine House One Connaught Place Central Hong Kong</p>
	<p><i>As to PRC law</i> Haiwen & Partners 20/F, Fortune Financial Center 5 Dong San Huan Central Road Chaoyang District Beijing China</p>
Reporting accountant and independent auditor	<p>PricewaterhouseCoopers Certified Public Accountants Registered Public Interest Entity Auditor 22/F Prince's Building Central Hong Kong</p>
Industry consultant	<p>Ernst & Young Transactions Limited 22/F, CITIC Tower 1 Tim Mei Avenue Central Hong Kong</p>
Receiving bank	<p>Bank of China (Hong Kong) Limited 1 Garden Road, Hong Kong</p>

CORPORATE INFORMATION

Headquarters	8/F Health Work No. 9 Building of Huayuan North Road Haidian District Beijing China
Principal place of business in Hong Kong	14th Floor, Golden Centre 188 Des Voeux Road Central Hong Kong
Registered office in the Cayman Islands	Suite#4-210, Governors Square 23 Lime Tree Bay Avenue PO Box 32311 Grand Cayman KY1-1209 Cayman Islands
Company website	www.yidutechgroup.com <i>(the information contained on this website does not form part of this document)</i>
Joint company secretaries	Ms. Bai Rui 8/F Health Work No. 9 Building of Huayuan North Road Haidian District Beijing China Ms. Li Ching Yi (<i>ACIS, ACS</i>) 14th Floor, Golden Centre 188 Des Voeux Road Central Hong Kong
Authorized representatives	Ms. Yang Jing 8/F Health Work No. 9 Building of Huayuan North Road Haidian District Beijing China Ms. Li Ching Yi 14th Floor, Golden Centre 188 Des Voeux Road Central Hong Kong
Audit committee	Dr. Ma Wei-Ying Ms. Pan Rongrong (<i>Chairperson</i>) Prof. Zhang Linqi

CORPORATE INFORMATION

Remuneration committee	Ms. Gong Yingying Dr. Ma Wei-Ying (<i>Chairperson</i>) Prof. Zhang Linqi
Nomination committee	Ms. Gong Yingying (<i>Chairperson</i>) Dr. Ma Wei-Ying Prof. Zhang Linqi
Principal share registrar and transfer office	Maples Fund Services (Cayman) Limited PO Box 1093, Boundary Hall Cricket Square Grand Cayman KY1-1102 Cayman Islands
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Center 183 Queen's Road East Wanchai Hong Kong
Compliance adviser	Somerley Capital Limited 20th Floor, China Building 29 Queen's Road Central Hong Kong
Principal banks	Citibank, N.A., Hong Kong branch Citi Tower, One Bay East 83 Hoi Bun Road Kwun Tong Kowloon Hong Kong China CITIC Bank, Beijing branch, Beijing Fuhua Mansion sub-branch 1st Floor, Tower E, Fuhua Mansion 8 Chaoyangmen North Street Doncheng District Beijing China Shanghai Pudong Development Bank, Beijing branch, Dong Changan Street sub-branch 1st Floor, Tower B, Minsheng Financial Center 28 Jianguomen Inner Street Dongcheng District Beijing China

CORPORATE INFORMATION

Industrial and Commercial Bank of China, Tianjin branch, Baodi
sub-branch
2 Nanguan Street
Baodi District
Tianjin
China

INDUSTRY OVERVIEW

This section contains certain information, statistics and data which are derived from official government publications and industry sources as well as a commissioned report from Ernst & Young Transactions Limited, an Independent Third Party (the “**EY Report**”). The information from official government publications, industry sources and the EY Report may not be consistent with information available from other sources within or outside the PRC and Hong Kong. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading in any material respect. However, neither we nor any other party involved in the Global Offering have independently verified such information, except EY, and neither we nor any other party involved in the Global Offering are giving any representation as to the accuracy or completeness of such information. As such, investors are cautioned not to place any undue reliance on the information, including statistics and estimates, set forth in this section or similar information included elsewhere in this document. For a discussion of risks relating to our industries, please see the section headed “Risk Factors—Risks relating to our business and industry”.

Introduction

We commissioned EY, a multinational professional services network, to conduct research and analysis on the healthcare informatization, healthcare big data solutions market and other related emerging markets in China, and to produce the EY Report on the healthcare big data solutions market in the PRC at a fee of RMB1,000,000, which we believe reflects market rates for reports of this type. EY is a global leader in assurance, tax, transaction and advisory services. EY works with more than 200,000 clients in 150 countries. The EY Report commissioned has been prepared by EY independent of our influence and that of other interested parties. Unless and except as otherwise specified, the market and industry information and data presented in this Industry Overview section are derived from the EY Report.

Source of Information

EY conducted both primary and secondary research through various resources. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources, such as the World Health Organization, the United Nations and the National Bureau of Statistics of the PRC.

The market projections in the EY Report are based on the following key assumptions: (i) economy and industry development in the PRC is likely to maintain a steady growth in the next decade; (ii) related key industry drivers are likely to support the growth of the healthcare big data solutions market in the PRC, such as the increase of IT services investment from hospitals and government, and the increasing demand from life sciences companies for advanced and data-driven solutions to R&D and commercialization activities; (iii) the latest ongoing development of the outbreak of COVID-19 and its global impact, including expected increases in government expenditures on pandemic monitoring and healthcare infrastructure, R&D investment from pharmaceutical companies and other life sciences companies, personal spending on healthcare-related services and products, as well as expected delays in certain projects in hospital sector and life sciences sector as a result of delays in procurement process, project implementation, clinical trials, patient enrollment and commercialization activities; and (iv) there is not any extreme unforeseen circumstance or industry regulation which may dramatically or fundamentally affect the market. Other sources of information, including government,

INDUSTRY OVERVIEW

industry associations and market participants, have provided some of the information on which the analysis and the data are based. Projected data was obtained from historical data analysis plotted against macroeconomic data with reference to specific industry-related factors. On this basis, our Directors are satisfied that the disclosure of future projections and industry data in this section is not biased or misleading. The following parameters are considered in the market sizing and forecast model in the EY Report: (i) expected GDP value and GDP growth rate from 2020 to 2024; (ii) the total of healthcare IT services investment from hospitals and government; and (iii) the total R&D and commercialization activities expenditure by life sciences companies. Information contained in this section covers the five years ended December 31, 2019 as such information for the period thereafter was not available as at the Latest Practicable Date. All the information about our Company is obtained from the Company's management interview. Information of our Company has not been independently verified by EY. Historical market information contained in this section covers the five years ended December 31, 2019 as such information for the period thereafter was not available as at the Latest Practicable Date. Our Directors confirm that, to the best of their knowledge, after making reasonable investigation, there has been no material adverse change in the market information since December 31, 2019 and up to the Latest Practicable Date, which may qualify, contradict or have an impact in any material respect on the information in this section.

The original source of data for all market information throughout this section is the EY Report. EY conducted both primary and secondary research using a variety of resources. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources, such as the National Bureau of Statistics of PRC, National Health Commission of the PRC, World Health Organization and industry associations, etc. In addition, the government, industry associations, and market participants may have provided some of other information used in the analysis. Relying on all these primary and secondary research, EY estimated the projected total market size and derived other market information from historical data analysis plotted against macroeconomic data as well as specific related industry drivers. Healthcare big data solutions market is an emerging sector in China, it has come to EY's knowledge that currently there are no publicly available data sources related to this sector, or universally accepted data sources recognized by the industry participants that are published by any authoritative organizations related to this sector.

Market Opportunities and Drivers for China's Healthcare Big Data Solutions Market

China is the second largest healthcare market in the world in terms of national healthcare expenditure for the year ended December 31, 2019 at US\$931.4 billion, growing at a CAGR of 11.2% from 2016, according to the EY Report.

During the past decade, China has invested heavily in the informatization of the healthcare system and a massive amount of data have been generated and accumulated. However, most of these data reside in hundreds of discrete legacy applications across different stakeholders and are in non-computable formats such as free-form texts. As such, the value of the data can only be realized through advanced technologies such as artificial intelligence and big data, which requires the adoption of (i) integrated technology infrastructure to effectively connect, standardize and analyze the data and (ii) healthcare big data applications. The following challenges are expected to drive the development of the healthcare big data solutions market in China:

- *Increasing pressure for public hospitals to transform.* Public hospitals in China are facing great pressure due to the changing regulatory environment. For example, the NHC released

INDUSTRY OVERVIEW

“Notice on Issuance of Evaluation and Criteria for the Application Level of Electronic Medical Record System (Trial Implementation)” (《關於印發電子病歷系統應用水平分級評價管理辦法（試行）及評價標準（試行）的通知》) in 2018, and “National Healthcare Information and Regional Hospital Information Interconnectivity Standardization and Maturity Evaluation Program” (《國家醫療健康信息區域衛生信息互聯互通標準化成熟度測評方案》) in 2017. Please see “Regulations—Regulations on Health Big Data” for more details. There is a huge potential for hospitals to use the massive amount of electronic medical records (EMR) data accumulated in the past decade to improve clinical research efficiency, lower labor costs while improving the quality of disease diagnosis and treatment, and introduce digital healthcare management solutions or tools to better manage their patients. However, hospitals need to adopt the necessary technologies, capabilities and resources to fully realize these potentials.

- *Urgency for R&D efficiency improvement and commercial transformation in the life sciences industry.* Life sciences companies in China are facing several critical threats, specifically: (i) declining profits and intensifying competition, (ii) increasing R&D costs and drug development time, and (iii) urgent need to transform existing commercialization model due to more stringent regulations from the National Health Commission (NHC), National Healthcare Security Administration (NHSA) and other regulators. In particular, the NHC issued “Notice on Implementing Drug Use Monitoring and Comprehensive Clinical Evaluation” (《開展藥品使用監測和臨床綜合評價工作的通知》) in 2019, which aims to establish a stringent regulatory environment regarding drug use monitoring, clinical evaluation of drugs, and regulatory support and supervision. Please see “Regulations—Regulations on Drugs Research Services” for more details. The NHSA also released “Guidance of Price Control on Drugs” (《關於做好當前藥品價格管理工作的意見》) in 2019, aiming to guide healthcare security administration across the country and further improve regulatory supervision on drug prices through monitoring and forewarning, enquiry on drugs, cost investigation, credit evaluation and information disclosure. One of the most effective approaches for life sciences companies to address these challenges is using comprehensive healthcare data, or real-world data (RWD), to generate insights and formulate innovative strategies. However, this has been difficult due to the lack of qualified partners and established channels for life sciences companies.
- *Huge healthcare resource gap to meet emerging demands for high quality holistic health management.* The healthcare demand in China is shifting from simple “sick-care” towards more holistic healthcare management, calling for more high-quality healthcare resources. However, existing healthcare resources fail to address these growing demands. The government is currently actively promoting the use of big data and AI technologies and the “Internet+” model to enhance the supply of healthcare services.
- *Misalignment of incentive structure.* The healthcare system in China is still predominantly based on a fee-for-service model, while drug sales, laboratory testing and financial subsidies still contribute to the majority of the revenues for hospitals. This results in significant misalignment of interests as healthcare suppliers are not incentivized to provide effective treatment services to the patients. However, the healthcare system requires good quality evidence generated from RWD in order to move to a value-based model, where services and transactions are driven by evidence and valued by outcome.

INDUSTRY OVERVIEW

Healthcare big data solutions can help to overcome the above challenges and create significant value for major stakeholders in the healthcare value chain by enabling effective policy-making and precise healthcare regulations, efficient clinical research and effective hospital management, improved life sciences R&D and commercialization effectiveness, and intelligent personal health management.

Macro Policy Trends Towards Healthcare Big Data Application

Recognizing the critical challenges mentioned above and the strategic value of healthcare big data, the Chinese government has issued several overarching policies to promote and strengthen the application of big data in the healthcare industry. At the highest level, the State Council of the People's Republic of China (PRC) has released "Healthy China 2030," a blueprint and national strategy aimed to provide affordable, accessible and comprehensive healthcare to all citizens. It emphasizes the importance of big data application in smart governance, healthcare technology innovation and clinical research, among others. In addition, policies such as the "Five-year Development Plan for the National Clinical Research Center (NCRC)" and "Guiding Opinions on Promoting and Regulating the Application and Development of Healthcare Big Data" have been issued to provide clear guidance and roadmap for industry participants. These policies clearly encourage the development of the healthcare big data industry and strategically highlight the key areas for national investment and support. The NCRC initiative was co-sponsored and coordinated by the Ministry of Science and Technology, NHC, the Logistics Support Department of the Central Military Commission and NMPA, and local governments have been encouraged to establish provincial clinical research centers to improve regional medical research capability. Specifically, according to the NCRC initiative released in 2017, it is estimated that more than RMB10 billion will be invested in approximately 50 NCRCs and Regional Clinical Research Centers by the end of 2021, creating considerable commercial opportunities for healthcare big data solutions providers. Healthcare big data solution providers, like us, are expected to provide big data solutions services for these NCRCs in terms of their data interconnectivity and data analytics capabilities. Released by the General Office of the State Council in 2016, "Guiding Opinions on Promoting and Regulating the Application and Development of Healthcare Big Data" (《關於促進和規範健康醫療大數據應用發展的指導意見》) aims to enable healthcare data exchange and application across different healthcare institutions and government departments, and to establish nationwide IT infrastructure for healthcare data by 2020 to encourage the further development of the healthcare big data industry.

Besides these overarching policies, favorable policies aimed at driving the application of healthcare big data in specific areas have also been issued. The notable ones include (i) "Guiding Opinions on Promoting and Regulating the Application and Development of Healthcare Big Data" released by the General Office of the State Council in 2016, (ii) "The 13th Five-Year Plan of Sanitary and Health" (《「十三五」衛生與健康規劃》) released by the State Council in 2016, (iii) "Issuing the Development Plan on the New Generation of Artificial Intelligence" (《新一代人工智能發展規劃》) released by the State Council in 2017, (iv) "The 13th Five-Year National Population Health Informatization Development Plan" (《「十三五」全國人口健康信息化發展規劃》) released by the National Health Commission in 2017, (v) "Administrative Measures on Standards, Security and Services of National Healthcare Big Data (for Trial Implementation)" (《國家健康醫療大數據標準、安全和服務管理辦法(試行)》) released by the National Health Commission in 2018, (vi) "Opinions on Promoting the Development of 'Internet + Health Care'" (《關於促進「互聯網+醫療健康」發展的意見》) released by the General Office of the State Council in 2018, and (vii) "Opinions on Improving the Systems and Mechanisms for Market-based Allocation of Factors of Production" (《關於構建更加完善的要素市場化配置體制機制的意見》) released by Central Committee of the Chinese Communist Party and the State

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Council in 2020. Please see “Regulations—Regulations on Information Security and Data Privacy” and “Regulations—Regulations on Health Big Data” for more details. These favorable policies propose to:

- *accelerate the “New Infrastructure Construction” (新基建) investment in healthcare.* China has announced ambitious investment plan to enhance the development and application of 5G, connected big data network, artificial intelligence, and the internet-of-things (IoT). Through these investments in the healthcare industry, China will lay down a solid foundation to strengthen the development of healthcare big data in the coming decades, benefitting the overall healthcare system.
- *enable effective application of healthcare big data for value creation.* A series of policies have been issued to guide hospitals and regional regulators to enhance data connectivity and develop advanced data processing technologies to maximize the value of healthcare data. Once the healthcare data are integrated and ready for analysis, regulators and healthcare providers can leverage the value of data to achieve smart and precise governance, enhance clinical research productivity and improve the quality and efficiency of disease management.
- *encourage life sciences industry for disruptive innovation in both R&D and commercialization.* The National Medical Products Administration (NMPA) has issued an official guidance to encourage life sciences companies to use real-world evidence to accelerate the development of pharmaceutical products and medical devices, which could significantly lower the R&D costs. Meanwhile, policies from the NHC and NHSA are disrupting the traditional commercial model of the industry and forcing life sciences companies to adopt new digital and evidence-based models in the coming decade. For example, the NHC released “Administrative Measures on Standards, Security and Services of National Healthcare Big Data (for Trial Implementation)” (《國家健康醫療大數據標準、安全性和服務管理辦法（試行）》) in 2018, which encourages related stakeholders across the healthcare industry to promote the accessibility of healthcare big data and prevent the leak of confidential information in public sectors. The NHSA also released “Guidance on Healthcare Security Standardization” (《醫療保障標準化工作指導意見》) in 2019, aiming to establish a set of strict, systematic and big-data-driven measurements and evaluation mechanisms across four key medical insurance areas, namely diagnosis and surgery operation, medicine, healthcare services and medical consumables. Big data and AI technologies will play an increasingly important role in these new models.
- *incentivize various industry players to build a new digital healthcare ecosystem.* To significantly enhance the supply of quality healthcare services to meet the fast-growing patients’ needs in China, favorable policies have been issued to encourage various players in the healthcare ecosystem. Such initiatives include supporting hospitals to participate in the internet hospital business, encouraging insurance companies to develop innovative products, and encouraging life sciences companies to develop and promote digital solutions for disease intervention and health management.
- *promote value-based evaluation models.* With the establishment of the NHSA in 2018, China launched 30 pilot diagnosis-related groups (DRGs) in 30 cities in 2019 and plans to roll out DRGs nationwide in the coming years. This is an important step towards a value-based model where services and transactions are driven by evidence and valued by outcome. The adoption of value-based healthcare requires the availability of high-quality evidence generated from RWD and a data infrastructure for regulators and policy makers to effectively evaluate and healthcare suppliers to effectively optimize their operations and decision-making mechanisms.

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Tipping Point for Healthcare Big Data Solutions in China

After more than 10 years of continuous investment into informatization in the hospital and public health sectors, China is now at the tipping point of applying healthcare big data in a massive scale to improve the healthcare system in a profound way. The favorable policies mentioned above have created a fertile environment for diversified healthcare big data solutions that address critical issues for all major stakeholders including hospitals, regulators, life sciences companies and individuals.

- *Hospitals.* Healthcare big data solutions for hospitals mainly consist of (i) data integration and processing platforms, (ii) clinical data repositories, (iii) disease registries and knowledge base, (iv) smart disease intervention solutions, such as the clinical decision support system (CDSS), and (v) other solutions for smart hospital management and patient follow-up management. Through these solutions, hospitals can significantly enhance clinical research productivity and improve the quality and efficiency of their services to their patients.
- *Regulators and policy makers.* Healthcare big data solutions for regulators and policymakers mainly consist of (i) data integration and connection at various administrative levels, (ii) value-based healthcare expenditure analysis and control, (iii) drug distribution and rational use monitoring, and (iv) public health and epidemic monitoring. These solutions enable regulators and policy makers to gain valuable first-hand insights and knowledge derived from large scale healthcare data in an unprecedentedly timely and accurate manner and eventually help them make more informed decisions and launch more precise initiatives for public health management.
- *Life sciences companies.* Life sciences companies mainly benefit from healthcare big data solutions in three major areas: (i) data-driven and digital CRO solutions which accelerate the drug development process and lower costs through a real-world insight-based R&D strategy, innovative clinical trial design and more streamlined clinical trial management, (ii) advanced real-world evidence (RWE) solutions which analyze massive amount of RWD from various sources to generate insights and knowledge and high quality evidence for both scientific and commercial purposes, and (iii) digital commercialization solutions which apply new technologies such as CDSS to better serve clinicians and risk prediction and alert tools for patients to drive improved healthcare outcomes with reduced cost and improved efficiency.
- *Individuals.* For individuals, healthcare big data solutions have more comprehensive use scenarios including personal health profiling, personalized health education and management program, smart disease intervention tools, innovative insurance product design, virtual doctor, and remote healthcare. Various players are currently deploying combinations of such solutions to better meet China's fast-growing demands for more holistic personal health management.

Market Analysis for Informatization Investment and Relevant Application in China's Healthcare System

In the following sections, we will present market analysis for the general informatization investment, which refers to expenditure on IT and other related information and data services, including hardware, software and big data solutions, in China's healthcare industry and China's healthcare big data solutions market. The penetration of healthcare big data solutions in China's healthcare industry will be driven by continuously expanding data connectivity, data application technology improvements and the increasing awareness of and adoption by different stakeholders.

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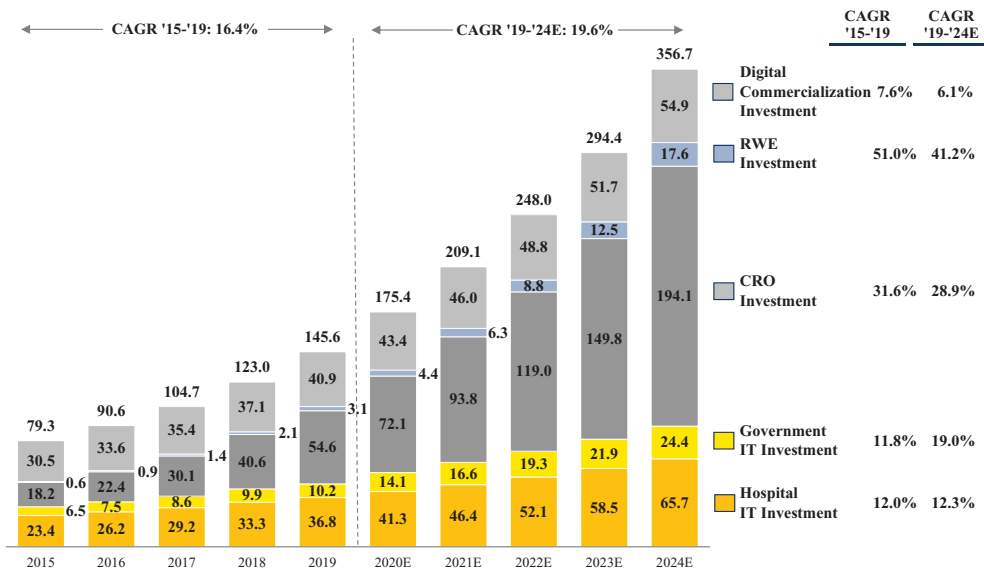
According to the EY Report, the total amount of informatization investment in China's healthcare industry was RMB145.6 billion in 2019 and is expected to grow to RMB356.7 billion in 2024 at a CAGR of 19.6%. The followings are five major areas for current healthcare informatization investment:

- *Hospitals' IT investment* features informatization investment to digitalize hospital operations, clinical practice, academic research, and patient services. The market size of China's healthcare IT services in hospitals, as measured by investment, was RMB36.8 billion in 2019 and is expected to grow to RMB65.7 billion in 2024 at a CAGR of 12.3%.
- *Regulators' and policy makers' IT investment* includes investment from regulators and policy makers at national, provincial, and local municipal levels in the construction and development of systems and platforms for data connectivity and public health monitoring. The market size of China's healthcare IT services in the government sector, as measured by investment, reached RMB10.2 billion in 2019 and is expected to grow to RMB24.4 billion by 2024 at a CAGR of 19.0%.
- *Life sciences companies' CRO investment* refers to the overall informatization investment in outsourced research and drug development services from pharmaceutical, biotech, and medical device companies and is one of the major area for the application of informatization in the life sciences sector. In 2019, the market size of China's CRO market, as measured by investment in informatization, reached RMB54.6 billion and is expected to grow to RMB194.1 billion by 2024 at a CAGR of 28.9%.
- *Life sciences companies' RWE investment* refers to informatization investment from pharmaceutical, biotech, and medical device companies to analyze massive amount of RWD and generate insights and knowledge for evidence-based commercial activities. The market size of China's RWE market, as measured by investment in informatization, was RMB3.1 billion in 2019 and is expected to grow to RMB17.6 billion by 2024 at a CAGR of 41.2%.
- *Life sciences companies' digital commercialization investment* refers to the informatization investment for digital commercial activities, such as building digitalized academic promotion platforms, developing the CDSS to support clinicians, and smart personal health platforms to help patients better manage their health both in and outside of hospital. In 2019, the market size of China's digital commercialization activities market for life sciences companies, as measured by investment in informatization, reached approximately RMB40.9 billion and is expected to grow to RMB54.9 billion by 2024 at a CAGR of 6.1%.

Given the similarities in the market participants in CRO, RWE and digital commercialization, these three sectors are grouped together as the life sciences sector.

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Exhibit 1—Total amount of informatization investment in China’s healthcare industry, measured by investment, 2015-2024E, RMB billion



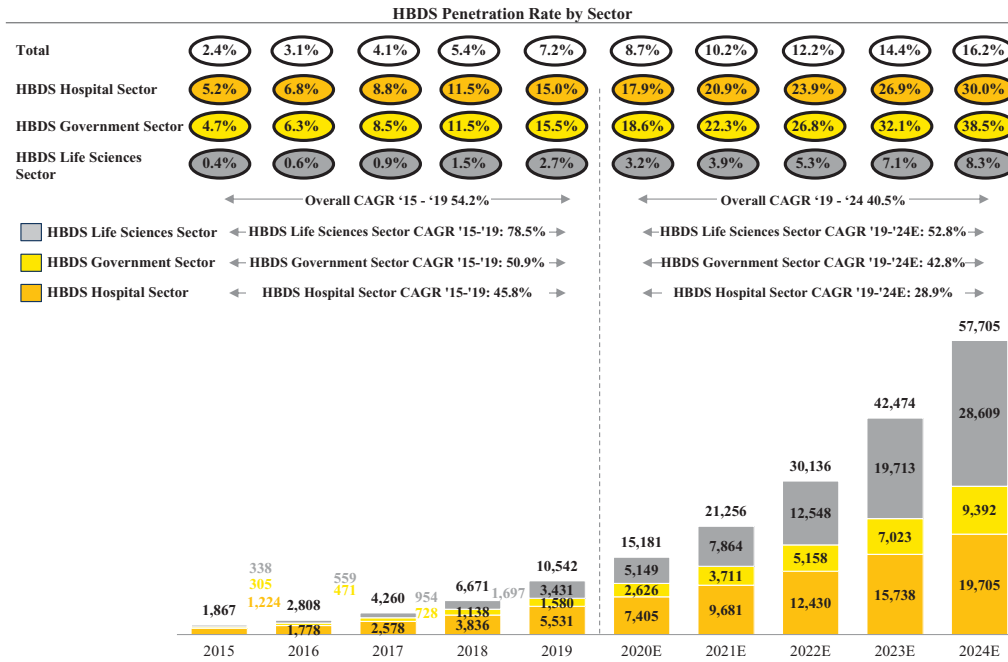
Source: the EY Report, National Bureau of Statistics of People’s Republic of China, National Health Commission of the PRC

Market Analysis for Healthcare Big Data Solutions Market in China

Healthcare big data solutions market refers to the market where service providers offer big-data-driven solutions combined with advanced technology applications and medical insights to fulfill the demand for informatization, digitalization and intelligent integration of different sectors in healthcare industry, including hospitals, regulators and policy makers, life sciences companies and individuals. As a part of the overall informatization investment in the China’s healthcare industry, the size of the healthcare big data solutions market in China, measured by sales of healthcare big data solution service providers, was RMB10.5 billion in 2019 and is expected to grow to RMB57.7 billion in 2024 at a CAGR of 40.5%. The overall healthcare big data solutions penetration rate, which refers to the amount of sales revenue of healthcare big data solutions as a percentage of the total amount of healthcare informatization investment in China is expected to increase from 7.2% in 2019 to 16.2% in 2024. The healthcare big data solutions market can be subdivided into hospital, regulator and policy maker, and life sciences sectors.

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Exhibit 2—China’s healthcare big data solutions market size, by sectors, as measured by sales revenue, 2015-2024E, RMB million



Source: the EY Report

Hospital Sector of China’s Healthcare Big Data Solutions Market

Most hospitals in China have adopted some basic technology infrastructure for data collection, storage and preliminary processing during the past decade. However, more advanced data analytics and applications have not been widely adopted. The adoption of data analytics-driven solutions to optimize operation is also at a nascent stage.

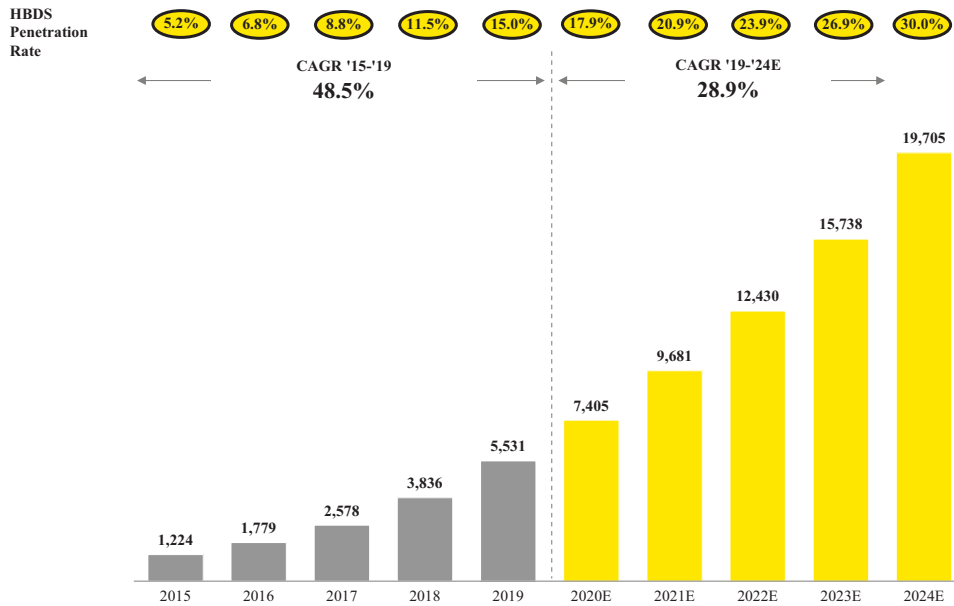
The value chain for hospitals to use healthcare big data solutions includes data extraction and integration from hundreds of legacy information systems and construction and development of data centers and processing platforms for data analytics and applications, which together serve as the foundation for further development of big data solutions for hospitals. The investment from hospital sector for healthcare big data solutions consists of the following key components: (i) clinical data repository and analytics platform, (ii) CDSS, (iii) disease registry and knowledge graph, and (iv) data analytics-driven management system.

According to the EY Report, among all sectors, the hospital sector was the first to construct technology infrastructure to store massive amount of data, promote data connectivity and interoperability and adopt advanced applications. The hospital sector in China’s healthcare big data solutions market increased from approximately RMB1,224 million in 2015 to approximately RMB5,531 million in 2019, representing a CAGR of 45.8%. Going forward, driven by hospital management and clinical demand, favorable policies, and healthcare reform requirements, the market is expected to grow rapidly. By 2024, the market size is expected to reach RMB19,705 million, with a CAGR of 28.9% from 2019 to 2024. The penetration rate of healthcare big data solutions in the hospital sector was 5.2% in 2015 and 15.0% in 2019, and the rate is expected to reach 30.0% in 2024. The following chart

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presents the growth of the hospital sector in China's healthcare big data solutions market for the periods presented:

Exhibit 3—Market size of hospital sector in China's healthcare big data solutions market, as measured by sales revenue, 2015-2024E, RMB million



Source: the EY Report, National Bureau of Statistics of People's Republic of China, National Health Commission of the PRC

The growth drivers for healthcare big data solutions market in the hospital sector can be summarized as below:

- Ambitious development plan being set for advanced data applications in hospital sector.* In 2018, the government upgraded the requirement for hospitals in terms of big data application by announcing new evaluation matrix for Grade 3A hospitals in China, explicitly emphasizing hospitals' data connectivity and capabilities to fully realize the value of their data. Currently, the nationwide average EMR rating is Grade 2, representing the ability to exchange data within a department. EMR refers to electronic medical records, which allow hospitals to store, retrieve and modify healthcare records using digital media instead of paper-based recording systems. The government requires all Grade 3A hospitals' EMR rating to reach Grade 4 by the end of 2020, which represents the ability to exchange data across all departments. In addition, the government also requires all Grade 3A hospitals to achieve, by 2020, Grade 4 on data connectivity, which represents the ability to exchange data in each aspect of diagnosis and treatment. In order to achieve a EMR rating of Grade 4, hospitals are required to establish an independent clinical information database based on data integration platform and improve the ability to evaluate the healthcare service quality and medical information retrieval. Healthcare big data solution providers like us are expected to help hospital customers meet the enhanced requirements relating to big data application by implementing healthcare big data platforms with data processing and data analytics capabilities.
- Emerging demand for hospitals' research capabilities and evidence-based treatment.* With the national roll-out of diagnosis-related groups (DRGs) and other initiatives, patient

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treatment is changing from the previous experience-based to evidence-based approach, which requires more advanced data processing and analytics. Meanwhile, the tiered healthcare system in China designates Grade 3A hospitals as the benchmark for academic research and medical treatment for severe cases in China. This requires Grade 3A hospitals to further improve their research and treatment capabilities.

- *Requirement to connect with regulators and policy makers to support healthcare reform.* The “Tripartite Sector Reform (三醫聯動)” is a healthcare reform initiative released by State Council in 2015, which requires seamless data connectivity among healthcare services providers, social medical insurance and pharmaceuticals to achieve a more synchronized healthcare reform. Therefore, investment from government will further flow into the hospital sector to support them to continuously upgrade their systems and enhance data connectivity with various regulators’ platforms.

Regulator and Policy Maker Sector of China’s Healthcare Big Data Solutions Market

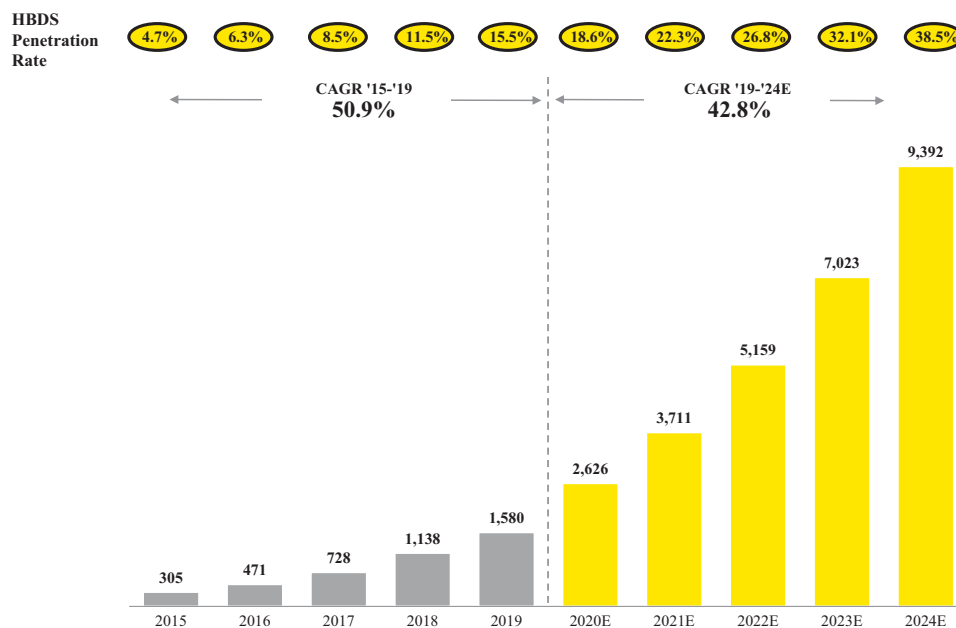
Most regulators and policy makers are only able to store and process basic medical records, and lack the capabilities to integrate, cleanse, manage and analyze sophisticated data, which are the basis for developing intelligent applications and solutions for valuable use cases such as public health monitoring and epidemic prevention.

The regulator and policy maker sector value chain consists of (i) data processing and analytics infrastructure, (ii) data analysis to derive insights and knowledge, and (iii) outsourced operation services for different regulators and policy makers. Currently in China, the regulator and policy maker sector’s key components mainly include regional healthcare big data system, digital governance services, medical insurance big data system, and public health management services.

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According to the EY Report, going forward, driven by the rising demand for social medical insurance cost control, top-down initiatives from regulators and policy makers to enhance healthcare data connectivity and interoperability, increasing investment from “New Infrastructure Construction” projects and the accelerating development of public health monitoring and epidemic prevention platforms, the market size of the regulator and policy maker sector is expected to grow from RMB1.6 billion in 2019 to RMB9.4 billion by 2024, with a CAGR of 42.8%. The penetration rate of healthcare big data solutions in the regulator and policy maker sector is expected to reach 38.5% by 2024, according to the EY Report. The following chart presents the growth of the regulator and policy maker sector in China’s healthcare big data solutions market for the periods presented:

Exhibit 4—Market size of the regulator and policy maker sector in China’s healthcare big data solutions market, as measured by sales revenue, 2015-2024E, RMB million



Source: the EY Report, National Bureau of Statistics of People’s Republic of China, National Health Commission of the PRC

Support and initiatives from regulators and policy makers for technological upgrade of healthcare mechanisms are fundamental drivers of this sector, including:

- *National strategies to enhance big data application in China.* General Office of the State Council published “Guidelines on Promoting and Regulating the Application and Development of Healthcare Big Data” in 2016, serving as a top-down initiative to enhance big data application. During the COVID-19 crisis, China also announced to invest approximately RMB300 billion in the healthcare industry following the “New Infrastructure Construction” strategies in the next five years, out of which approximately RMB20 billion is related to big-data-driven solutions. It is expected that the critical infrastructure for big data application will be significantly improved in next five years.
- *Increasing supervision of the healthcare supply chain.* China has put significant efforts into healthcare reform to reduce healthcare costs and reallocate healthcare resources. With the establishment of the NHSA in 2018, China launched 30 pilot DRGs in 30 cities in 2019 and plans to roll out DRGs nationwide in the future. NMPA also released “Scientific Drug

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Regulation Action Plan” in 2019 to establish smart and precise governance mechanisms and enhance governance capabilities with advanced technologies and tools, thereby upgrading the supervision on drug supply chain.

- *Requirement for stronger epidemic response.* During the COVID-19 pandemic, Chinese government has initiated several initiatives such as to roll out a nationwide epidemiology reporting system and encourage the deployment of regional infectious disease monitoring platforms and dynamic epidemic response systems to detect, prevent and better management future epidemics. All these government initiatives will create huge market opportunities for healthcare big data solutions in the future.

Life Sciences Sector of China’s Healthcare Big Data Solutions Market

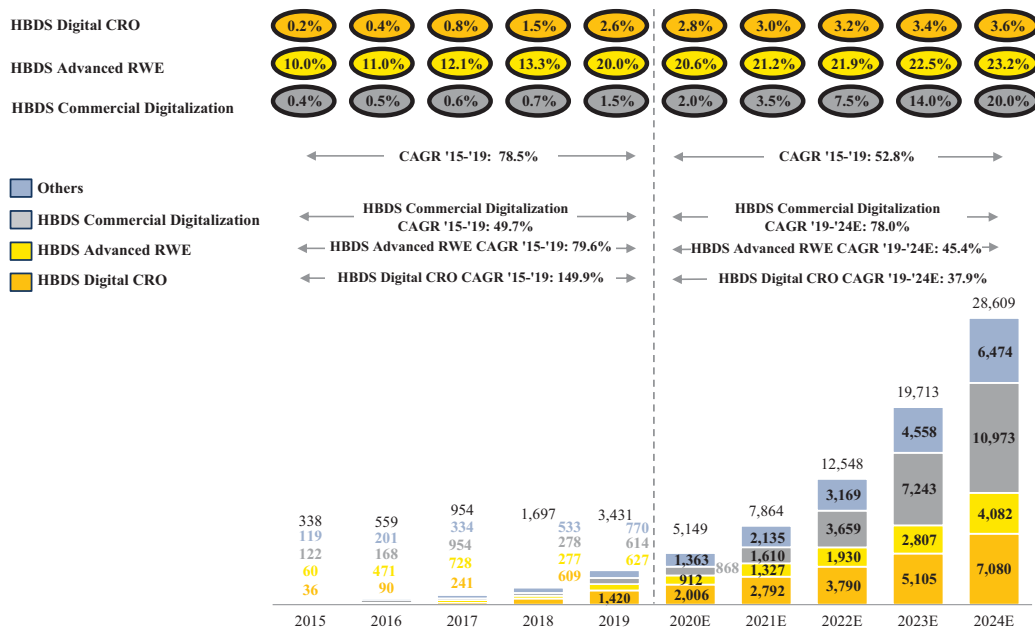
Life sciences companies in China are facing the need to improve R&D efficiency and the productivity of commercial activities. They yearn for significant progress in R&D efficiency improvement, increasing compliance on commercialization and ultimately complete digital transformation. However, they find it extremely hard in China to access and analyze massive healthcare data covering the full life-cycle of their products due to existing policy hurdles and lack of qualified partners.

The application of big data solutions in life sciences sector aims to improve R&D efficiency, enhance evidence-based evaluation of drug usage, develop personalized patient-centric solutions, and promote the digital transformation for life sciences companies. The key components in the life sciences sector include digital CRO, advanced RWD/RWE solutions and data analytics-driven digital commercialization.

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The life sciences sector experienced a boom from 2015 to 2019 and is expected to maintain its rapid growth, while the development of digital CRO and advanced RWD/RWE solutions is also expanding steadily. It is expected that data analytics-driven digital commercialization of life sciences companies will accelerate in line with the data platforms established by hospitals, regulators and policy makers. Meanwhile, driven by favorable policies, demand for efficient R&D and commercialization, and development of innovative technologies, the life sciences sector is expected to grow rapidly and reach RMB28.6 billion in 2024 with a CAGR of 52.8% from 2019 to 2024, according to the EY Report. The following chart presents the growth of the life sciences sector in China’s healthcare big data solutions market for the periods presented:

Exhibit 5—Market size of the life sciences sector in China’s healthcare big data solutions market, breakdown by application, as measured by sales revenue, 2015-2019, RMB million



Source: the EY Report

In the future, the application of healthcare big data solutions in life sciences sector is expected to increase, mainly driven by the growing demand for R&D efficiency improvement, evidence-based commercialization, and digital transformation:

- *Growing demand for R&D efficiency improvement.* With increasing pricing pressure caused by fierce competition, implementation of volume-based procurement and social medical insurance negotiation, life sciences companies are forced to improve R&D efficiency and reduce R&D cost to launch more innovative drugs.
- *Increasing requirements for evidence-based commercialization.* Along with the implementation of DRGs and rational drug use by the NHC, life sciences companies are facing more stringent requirement for evidence-based promotion. Meanwhile, NHSA is also calling for more evidence to be provided by life sciences companies during the National Reimbursement Drug List (NRDL) negotiation. In addition, NMPA released “Instructions for Real-world Evidence Supporting Drug Research and Development” in January 2020 to encourage life sciences companies to allocate more resources to real-world studies. This

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changing regulatory environment will incentivize life sciences companies to significantly increase their investment into healthcare big data solutions in the next decade.

- *Emerging requirement for innovative business models.* To improve business operation efficiency and to meet the surging needs for patient-centric health management, life sciences companies have increased investment in data analytics-driven digital commercialization. Leveraging innovative technologies such as big data and AI, life sciences companies are able to create more digitalized business models covering the full product life-cycle and provide holistic personal health management solutions for better outcome.

Competition Landscape of China's Healthcare Big Data Solutions Market

The entry barriers to China's healthcare big data solutions market are high, with the following prerequisites for success:

- *Proven track record.* A history of representative cases endorsed by hospitals, regulators and policy makers, as well as life sciences companies, help healthcare big data solutions providers establish brand recognition and build trust with new customers to expand their business. A well-established reputation with experience in the healthcare big data solutions market provides the foundation for sustainable business operation and enables the continuous data accumulation necessary for future development. In addition, a proven track record allows service providers to maintain customer stickiness and further increase their bargaining power, improving the business sustainability.
- *Advanced technology.* The capabilities to efficiently process massive raw healthcare data with in-depth medical knowledge are critical to develop practical and useful applications and solutions for customers. Accordingly, expertise in data processing, AI and other advanced technologies is essential for new entrants to the healthcare big data solutions market as a vital asset to compete with existing players effectively.
- *Talents.* Healthcare big data solutions market is a talent-intensive business and a well-positioned and cross-functional team serves as a core prerequisite to enter the market. The ability to attract, retain and motivate highly-skilled talents with expertise in technology, business development and operations is necessary for the development and provision of high-quality products and services. Meanwhile, experts with abundant medical knowledge and expertise are better positioned to provide solutions that can effectively address the medical institutions' needs.

There are five types of service providers in China's healthcare big data solutions market, namely (1) traditional healthcare IT service companies, (2) general technology companies, which typically engage in smart city projects with modules of healthcare big data solutions with focus on the hospital and government sectors, (3) traditional CROs, (4) healthcare consulting firms and (5) emerging healthcare big data solutions specialists. Traditional healthcare IT service companies primarily focus on the hospital and regulator and policy maker sectors with very limited coverage of the life sciences sector, and their key capabilities are more related to traditional hardware and software products and services. General technology companies typically engage in smart city projects with healthcare big data solutions modules and focus on the hospital and regulator and policy maker sectors, with capabilities related to internet infrastructure and other industries. Traditional CROs focus on the life sciences sector to provide life sciences companies with digital CRO and advanced RWD/RWE solutions based on their medical knowledge and life-science-related expertise. Healthcare consulting firms focus on the life sciences

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sector and primarily provide digitalized commercialization solutions based on their subject expertise and experience. Emerging healthcare big data solutions specialists, however, are dedicated to the healthcare big data solutions market, with professional expertise to provide cutting-edge big data technologies and tailored services to clients covering all three sectors. Emerging healthcare big data solutions specialists can integrate data science, commercial consulting, and RWE to generate practical and actionable data-driven solutions for multiple scenarios including clinical development, public health monitoring and medical sciences research. The number of major players for these five types of service providers in China's healthcare big data solutions market is approximately 100, 20, 20, 10 and 30, respectively. In 2019, these five types of service providers generated approximately RMB5.6 billion, RMB0.7 billion, RMB1.7 billion, RMB0.4 billion and RMB2.1 billion of revenue, respectively. In terms of revenue contribution, traditional healthcare IT service companies and emerging healthcare big data solutions specialists are the major forces in the market, accounting for more than 50% and 20% market share in 2019, respectively.

Revenues of the top 10 healthcare big data solutions providers in China together accounted for approximately 32.3% market share in 2019. In terms of revenue, we ranked No. 1 among all healthcare big data solutions providers in 2019 with a market share of 5.0%, according to the EY Report. We have a healthcare database of 300 million patients. In EY's view, it is an industry norm for healthcare big data solution companies in PRC to have their own proprietary databases. Emerging players typically have more than ten million healthcare records in their databases and traditional players typically have more than a hundred million healthcare records. The following table presents the ranking of healthcare big data solutions providers in China's healthcare big data solutions market, as measured by revenue:

Exhibit 6—Ranking of healthcare big data solutions providers, by revenue, China, 2019

Ranking	Company	Listing Status	Revenue ¹ (RMB million)	Market Share (%)
1	Yidu Cloud	No	529 ²	5.0%
2	Company A	Yes	480	4.6%
3	Company B	Yes	400	3.8%
4	Company C	Yes	380	3.6%
5	Company D	No	300	2.8%
6	Company E	Yes	280	2.7%
7	Company F	No	270	2.6%
8	Company G	Yes	265	2.5%
9	Company H	No	250	2.4%
10	Company I	No	250	2.4%

Source: the EY Report

Notes:

1. Revenue includes healthcare big data services and solutions revenues from hospitals, regulators and policy makers, life sciences companies and insurance companies.
2. Management unaudited number.

Yidu Cloud is an emerging healthcare big data solutions specialist, founded in 2014 with headquarters located in Beijing and providing healthcare solutions built on big data and AI technologies to hospitals, regulators and policy makers, life sciences companies and individuals. Company A is a traditional healthcare IT service company, founded in 1991 and offering comprehensive medical IT solutions including HIS, LIS, EMR, PACS and remote diagnosis. Company B is a traditional healthcare IT service company, founded in 1994, and focusing on providing digital solutions and services. Company C is a traditional healthcare IT service company, founded in 1995 in Shanghai, with its regional health platform covers more than 80% of provinces in China. Company D is a traditional healthcare IT

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service company, founded in 2005 and offering comprehensive medical IT solutions in more than 30 cities in China. Company E is a traditional healthcare IT service company, founded in 1997, with a marketing network covers more than 30 provinces. Company F is a traditional healthcare IT service company, founded in 2012 and providing services to hospitals, medical groups, insurance companies, and government sectors. Company G is a traditional healthcare IT service company, founded in 2003 and focusing on providing comprehensive medical IT solutions and services. Company H is a traditional healthcare IT service company, founded in 2014, and focusing on smart hospital and smart regional healthcare. Company I is a traditional CRO, founded in 2013 and providing comprehensive software product suite and technology-based service system. These companies are selected primarily due to their business scope, which is related to healthcare and big-data-driven solutions similar to ours. They are comparable to us in terms of products and services offerings, business models and target customers.

Among all healthcare big data solutions providers, emerging healthcare big data solutions specialists together generated approximately RMB2.1 billion revenue in 2019, accounting for 20.1% of the total revenue of the healthcare big data solutions market in China. We were founded in 2014 with a focus on healthcare big data solution services, and we are categorized as an emerging healthcare big data solutions specialist due to our company history and business focus. Emerging healthcare big data solutions specialists, compared to other types of service providers, are capable of adapting to shifting changes in demands in China’s healthcare big data solutions market utilizing their advanced technologies, including cloud-based architecture, artificial intelligence and machine learning, and flexible business models with the ability to provide tailored services to customers. In terms of revenue, we ranked No. 1 among all emerging healthcare big data solutions specialists in China, with a market share of 24.9%. The following table presents the ranking of emerging healthcare big data solutions specialists in China’s healthcare big data solutions market, as measured by revenue:

Exhibit 7—Ranking of emerging healthcare big data solutions specialists, by revenue, China, 2019

<u>Ranking</u>	<u>Company¹</u>	<u>Listing Status</u>	<u>Revenue² (RMB million)</u>	<u>Market Share (%)</u>
1	Yidu Cloud	No	529	24.9%
2	Company J	No	150	7.1%
3	Company K	No	100	4.7%
4	Company L	No	80	3.8%
5	Company M	No	70	3.3%
Sub Total			929	43.7%
Total			2,124	100.0%

Source: the EY Report

Notes:

1. Company J is founded in 2014 and focusing on cancer big data platform and Direct-To-Patient pharmacy. Company K is founded in 2016 and focusing on healthcare big data solutions and medical cloud service. Company L is founded in 2014 and focusing on medical IT solutions and cancer big data platform. Company M is founded in 2016 and focusing on healthcare big data solutions and RWE solutions. These companies are selected because they engage in the healthcare big data solution business and offer products and services similar to ours.
2. Revenue primarily includes healthcare big data solutions services and solutions revenues from hospitals, regulators and policy makers, life sciences companies and insurance companies.

Large population coverage, completeness of data and diversified data sources are essential to leading healthcare big data solutions providers and differentiate the leaders from other market players. Cutting-edge technologies such as AI allow healthcare big data solutions providers to continuously upgrade their data processing and analytics capabilities, leading to better value creation and more diversified service offerings and use case scenarios. Among the top five emerging healthcare big data solutions

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specialists, we are the only company that has significant business footprint in all three sectors of China's healthcare big data solutions market.

Other Emerging Opportunities

Internet Healthcare

China's internet healthcare market, which consists of online consultation, health management, pharmaceutical e-commerce and insurance cooperation, has experienced robust growth since 2015. The regulators and policy makers in China have issued multiple supportive policies to encourage the development of internet hospitals and internet healthcare since 2018. In addition, the COVID-19 pandemic and supportive policies related to epidemic prevention and public health emergencies have driven the growth of China's internet healthcare market. More hospitals are expected to apply for internet hospital licenses as a result of the COVID-19 pandemic, and the application process is expected to accelerate. The total size of China's internet healthcare market, as measured by revenue, is expected to grow from RMB52.9 billion in 2019 to RMB257.0 billion by 2024, with a CAGR of 37.18%.

Personal Health Management

Due to population aging, changes in dietary habits and lifestyles, and work pressure, the prevalence rate of chronic diseases will continue to rise. By 2026, the prevalence rate of cancer, diabetes and hypertension in China will increase to 0.7%, 14.4%, and 27.8% from 0.3%, 5.1% and 18.0% in 2016, according to the State Council of PRC, respectively. As a result, the expenditure for chronic diseases in China is expected to reach RMB5.5 trillion in 2020 from RMB3.2 trillion in 2016, representing a CAGR of 14.1%.

Personal health management refers to the management of an individual's or a group's health status by monitoring the risk factors associated with the individual's or the group's health, emphasizing on "health-care" rather than "sick-care". China's personal health management market is at an early stage of development and has experienced robust growth since 2015. The total size of China's personal health management market, as measured by investment, grew from approximately RMB65 million in 2015 to approximately RMB688 million in 2019, representing a CAGR of 80.2%. The size of the personal health management market is expected to further grow at a CAGR of 57.7% to approximately RMB6,705 million in 2024.

Insurance Technology (InsurTech)

InsurTech uses technological innovations to optimize savings and efficiency in the current insurance industry model and connects users with insurance companies more closely through better matching insurance services with users' preferences and personal health needs. With the application of InsurTech, insurance companies can (i) enjoy diversified approaches and channels, in addition to traditional insurance agents, to reach customers, and accurately identify potential customers to effectively enlarge customer base; and (ii) provide personalized and customized insurance products with risk control mechanisms based on comprehensive datasets and deep understanding of each patient.

China's health related InsurTech market has experienced robust growth since 2015. The total size of China's health-related InsurTech market, as measured by total revenue (including revenues from data

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analytics upgrade and technology-enabled upgrade, and excluding revenues from online distribution), is expected to grow from approximately RMB16.0 billion in 2019 to approximately RMB70.3 billion by 2024, at a CAGR of 34.4%.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OVERVIEW

Our Company was founded in 2014 by our Founder, Ms. Gong. Prior to founding the Company, Ms. Gong had over eight years of experience working in investment institutions, including Deutsche Bank AG, Global Infrastructure Partners LLP, Credit Suisse First Global, and Beijing Huixu Jintong Investment Center (L.P.) (北京惠旭金通投資中心 (有限合夥)), an equity investment fund she founded that focused on investments in the healthcare and technology industries, through which she accumulated insights in the healthcare and technology industries and saw the business potential to revolutionize the healthcare industry through applying AI and big data technologies. In 2015, Ms. Gong was joined by our Co-founders, Mr. He Zhi, Mr. Sun Zhe and Mr. Xu Jiming, who shared Ms. Gong's vision. Prior to joining us, Mr. Xu had over eight years of work experience in leading internet technology companies, including Alibaba and Baidu, as, among other roles, system architect in the areas of search engine technology, big data and AI; Mr. He co-founded Hangzhou Shuyun Technology Co., Ltd. (杭州數雲科技有限公司), a provider of big data enabled precision marketing software products and services, and then served as a product director in the *Tmall* big data platform and applications group at Alibaba Group; and Mr. Sun Zhe had years of private market investment experience in healthcare and information technology sectors. Ms. Gong started the Company with her personal funds.

We initially focused on the aggregation and processing of healthcare data for our partner hospitals. Through our foundational AI engine, YiduCore, we help our partner hospitals aggregate and process healthcare data, and convert heterogenous data into structured and standardized data that can be further processed by way of deep learning, ultimately generating useful medical insights.

Today, equipped with the medical knowledge accumulated in YiduCore over the years, we have grown into a well-rounded medical solution provider capable of providing customized solutions and applications to different market participants in the healthcare industry, including hospitals and other healthcare institutions, regulators and policy makers, life sciences industry players and individual patients.

Please see the section headed "Directors and Senior Management" for further details of the work experiences of Ms. Gong, Mr. He Zhi and Mr. Xu Jiming. Mr. Sun Zhe resigned as a director of the Company with effect from July 3, 2020 for personal reasons.

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BUSINESS MILESTONES

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

Year	Event
2014	Our business was established as one of the pioneering healthcare data intelligence companies in China.
2015	We launched YiduCore and our DPAP platform.
2017	We launched our life sciences solutions business.
2018	We launched our regulator and policy maker solutions business.
2019	We launched CausaCloud, our insurance technology solutions business.
2019	We launched our open big data platform, “Eywa”.
2020	We built regional healthcare platforms for certain regulators and policy makers to monitor, predict and manage the development of COVID-19.
2020	We launched CausaHealth, as part of our personal health management platform and solutions business.

OUR MAJOR SUBSIDIARIES AND OPERATING ENTITIES

The principal business activities, date of establishment and date of commencement of business of each member of our Group that made a material contribution to our results of operation during the Track Record Period are shown below:

Name of company	Principal business activities	Date of establishment and commencement of business
Yidu Cloud Beijing	Development and operation of big data platforms and provision of data-driven solutions and applications and data governance services for partner hospitals and government bodies	February 3, 2012
Yidu Cloud Guizhou	Development and operation of big data platforms and provisions of data-driven solutions and applications and data governance services for partner hospitals and government bodies	July 10, 2018
Tianjin Happy Life	Provision of data-driven clinical research and analytics services	January 23, 2017
Tianjin New Happy Life	Provision of data-driven clinical research and analytics services	May 28, 2018
Tianjin Joyful Life	Insurance technology R&D business	November 7, 2016
Century Kangtai Insurance	Insurance technology business	July 3, 2008

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

Our Company was incorporated in the Cayman Islands under the name “Yidu Inc.” as an exempted company with limited liability on December 9, 2014 to serve as the holding company of our Group.

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The Company subsequently changed its name to “Happy Life Tech Inc.” on March 3, 2017, and to “Yidu Tech Inc.” on July 8, 2020. Upon incorporation, the Company had an authorized share capital of US\$50,000 divided into 100,000,000 ordinary shares with a par value of US\$0.0005 each.

On March 16, 2015, the Company undertook a 1:5 share split following which the par value of its shares became US\$0.0001 each.

As at April 1, 2017, being the commencement of the Track Record Period, the Company’s shareholders consisted of (a) Sweet Panda Limited, our Controlling Shareholder, holding 93,444,445 ordinary shares with a par value of US\$0.0001 each, or approximately 68.18% of the issued share capital of the Company; (b) Lucky Panda Limited, which was wholly-owned by Mr. Sun Zhe, one of our Co-founders, holding 1,000,000 ordinary shares with a par value of US\$0.0001 each, or approximately 0.73% of the issued share capital of the Company; (c) Meddig International, holding 11,111,111 Series A Preference Shares, or approximately 8.11% of the issued share capital of the Company; (d) Magic Stone Hong Tao Alternative Fund, L.P., holding 5,555,555 Series A Preference Shares, or approximately 4.05% of the issued share capital of the Company; (e) MSA China Fund I L.P. (formerly known as Magic Stone Alternative Private Equity Fund, L.P.), holding 6,725,146 Series A-1 Preference Shares, or approximately 4.91% of the issued share capital of the Company; and (f) Sunshine Longevity Limited, holding 19,213,743 Series A-2 Preference Shares, or approximately 14.02% of the issued share capital of the Company.

On December 17, 2017, the Company reclassified and re-designated its ordinary shares into two classes: Class A ordinary shares, each with a par value of US\$0.0001 and carrying 20 votes at a general meeting of the Company; and Class B ordinary shares, each with a par value of US\$0.0001 and carrying one vote at a general meeting of the Company. On the same day, Sweet Panda Limited’s 93,444,445 ordinary shares were cancelled and it was issued 15,371,667 Class A ordinary shares and 78,072,778 Class B ordinary shares; Lucky Panda Limited’s 1,000,000 ordinary shares were cancelled and it was issued 1,000,000 Class B ordinary shares. On August 14, 2018, Sweet Panda Limited surrendered to the Company 13,666,667 Class B ordinary shares, which were subsequently cancelled.

On December 28, 2020, we carried out the Share Subdivision pursuant to which each share in our then issued and unissued share capital was split into five shares of the corresponding class with a par value of US\$0.00002 each. Upon completion of the Share Subdivision, the issued share capital of our Company consisted of: (i) 76,858,335 Class A Ordinary Shares; (ii) 327,030,555 Class B Ordinary Shares; (iii) 83,333,330 Series A Preference Shares; (iv) 33,625,730 Series A-1 Preference Shares; (v) 96,068,715 Series A-2 Preference Shares, (vi) 46,115,005 Series B Preference Shares, and (vii) 82,280,340 Series C Preference Shares.

On December 28, 2020, the Shareholders passed a resolution approving that, conditional upon the conditions of the Global Offering being fulfilled and effective upon Listing, each Preference share in the share capital of the Company shall be converted into one Class B Ordinary Share, and immediately following which each Class A Ordinary Share and Class B Ordinary Share of the Company shall be reclassified and re-designated as one Share, each carrying one vote at a general meeting of the Company.

The major shareholding changes of our Company since its incorporation related to the Pre-IPO Investments we underwent between December 30, 2014 and December 30, 2019, resulting in the aggregate issuance of (i) 83,333,330 Series A Preference Shares, (ii) 33,625,730 Series A-1 Preference

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Shares, (iii) 96,068,715 Series A-2 Preference Shares, (iv) 46,115,005 Series B Preference Shares, and (v) 82,280,340 Series C Preference Shares (as adjusted after taking into account the Share Subdivision).

On January 29, 2018, Magic Stone Hong Tao Alternative Fund, L.P., one of our Pre-IPO Investors, transferred 2,049,556 Series A Preference Shares to Sweet Panda Limited, our Controlling Shareholder, for a total consideration of US\$10 million and Sweet Panda Limited transferred 2,049,556 Series A preference shares of a par value of US\$0.0001 each (or 10,247,780 Series A Preference Shares as adjusted pursuant to the Share Subdivision) to Astonish Investment Pte. Ltd., another Pre-IPO Investor, for a total consideration of US\$10 million. The considerations for the aforementioned share transfers were determined based on arm's length negotiations between the relevant Pre-IPO Investors and Sweet Panda Limited and based on a valuation of the Company taking into consideration the timing of the share transfers, seniority of Series A Preferred Shares and the illiquidity of the shares of the Company as a private company at the time.

Further details of the Pre-IPO Investments and the subsequent shareholdings changes are set out in the paragraphs headed “—Pre-IPO Investments” in this section.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

We have not conducted any acquisitions, disposals or mergers since our inception that we consider to be material to us.

CORPORATE RESTRUCTURING

In preparation for the Listing, we underwent reorganization of our corporate structure (the “**Reorganization**”), which consisted of the following material steps:

1. Reorganization of our onshore subsidiaries and consolidated affiliated entities

With a view to complying with the requirements under the Listing Decision LD43-3 to the extent practicable and to streamline our corporate structure, we underwent reorganization of the holding structure of our onshore subsidiaries and consolidated affiliated entities, so that the consolidated affiliated entities operating each of our big data platform and solutions business, life sciences solutions business, personal health management platform and solutions business and insurance technology and disease management solutions business can be held by separate Onshore Holdcos and controlled through separate WFOEs. For this purpose, two WFOEs, namely Tianjin Causa Health Management and Tianjin Joyful Life Health Management, were newly established as limited liability companies under the laws of the PRC on July 27, 2020 and August 3, 2020, respectively.

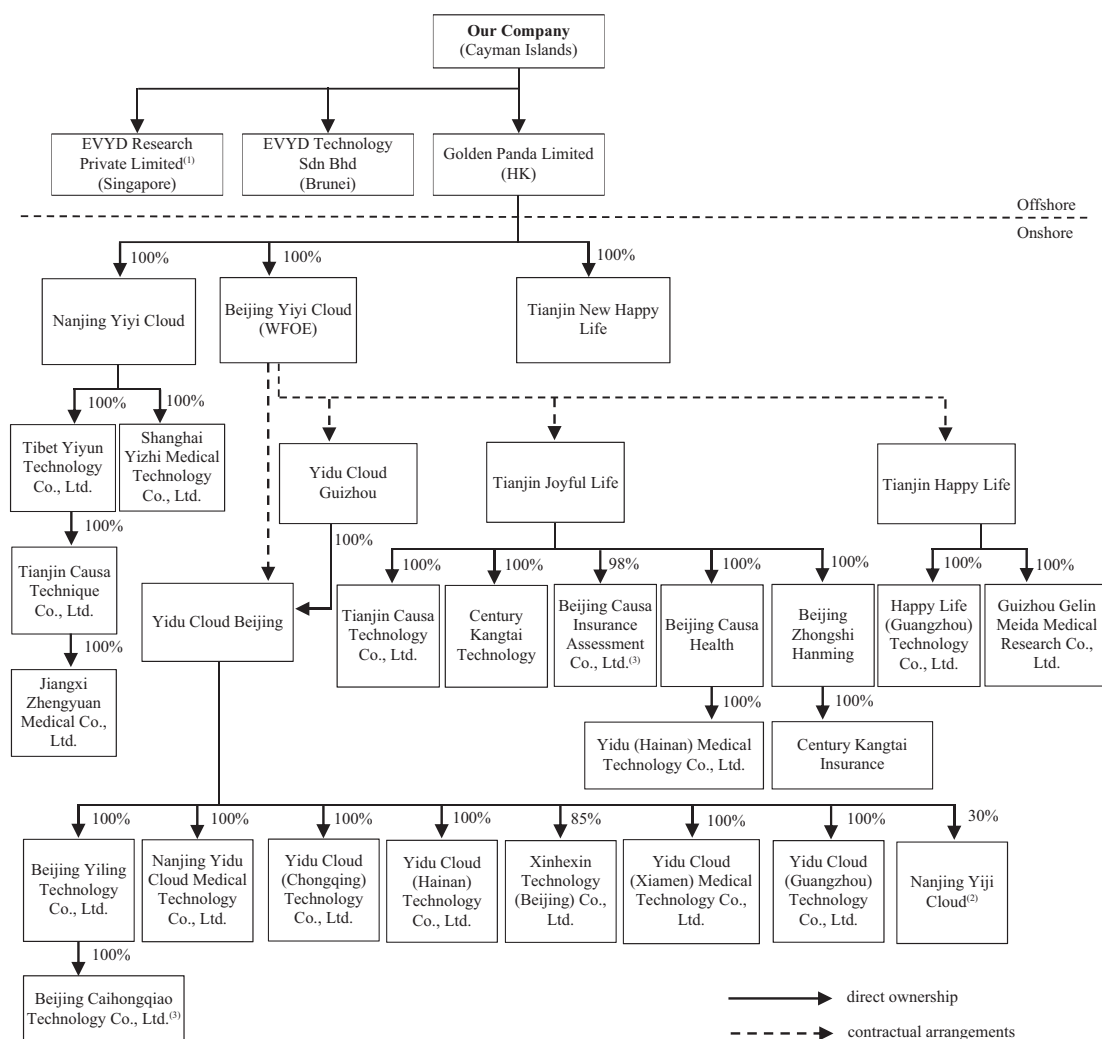
Our PRC Legal Adviser confirmed that: (i) all necessary regulatory approvals, permits and licenses required under PRC Laws in relation to the Reorganization have been obtained; and (ii) all share transfers and changes in registered capital as part of the Reorganization has complied with all applicable PRC Laws in all material respects.

2. Entry into the Contractual Arrangements to replace the old contractual arrangements

On August 18, 2020, the Contractual Arrangements were entered into to replace the old contractual arrangements in place before the Reorganization. See the section headed “Contractual Arrangements” for further details.

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Below is a simplified diagram illustrating our corporate structure immediately before the Reorganization took place:



Notes:

- (1) Formerly named “Singapore Happy Life Technology Private Limited”.
- (2) Nanjing Yiji Cloud Medical Data Research Institute Co., Ltd. (南京醫基雲醫療數據研究院有限公司) (“**Nanjing Yiji Cloud**”) was controlled by Yidu Cloud Beijing as to 85% pursuant to an agreement to act in concert dated September 27, 2018 entered into between Yidu Cloud Beijing, holder of 30% equity interest in Nanjing Yiji Cloud, and Nanjing Yikang Cloud Data Technology Research Center LLP (南京醫康雲數據科技研發中心(有限合夥)) (“**Nanjing Yikang**”), holder of 55% equity interest in Nanjing Yiji Cloud. Nanjing Yikang is controlled by Mr. Sun Zhe, a former director of the Company who resigned with effect from July 3, 2020.
- (3) As part of the Reorganization, the Group disposed of 53% of its equity in Beijing Causa Insurance Assessment Co., Ltd. and all of its equity in Beijing Caihongqiao Technology Co., Ltd. and as a result the two entities were no longer Consolidated Affiliated Entities of the Group following completion of the Reorganization.

A diagram illustrating our corporate structure after completion of the Reorganization and immediately prior to the Global Offering is set out under the section headed “—Our structure immediately prior to the Global Offering” in this section.

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PRE-IPO INVESTMENTS

1. Overview

We have received eleven rounds of Pre-IPO Investments since our establishment. The post-money valuation of the Company in the last round of Pre-IPO Investment in December 2019 was approximately US\$2.13 billion. The principal terms of the Pre-IPO Investments are summarized below:

Round	Date of the agreement	Date on which investment is fully settled	Investors	Total number of shares issued to the investors ⁽¹⁾	Total consideration paid by the investors	Cost per share paid by the investors ⁽¹⁾	Discount to the Offer Price ⁽²⁾⁽³⁾
Series A	December 30, 2014	January 21, 2015	Meddig International	55,555,555 Series A Preference Shares	US\$10 million	US\$0.18 per Series A Preference Share	94.4%
Series A+	January 26, 2015	May 5, 2015	Magic Stone Hong Tao Alternative Fund L.P.	27,777,775 Series A Preference Shares	US\$5 million	US\$0.18 per Series A Preference Share	94.4%
Series A-1	July 14, 2015	August 18, 2015	MSA China Fund I L.P.	33,625,730 Series A-1 Preference Shares	US\$15 million	US\$0.446 per Series A-1 Preference Share	86.1%
Series A-2	December 31, 2015	January 27, 2016	Sunshine Longevity Limited	96,068,715 Series A-2 Preference Shares	US\$57.14 million	US\$0.59478 per Series A-2 Preference Share	81.5%
Convertible Notes ⁽³⁾	April 1, 2017	April 7, 2017	Astonish Investment Pte. Ltd.	29,324,995 Series C Preference Shares	US\$30 million ⁽⁴⁾	US\$1.96392 per Series C Preference Share ⁽⁵⁾	38.9%
Series B	January 22, 2018	January 29, 2018	Astonish Investment Pte. Ltd.	5,123,890 Series B Preference Shares	US\$10 million	US\$1.952 per Series B Preference Share	39.2%
Series B+	February 2, 2018	February 6, 2018	Astonish Investment Pte. Ltd.	15,371,670 Series B Preference Shares	US\$30 million	US\$1.952 per Series B Preference Share	39.2%
Series B++	August 10, 2018	August 18, 2018	Leader Investment Corporation	25,619,445 Series B Preference Shares	US\$50 million	US\$1.952 per Series B Preference Share	39.2%
Series C	May 30, 2019	July 3, 2020	Image Frame Investment (HK) Limited and Parallel Solar Investment Limited	32,587,935 Series C Preference Shares	US\$80 million	US\$2.4549 per Series C Preference Share	23.6%

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Round	Date of the agreement	Date on which investment is fully settled	Investors	Total number of shares issued to the investors ⁽¹⁾	Total consideration paid by the investors	Cost per share paid by the investors ⁽¹⁾	Discount to the Offer Price ⁽²⁾⁽³⁾
Series C+	October 18, 2019	July 2, 2020	Guiyang Big Data Industrial Group Co., Ltd. (貴陽市大數據產業集團有限公司) and Guiyang Industrial & Commercial Investment Group Co., Ltd. (貴陽市工商產業投資集團有限公司)	8,146,980 Series C Preference Shares	US\$20 million	US\$2.4549 per Series C Preference Share	23.6%
Series C++	December 30, 2019	January 7, 2020	Yaquut Sdn Bhd	12,220,470 Series C Preference Shares	US\$30 million	US\$2.4549 per Series C Preference Share	23.6%

Notes:

- (1) As adjusted to reflect the Share Subdivision.
- (2) The discount to the Offer Price is calculated based on the assumption that the Offer Price is HK\$24.90 per Share, being the midpoint of the indicative Offer Price range of HK\$23.50 to HK\$26.30.
- (3) Based on the assumption that each Preference Share is converted into one Share with effect from the Listing Date.
- (4) On April 30, 2020, Astonish Investment Pte. Ltd. exercised its conversion rights in respect of the entire principal amount of US\$30 million together with accrued interest of approximately US\$27.59 million in accordance with the terms of the Convertible Notes (as defined below) and was issued 5,864,991 Series C preference shares of a par value of US\$0.0001 each (or 29,324,955 Series C Preference Shares as adjusted pursuant to the Share Subdivision) on May 6, 2020. See paragraphs headed “— The Convertible Notes” in this section.
- (5) Representing the total principal amount of the Convertible Notes (as defined below), exclusive of any interest.
- (6) Being 80% of the subscription price of US\$12.2745 per Series C Preference Share under the share purchase agreements for the Series C, Series C+ and Series C++ rounds of the Pre-IPO Investments. See paragraphs headed “—The Convertible Notes” in this section.

Use of Proceeds from the Pre-IPO Investments

We utilized most of the proceeds from the Pre-IPO Investments for the development and operations of our business, including the development of our technology infrastructure, new business and product development, personnel recruitment, and for other general working capital and general corporate purposes. As of the Latest Practicable Date, we had utilized approximately US\$202 million, or approximately 60% of the total proceeds from the Pre-IPO Investments.

Strategic benefits of the Pre-IPO Investors brought to our Company

At the time of the Pre-IPO Investments, our Directors were of the view that our Company could benefit from the additional capital that would be provided by the Pre-IPO Investors’ investments in our Company, as well as the Pre-IPO Investors’ knowledge and experience.

Our innovative business model, strong technical capabilities and partnerships with top hospitals in China enabled us to gain industry recognition in our early stages of development, which in turn enabled us to become acquainted with reputable professional investors in the healthcare and technology industries and government-led investment funds, some of whom became our Pre-IPO Investors following arm’s length negotiations. Our Pre-IPO Investors include private equity funds, sovereign wealth funds and other professional investment companies, many of which are highly experienced in investing in the healthcare industry and/or AI and big data companies (see further details of our Pre-IPO investors in paragraphs headed “—Information about the Pre-IPO Investors”

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

below), our Directors believed that our Company could benefit from their industry insights and guidance.

Our Directors were also of the view that our Company could benefit from the Pre-IPO Investors' commitment to our Company as their investment demonstrates their confidence in and endorsement of the performance, management and prospects of our Group.

Basis of determining the consideration paid

The consideration for each of the Pre-IPO Investments was determined based on arm's length negotiations between our Company and the Pre-IPO Investors after taking into consideration the timing of the subscription and the illiquidity of the shares of the Company as a private company when the Pre-IPO Investments were made.

2. Special rights of the Pre-IPO Investors

In addition to the terms described above, the Preference Shareholders have been granted certain special rights in relation to our Company. These special rights shall automatically terminate effective upon the Listing. As a result of the agreements we entered into in August 2020 to extend the certain preferred shareholders' redemption date from January 2021 to January 2022, our current portion of convertible redeemable preferred shares were reclassified into non-current liabilities, resulting into a net current assets position as of October 31, 2020. All our convertible redeemable preferred shares will automatically be converted into our ordinary shares upon Listing.

Each of the Preference Shares will convert into one Share upon completion of the Global Offering, at which time the share capital of our Company will comprise of Shares only. For further information about the share capital of our Company, please see the section headed "Share Capital".

3. The Convertible Notes

On April 1, 2017, the Company entered into a convertible notes purchase agreement with, among others, Astonish Investment Pte. Ltd., pursuant to which the Company issued six convertible notes of the same terms and conditions to Astonish Investment Pte. Ltd. with an aggregate principal amount of US\$30 million and each with a principal amount of US\$5 million (the "**Convertible Notes**") at an aggregate issue price of US\$30 million. The issue of the Convertible Notes was completed on April 7, 2017.

On April 30, 2020, Astonish Investment Pte. Ltd. exercised its conversion rights in respect of the entire principal amount of US\$30 million together with accrued interest of approximately US\$27.59 million in accordance with the terms of the Convertible Notes and was issued 5,864,991 Series C preference shares of a par value of US\$0.0001 each (or 29,324,995 Series C Preference Shares as adjusted pursuant to the Share Subdivision) on May 6, 2020 at a conversion price of US\$9.8196 per Series C Preference Share, being 80% of the subscription price of US\$12.2745 per Series C preference share of a par value of US\$0.0001 each (or US\$1.96392 per Series C Preference Shares as adjusted pursuant to the Share Subdivision) under the share purchase agreements for the Series C, Series C+ and Series C++ rounds of the Pre-IPO Investments (as described in the table under the heading "Pre-IPO Investments — Overview" in this section).

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

4. Capitalization of the Company

The following table sets out our shareholding structure as of the date of this document and upon the completion of the Global Offering, assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Plans, Post-IPO Share Option Scheme and Post-IPO Share Award Scheme.

Shareholders	Class A ordinary shares ⁽¹⁾	Class B ordinary shares ⁽¹⁾	Series A Preference Shares ⁽²⁾	Series A1 Preference Shares ⁽²⁾	Series A2 Preference Shares ⁽²⁾	Series B Preference Shares ⁽²⁾	Series C Preference Shares ⁽²⁾	Subtotal	Shareholding percentage of the date of this document ⁽³⁾	Shareholding percentage upon completion of the Global Offering ⁽⁴⁾
Sweet Panda Limited ⁽⁵⁾⁽⁶⁾	76,858,335	322,030,555	—	—	—	—	—	398,888,890	53.52%	44.23%
Lucky Panda Limited ⁽⁷⁾	—	5,000,000	—	—	—	—	—	5,000,000	0.67%	0.55%
Astonish Investment Pte. Ltd. ⁽⁶⁾	—	—	10,247,780	—	—	20,495,560	29,324,955	60,068,295	8.06%	6.66%
Meddig International	—	—	55,555,555	—	—	—	—	55,555,555	7.45%	6.16%
Magic Stone Hong Tao Alternative Fund, L.P. ⁽⁶⁾	—	—	17,529,995	—	—	—	—	17,529,995	2.35%	1.94%
MSA China Fund I L.P.	—	—	—	33,625,730	—	—	—	33,625,730	4.51%	3.73%
Sunshine Longevity Limited	—	—	—	—	96,068,715	—	—	96,068,715	12.89%	10.65%
Leader Investment Corporation	—	—	—	—	—	25,619,445	—	25,619,445	3.44%	2.84%
Image Frame Investment (HK) Limited	—	—	—	—	—	—	20,367,460	20,367,460	2.73%	2.26%
Parallel Solar Investment Limited	—	—	—	—	—	—	12,220,475	12,220,475	1.64%	1.36%
Yaqut Sdn Bhd	—	—	—	—	—	—	12,220,470	12,220,470	1.64%	1.36%
Guiyang Big Data Industrial Group Co., Ltd. (貴陽市大數據產業集團有限公司)	—	—	—	—	—	—	4,073,490	4,073,490	0.55%	0.45%
Guiyang Industrial & Commercial Investment Group Co., Ltd. (貴陽市工商產業投資集團有限公司)	—	—	—	—	—	—	4,073,490	4,073,490	0.55%	0.45%
Cornerstone Investors ⁽⁸⁾	—	—	—	—	—	—	—	—	—	7.25%
Other public Shareholders	—	—	—	—	—	—	—	—	—	10.10%
Total	76,858,335	327,030,555	83,333,330	33,625,730	96,068,715	46,115,005	82,280,340	745,312,010	100%	100%

Notes:

- (1) As stipulated in the Existing Articles, Class A Ordinary Shares and Class B Ordinary Shares are *pari passu* in all respects except that each Class A Ordinary Share carries 20 votes and each Class B Ordinary Share carries one vote per share at a general meeting of Company. Each Class A Ordinary Share and Class B Ordinary Share shall be re-classified and re-designated as one Share (carrying one vote per Share) with effect from the Listing Date.
- (2) Each Series A Preference Share, Series A-1 Preference Share, Series A2 Preference Share, Series B Preference Share and Series C Preference Share shall be converted into one Class B Ordinary Share, which will immediately be re-classified and re-designated as one Share with effect from the Listing Date.
- (3) Based on the assumption that all of the Class A ordinary shares and Class B ordinary shares are re-classified and re-designated as Shares and all of the Preference Shares are converted into Shares on the basis set out in notes (1) and (2) above respectively.
- (4) Assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Plans, Post-IPO Share Option Scheme and Post-IPO Share Award Scheme.
- (5) Sweet Panda Limited is wholly-owned by Ms. Gong.
- (6) On January 29, 2018, Magic Stone Hong Tao Alternative Fund, L.P. transferred 2,049,556 Series A preference shares of a par value of US\$0.0001 each (or 10,247,780 Series A Preference Shares as adjusted pursuant to the Share Subdivision) to Sweet Panda Limited for a total consideration of US\$10 million. The payment of the consideration was settled on January 16, 2018. On the same day,

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Sweet Panda Limited transferred 2,049,556 Series A preference shares of a par value of US\$0.0001 each (or 10,247,780 Series A Preference Shares as adjusted pursuant to the Share Subdivision) to Astonish Investment Pte. Ltd. for a total consideration of US\$10 million. The payment of the consideration was settled on January 29, 2018.

- (7) Lucky Panda Limited is wholly-owned by Mr. Sun Zhe, one of our Co-founders and a former director of the Company. Mr. Sun resigned as a director of the Company with effect from July 3, 2020.
- (8) Certain investors, including certain existing shareholders of our Company or their close associates (namely, Yaqui Sdn Bhd and Tencent Mobility), are participating in the Global Offering as cornerstone investors. The aggregate shareholding percentage upon completion of the Global Offering of our cornerstone investors in the above table is calculated assuming a total subscription of 65,365,900 Shares at HK\$24.90 per share (being the mid-point of the Offer Price range) by them. Please see the section headed “Cornerstone Investors” for details of our cornerstone investors and the Cornerstone Placing (as defined in the same section).

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5. Public Float

Upon completion of the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Plans, Post-IPO Share Option Scheme and Post-IPO Share Award Scheme):

- (a) Sunshine Longevity Limited will hold approximately 10.65% of the issued Shares and will therefore be a core connected person of our Company as defined in the Listing Rules. The Shares held by Sunshine Longevity Limited will therefore not count towards the public float;
- (b) Magic Stone Hong Tao Alternative Fund, L.P. and MSA China Fund I L.P. will together hold less than 10% of the issued Shares. Their controller, Ms. Zeng Yu, is a former director of our Company who served as a representative of MSA (defined below) and did not hold any executive or management position within our Group, and who resigned with effect from December 30, 2020. As such, upon completion of the Global Offering, neither Magic Stone Hong Tao Alternative Fund, L.P. nor MSA China Fund I L.P. will be a core connected person of our Company (or an associate thereof) under the Listing Rules. The Shares held by Magic Stone Hong Tao Alternative Fund, L.P. and MSA China Fund I L.P. will therefore count towards the public float; and
- (c) Lucky Panda Limited will hold less than 10% of the issued Shares. Its sole owner, Mr. Sun Zhe, is a former director of our Company who resigned with effect from July 3, 2020. As such, upon completion of the Global Offering, Lucky Panda Limited will not be a core connected person of the Company (or an associate thereof) under the Listing Rules. The Shares held by Lucky Panda Limited will therefore count towards the public float.

The Shares held by the other Pre-IPO Investors will count towards the public float.

6. Information about the Pre-IPO Investors

Meddig International is an investment holding company incorporated under the laws of the Cayman Islands as a limited liability company, which is advised and managed by BVCF Management, Ltd. (“**BVCF**”). BVCF is a life sciences investment company that launches and manages funds that focus on international growth stage life sciences companies with primary operations in the PRC. Its portfolio companies include, among others, 111.com, Beijing Biocytogen, CARsgen Therapeutics, CITIC Pharmaceutical, Cathay, BioNtech, Stealth BioTherapeutics and etc., all of which are biotechnology or medical technology or healthcare services companies. As at the end of 2019, it has committed capital for assets under management of approximately US\$700 million.

Magic Stone Hong Tao Alternative Fund, L.P. (“**Magic Stone HT**”) and MSA China Fund I L.P. (formerly named Magic Stone Alternative Private Equity Fund, L.P.) (“**Magic Stone PE**”) are exempted limited liability partnerships registered under the laws of the Cayman Islands. Magic Stone HT is managed by its general partner, Magic Stone Hong Tao Family Offices GP. Magic Stone PE is managed by its general partner, Magic Stone Alternative Private Equity Fund GP, Ltd.. Magic Stone Hong Tao Family Offices GP and Magic Stone Alternative Private Equity Fund GP, Ltd. are controlled by MSA Management Holdings Pte. Ltd. (“**MSA**”). MSA has assets under management of over \$1.5 billion across several funds and separately managed vehicles focusing on both venture and growth stage investments within its core themes in consumer, healthcare and enterprise solutions industries in China and emerging technology markets. Magic Stone PE and Magic Stone HT are the first two US\$ funds managed by the MSA team and both focus on the China market. MSA is ultimately controlled by

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Ms. Zeng Yu, a former director of our Company who served as a representative of MSA and did not hold any executive or management position within our Group, and who resigned with effect from December 30, 2020.

Sunshine Longevity Limited is a special purpose vehicle incorporated under the laws of the BV as a limited liability company and is wholly-owned by Sunshine Life Insurance Corporation Limited, which is a nonwholly owned subsidiary of Sunshine Insurance Group Inc., Ltd. (“**Sunshine Insurance**”). The Sunshine Insurance group operates in a range of business segments including property insurance, life insurance, credit guarantee insurance, asset management, and medical and health care.

Astonish Investment Pte. Ltd. is an investment holding company incorporated under the laws of Singapore as a private limited company. Astonish Investment Pte. Ltd. is indirectly wholly-owned by GIC (Ventures) Pte. Ltd. and managed by GIC Special Investments Private Limited, which is in turn controlled by GIC Private Limited (“**GIC**”). GIC is a global investment management company established in 1981 to manage Singapore’s foreign reserves. GIC invests in over 40 countries worldwide in equities, fixed income, foreign exchange, commodities, money markets, alternative investments, real estate and private equity. With its current portfolio size of more than US\$100 billion, GIC is amongst the world’s largest fund management companies.

Leader Investment Corporation (立德投資有限責任公司) is a company established under the laws of the PRC and an investment holding company wholly-owned by CIC International Co., Ltd. (中投國際有限責任公司) (“**CIC International**”). CIC International is a subsidiary of China Investment Corporation (“**CIC**”), which is the sovereign wealth fund of China with a registered capital of US\$200 billion. CIC International conducts overseas public equity and bond investments, hedge fund, multi-asset and real estate investments, private equity (including private credit) fund investments, co-investments, and minority investments as a financial investor.

Image Frame Investment (HK) Limited, a limited liability company incorporated under the laws of Hong Kong, is a wholly-owned subsidiary of Tencent Holdings Limited (“**Tencent**”), a company listed on the Hong Kong Stock Exchange (stock code: 00700). Parallel Solar Investment Limited (“**Parallel Solar**”) is wholly owned by Parallel Solar Investment L.P. (“**Parallel Solar LP**”), a Cayman Islands exempted limited partnership. Parallel Solar GP Limited (“**Parallel Solar GP**”), which is wholly-owned by Tencent, is the general partner of Parallel Solar LP and has the power to manage, operate and conduct business of Parallel Solar LP at its sole discretion. As such, Parallel Solar, being a wholly-owned subsidiary of Parallel Solar LP, is indirectly controlled by Tencent. Tencent is a leading provider of Internet value-added services in China, including communications and social, digital content, advertising, fintech and cloud services.

Guiyang Big Data Industrial Group Co., Ltd. (貴陽市大數據產業集團有限公司) (“**Guiyang Big Data Industrial Group**”) is a wholly state-owned enterprise established in February 2019 under the laws of the PRC. Guiyang Big Data Industrial Group was established with the approval of the Guiyang city municipal government with a registered capital of RMB1 billion. It principally engages in business operations and investment activities in the big data industry; its main operational segments include big data application business, big data security business, big data industry investment and incubation and collaboration with partners in the big data expo ecosystem.

Guiyang Industrial & Commercial Investment Group Co., Ltd. (貴陽市工商產業投資集團有限公司) (“**Guiyang Industrial & Commercial Investment Group**”) is a state-owned enterprise established under the laws of the PRC which became a wholly-owned subsidiary of Guiyang Industrial Development Holdings Group Co., Ltd. (貴陽產業發展控股集團有限公司) in November 2019. Guiyang Industrial & Commercial Investment Group was established with the approval of the Guiyang city municipal government as a pilot platform for the investment and operation of the city’s state-owned

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capital. It is principally engaged in strategic investment activities and the operation of various state-owned enterprises and has over RMB40 billion in total assets.

Yaquut Sdn Bhd is an investment holding company incorporated under the laws of Brunei and is beneficially owned by the Brunei Investment Agency. The Brunei Investment Agency is a body corporate that was established by the Brunei Investment Agency Act (Chapter 137 of the Laws of Brunei). One of its principal objects is to hold and manage the General Reserve Fund of the Government of Brunei.

COMPLIANCE WITH INTERIM GUIDANCE AND GUIDANCE LETTERS

Based on the documents provided by our Company relating to the Pre-IPO Investments, the Joint Sponsors confirm that the Pre-IPO Investments are in compliance with Guidance Letter HKEX-GL29-12 issued by the Stock Exchange in January 2012 and updated in March 2017, Guidance Letter HKEX-GL43-12 issued by the Stock Exchange in October 2012 and updated in July 2013 and March 2017, and Guidance Letter HKEXGL44-12 issued by the Stock Exchange in October 2012 and updated in March 2017.

PRC REGULATORY REQUIREMENTS

The Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者並購境內企業的規定》) (the “M&A Rules”) jointly issued by MOFCOM, the SASAC, the STA, the CSRC, the SAIC (currently the SAMR) and the SAFE on August 8, 2006, effective as of September 8, 2006 and amended on June 22, 2009 with immediate effect, require that a special purpose vehicle, formed for overseas listing purposes and controlled directly or indirectly by PRC companies or individuals through acquisitions of shares of or equity interests in PRC domestic companies, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange.

Our PRC Legal Advisor is of the opinion that prior CSRC approval for this offering is not required because (i) the CSRC currently has not issued any definitive rule or interpretation concerning whether offerings like ours under this document are subject to the M&A Rules; (ii) our wholly-owned PRC subsidiaries were not established through mergers or acquisitions of domestic companies owned by PRC companies or individuals as defined under the M&A Rules that are the beneficial owners of our Company; and (iii) that no provision in the M&A Rules clearly classified contractual arrangements as a type of transaction subject to the M&A Rules. However, our PRC Legal Advisor further advises that there is uncertainty as to how the M&A Rules will be interpreted or implemented.

SAFE REGISTRATION IN THE PRC

Pursuant to the Notice on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents to Engage in Overseas Investment, Financing and Round Trip Investment via Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the “SAFE Circular No. 37”), promulgated by SAFE on July 4, 2014 with immediate effect which replaced the Circular of the SAFE on Foreign Exchange Administration of Equity Financing and Round-Trip Investments by Domestic Residents via Special Purpose Vehicles (《國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》) (the “SAFE Circular No. 75”), (a) a PRC resident must register with the local SAFE counterpart before he

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or she contributes assets or equity interests in an overseas special purpose vehicle (the “**Overseas SPV**”) that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing; and (b) following the initial registration, the PRC resident is also required to register with the local SAFE counterpart for any major change in respect of the Overseas SPV, including, among other things, a change of Overseas SPV’s PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV’s capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular No. 37, failure to comply with these registration procedures may result in penalties.

Pursuant to the Notice on Further Simplifying and Improving the Foreign Currency Management Policy on Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (the “**SAFE Notice No. 13**”), promulgated by SAFE on February 13, 2015 and became effective on June 1, 2015, the power of foreign exchange registration was delegated from the local SAFE counterpart to qualified local banks where the domestic entity was incorporated.

As advised by our PRC Legal Advisor, Ms. Gong and Mr. Sun Zhe have completed the registration under the SAFE Circular 37 on December 22, 2014 in respect of their investments in the Company through Sweet Panda Limited and Lucky Panda Limited respectively.

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- (7) On September 28, 2020, Nanjing Yiyi Cloud and Nanjing Yikang, holder of 55% equity interest in Nanjing Yiji Cloud, entered into an acting in concert agreement pursuant to which Nanjing Yikang and Nanjing Yiyi Cloud shall, and shall procure their representative director(s) to, vote in concert in any shareholders' meeting and directors' meeting of Nanjing Yiji Cloud; in the event of disagreement between Nanjing Yikang and Nanjing Yiyi Cloud, the latter's view shall prevail. The said acting in concert agreement shall replace the previous acting in concert agreement between Yidu Cloud Beijing and Nanjing Yikang. As such, Nanjing Yiji Cloud is controlled by Nanjing Yiyi Cloud as to 85%. Nanjing Yikang is controlled by Mr. Sun Zhe, a former director of the Company who resigned with effect from July 3, 2020. The remaining 15% equity interest in Nanjing Yiji Cloud is held by Nanjing Jiangbei New District Technology Investment Group Co., Ltd. (南京江北新区科技投资集团有限公司), an Independent Third Party. To the best knowledge of our Company, Nanjing Jiangbei New District Technology Investment Group Co., Ltd. is a limited liability Company established under the laws of the PRC in July 2012 and an investment company focusing on the science and technology sector; it principally provides investment services to small and medium technology companies based in Jiangbei New District, Nanjing, China.
- (8) The equity interest in Xinhexin Technology (Beijing) Co., Ltd. is held by Yidu Cloud Beijing as to 85% and Qingdao Xinxin Technology Co., Ltd. (青岛心衿科技有限公司), an Independent Third Party, as to 15%. Qingdao Xinxin Technology Co., Ltd. is a limited liability Company established under the laws of the PRC in April 2018 and principally engages in the business of healthcare equipment technology research and development.
- (9) As part of the Reorganization, we effected intragroup transfers of certain subsidiaries and Consolidated Affiliated Entities as set out below:
- 30% equity interest in Nanjing Yiji Cloud, originally held by Yidu Cloud Beijing, is held by Nanjing Yiyi Cloud;
 - the equity interest in Tianjin Joyful Life, originally held by Mr. He Zhi as to 99% and Ms. Li Yuhua as to 1%, is entirely held by Tianjin Joyful Life Health Management. Prior to the Reorganization, Tianjin Joyful Life (and its subsidiaries) was controlled by Beijing Yiyi Cloud by way of contractual arrangements, which were terminated on August 18, 2020 as part of the Reorganization;
 - the entire equity interest in Yidu (Hainan) Medical Technology Co., Ltd., originally held by Beijing Causa Health, is held by Tianjin Causa Technology Co., Ltd.;
 - Tianjin Happy Life (and its subsidiaries) was originally controlled by Beijing Yiyi Cloud by way of contractual arrangements. On August 18, 2020 the Contractual Arrangements were entered into to replace the old contractual arrangements as part of the Reorganization. Tianjin Happy Life is controlled by Tianjin New Happy Life under the Contractual Arrangements;
 - the equity interest in Beijing Causa Health, originally entirely held by Tianjin Joyful Life, is held by Mr. He Zhi as to 51% and Mr. Liang Yupeng as to 49%. Beijing Causa Health is controlled by Tianjin Causa Health Management under the Contractual Arrangements; and
 - the equity interest in Beijing Zhongshi Hamming, originally entirely held by Tianjin Joyful Life, is held by Mr. Li Wei as to 51% and Mr. Guo Xiaoyu as to 49%. Beijing Zhongshi Hamming is controlled by Tianjin Joyful Life Health Management under the Contractual Arrangements.

Who We Are

We offer healthcare solutions built on big data and artificial intelligence (AI) technologies. We serve and partner with key healthcare industry participants, including hospitals, pharmaceutical, biotech and medical device companies, research institutions, insurance companies, doctors and patients, as well as regulators and policy makers. According to the EY Report, we ranked No. 1 in terms of revenue among all healthcare big data solution providers in China in 2019 with a market share of 5.0% in the healthcare big data solutions market in China.⁽¹⁾

We have built our proprietary data intelligence infrastructure, YiduCore, through processing and analyzing over 1.3 billion longitudinal healthcare records from over 300 million patients upon authorization to derive deep insights and knowledge. Leveraging YiduCore, our intelligent “medical brain,” we have developed a suite of analytics-driven healthcare solutions that serve the critical needs of our customers in the healthcare industry. Our research-driven approach for solution development aims to generate objective outcome measurements for the healthcare industry.

Guided by our in-depth understanding of the healthcare industry in China, we have taken a strategic development path manifested in the following two stages:

2014 to 2017 - Building YiduCore, our technology foundation

In this earlier stage from 2014, when we were founded, to 2017, in order to lay a solid foundation, we focused our efforts and investments on building our data intelligence infrastructure, YiduCore. We started by serving and partnering with top hospitals, where quality medical resources are concentrated. During this period, we invested heavily in developing our core capability by helping hospitals integrate different information technology systems within the hospitals, and converting the heterogenous data accumulated in their systems into computable, structured and standardized data efficiently. Since our first full implementation of a big data platform for a top hospital in 2015, YiduCore has been continuously improved and becoming more intelligent as we partner with more hospitals and other players in the healthcare industry, leading to enhanced data processing capabilities with greater speed and accuracy. As these top hospitals use our platform to conduct research and for other use cases, the insights and knowledge uncovered from the data are accumulated within YiduCore, which can be further leveraged upon. Through these four years of investment and development, we have built a solid technology foundation to capture the growth opportunities.

Late 2017 and after - Serving customers through a suite of analytics-driven healthcare solutions

We started monetization from late 2017 when YiduCore had demonstrated its value and attracted more hospitals and other ecosystem players such as regulators and policy makers, pharmaceutical, biotech and medical device companies and insurance companies. Leveraging YiduCore, we have developed a suite of analytics-driven healthcare solutions, such as intelligent drug development solutions for life science companies, intelligent research and patient service solutions to empower doctors and hospitals, and intelligent public health and population health management solutions to regulators and policy makers. This further brings the rapid self-reinforcement of YiduCore and allows us to deliver additional value in a continuously expanding range of use cases.

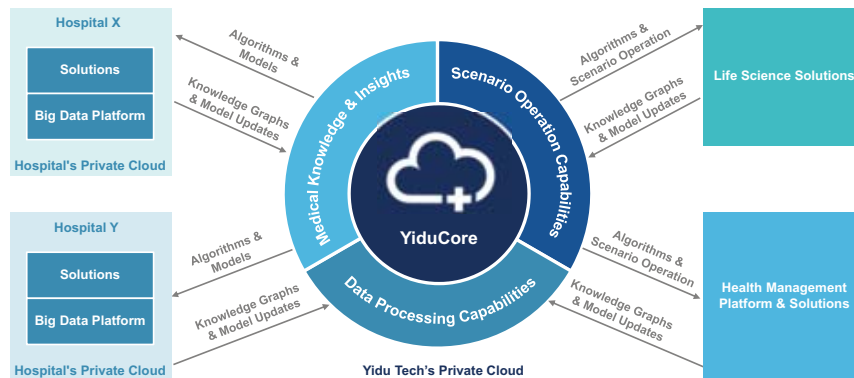
YiduCore

YiduCore, our data intelligence infrastructure represents our core capabilities that can be understood in terms of three layers. The first layer is our data processing capabilities which allow us to aggregate and

(1) The remaining top five players in the healthcare big data solutions market have market shares of 4.6%, 3.8%, 3.6% and 2.8%, according to the EY Report.

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convert the raw and scattered data on the information technology systems of hospitals in China into computable, structured and standardized data with speed, accuracy and cost-efficiency. The second layer consists of our medical knowledge, insights and disease models that are continuously reinforced and expanded as they are applied to drive our data-analytics driven solutions for our customers in the various use cases. The final layer is our scenario specific operations and service capabilities that we develop on top of our data processing capabilities and medical knowledge to help our customers better realize the value of our solutions and our ecosystem to achieve their target outcomes.



Data Arrangements and Security

We strive to comply with all applicable laws, regulations and industry standards for data arrangements, privacy and security in our operations. We have built YiduCore through processing and analyzing a large amount of data that are controlled by our customers and stored in their private clouds. After we set up each data platform and deliver it to the customer, we license the customer to use and operate the data platform and the solutions as we own the intellectual properties of such data platform and solutions. The data platform and our de-identification technologies help the customer de-identify healthcare data in accordance with applicable laws and regulations and the customer's de-identification requirements. Our de-identification algorithms and models deployed in the customer's private cloud can accurately detect individually identifiable information to be encrypted without human intervention, thereby protecting patients' privacy. These de-identification algorithms and models encrypt the patients' individually identifiable information in such a way that the patients cannot be identified pursuant to applicable laws and regulations. The de-identification process is completed within the customer's private cloud under the customer's full control. The customer can further perform other data processing operations using our data platform on its own private cloud. While providing solutions and services to the customer, our algorithms and models are continuously trained by the de-identified data on the customer's private cloud with the purpose of further processing and analyzing data efficiently and deriving insights and knowledge in the process. At all times, the data of our customers remain on their own private clouds. The data and private cloud of each of our hospital customer are not connected with each other.

Pursuant to the contracts with our hospital customers, they would grant us authorizations to access, integrate and process healthcare data, and have the obligation to obtain applicable approvals and consents to grant us such authorizations and engage us to provide such services. Hospitals will typically first perform de-identification of their data on the data platform hosted on their private cloud. Hospitals are not required to obtain consent from patients to grant subsequent and on-going access on de-identified healthcare data pursuant to applicable PRC laws and regulations because de-identified

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data do not contain any individually identifiable information. Hospitals may also grant us out-of-hospital data that they collect through mobile applications, which require users to explicitly agree with user privacy policies that allow us to process these data. We are also authorized to process the data for regulators and policy makers which are the data controllers. Under applicable PRC laws and regulations, regulators and policy makers are permitted to establish data platforms and process data with assistance of third-party data processors for the purpose of fulfilling their respective responsibilities of acting as suppliers of public medical services, regulators of public health and drug safety, and regulators of medical security funds. Regulators and policy makers are not required to obtain consents from patients to grant subsequent and on-going access on de-identified data that do not contain any individually identifiable information pursuant to applicable laws and regulations. Pursuant to applicable PRC laws and regulations, for the purposes of fulfilling their responsibilities, the regulators and policy makers have the authority to engage and grant us access to data provided by hospitals to them without the need to obtain hospitals' consent. We provide our services to the regulators and policy makers in accordance with applicable PRC laws and regulations and within the scope of authorization given by relevant regulators and policy makers. Healthcare data provided by the relevant hospitals to our regulator and policy maker customers, which are then processed by us upon authorization, include (1) hospital management data that do not contain any personal identifiers by their nature, such as medical resources data, medical security expenses data, drug safety reports and other data at aggregated levels; and (2) clinical data and epidemic control and prevention data that are already de-identified by the hospitals before they are provided to the regulator and policy maker, such as inpatient and outpatient data and diagnostic and treatment data. For our services to life science companies in clinical trials, we assist doctors, hospitals and life science companies in clinical trials with their trial efforts. We are authorized to process patients' healthcare data by hospitals and doctors only after the data collection for clinical trials is approved by ethics committees and patients' consents are obtained by doctors properly pursuant to applicable PRC laws and regulations. See “—Data Arrangements and Security—Data Arrangements.”

We implement a comprehensive and rigorous data privacy and security program to ensure the security, confidentiality and integrity of data that we gain access to and the stability and reliability of the services that we provide. We create a closed platform environment for our customers that is disconnected with external internet by using firewall and whitelist to manage the entry and exit of the platform. This ensures the security of files and traffic into the private cloud deployed by our customers by filtering out malicious file request and behavior. Further, authorization is required for users to access data on the platform. We have adopted and implemented robust internal control system focusing on data security and personal information protection. Our architecture and platform have passed various Level 3 security certifications from Guiyang Municipal Public Security Bureau and Haidian Branch of Beijing Municipal Public Security Bureau. In addition, our information security management system, quality management system and information technology service management system have been certified by the ISO standards. See “—Data Arrangements and Security—Data Privacy and Security.”

Our Solutions

Leveraging YiduCore, we then developed a suite of healthcare solutions to enable intelligent drug development for life sciences companies, intelligent healthcare services to empower doctors and hospitals, and intelligent monitoring and policy making for regulators and policy makers. We continue to identify and refine our monetization strategy as the markets we serve become more mature. We

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currently operate three main business segments: Big Data Platform and Solutions, Life Science Solutions, and Health Management Platform and Services:

Big Data Platform and Solutions. Launched in 2015, this is the segment with the longest operating history and consists of our big data platform offerings, including the data processing and application platform (DPAP) and its upgraded version Eywa, as well as other solutions to customers such as hospitals, regulators and policy makers. We offer DPAP/Eywa platforms and solutions for hospitals to empower them to leverage insights from their data in their core operations. Connected to hospitals' existing operating systems, the DPAP/Eywa platforms aggregate the raw data that reside in their systems and process them into structured and standardized data. These data platforms further empower a wide range of applications and solutions for hospitals, such as medical research, clinical diagnosis and treatment and hospital operations management. In addition, we work with top healthcare institutions and researchers to establish research networks and disease registries, enabling researchers within the network to conduct medical research using healthcare data of greater breadth and depth under proper authorization. We also help regulators and policy makers aggregate and process multi-source heterogeneous data at city, provincial and national levels, and allow them to utilize our solutions in multiple application scenarios, such as public health monitoring, epidemic response and population health management.

Life Sciences Solutions. We provide analytics-driven clinical development, real-world evidence (RWE)-based research and digital commercialization solutions to pharmaceutical, biotech and medical device companies, as well as other companies involved in the clinical development process. Our customers include approximately two thirds of the top 20 global pharmaceutical companies in terms of revenue in 2019, according to the EY Report. Our life sciences solutions serve our customers in their drug and medical device development and commercialization process. As part of our life sciences solutions, we also offer software and technology platforms to pharmaceutical, biotech and medical device companies and contract research organizations (CROs) to enhance their clinical trial process. We commenced providing life sciences solutions in 2017. We are currently still at an early stage of development and our scale is relatively small.

Health Management Platform and Solutions. We operate our research-driven personal health management platform under the brand "CausaHealth". Through this platform we offer doctors clinical research and management tools powered by YiduCore. Our CausaHealth platform helps doctors conduct research and manage their patients. Since the launch of CausaHealth in 2020, the number of active doctors grew to approximately 7,000 as of June 30, 2020 and further to approximately 29,900 as of September 30, 2020. We also offer insurance technology and disease management solutions under the "CausaCloud" brand to insurance companies and agencies. We commenced the operation of CausaHealth in February 2020 and CausaCloud in 2019, and this segment is still at a preliminary development stage.

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Customer Type	Offerings	Value Add	Monetization Method
Big Data Platform and Solutions			
Hospitals	Big Data Platform - DPAP - Eywa	<ul style="list-style-type: none"> Aggregate and convert the raw data that reside in existing operating systems into computable, structured and standardized data 	<ul style="list-style-type: none"> Upfront platform development and installation and upgrade fee Maintenance fee
	Solutions - Medical Research - Clinical Diagnosis and Treatment - Hospital Operations Management	<ul style="list-style-type: none"> Leverage insights from data to drive higher quality and more efficient medical research and clinical diagnosis and treatment and improved operational efficiencies and service quality. 	<ul style="list-style-type: none"> Perpetual or term-based license⁽¹⁾ and/or subscription fee Maintenance and data processing-as-a-service fee
	Research Network	<ul style="list-style-type: none"> Enable efficient collaboration and coordination for high-quality large-scale real-world research. 	<ul style="list-style-type: none"> Upfront platform development and installation fee Maintenance and data processing-as-a-service fee
Regulators and Policymakers	Big Data Platform	<ul style="list-style-type: none"> Aggregate and convert multi-source heterogeneous data from healthcare institutions and various government agencies into computable, structured and standardized data 	<ul style="list-style-type: none"> Upfront platform development and installation and upgrade fee Maintenance fee
	Solutions - Public Health Monitoring - Epidemic Response - Population Health Management	<ul style="list-style-type: none"> Leverage insights from data to enhance public health monitoring and regulatory oversight, generate insights and evidence for policy making and outcome evaluation, and implement population health management initiatives 	<ul style="list-style-type: none"> Perpetual or term-based license⁽¹⁾, subscription and/or term-based service fee Maintenance and data processing-as-a-service fee
Life Sciences Solutions			
Pharmaceutical, biotech and medical device companies	Analytics-driven clinical development	<ul style="list-style-type: none"> Increase probability of clinical development success in lesser time and cost 	<ul style="list-style-type: none"> Service contract revenue predominantly charged on a time-and-material basis
	Real-world evidence-based research	<ul style="list-style-type: none"> High quality evidence to demonstrate value and outcomes 	
	Evidence-based digital commercialization	<ul style="list-style-type: none"> Improve commercial success and return on investment 	
Health Management Platform and Solutions			
Patients	Health and disease management plans		<ul style="list-style-type: none"> Service package subscription fee
	Online consultation	<ul style="list-style-type: none"> One-stop platform for personalized health and disease management services 	<ul style="list-style-type: none"> Consultation fee per time
	Drugs and devices		
	Insurance		<ul style="list-style-type: none"> Take-rate of insurance premium
Insurance Companies	Insurance Technology Solutions	<ul style="list-style-type: none"> Support product innovation and enable faster and more accurate insurance underwriting and claim processing 	<ul style="list-style-type: none"> Project-based implementation and consulting fee Take-rate

Note:

(1) Term-based license fee refers to fees that we charge our customers for the right to use our platform or application for a specified period of time or license term.

YiduCore-empowered Ecosystem

Anchored upon the data processing capabilities of YiduCore and the actionable insights derived from the processed data, we started to monetize the research-driven solutions we designed and offered to players in healthcare industry in 2017. Participants in our ecosystem include hospitals, pharmaceutical, biotech and medical device companies, research institutions, insurance companies, doctors and patients, and regulators and policy makers. The self-reinforcing nature of YiduCore, through an expanding ecosystem of participants coupled with increasing value derived from more data processed, creates significant network effects to fuel our rapid expansion.

With actionable insights accumulated and our network of investigators and partnering hospitals, we are able to conduct real-world studies on different drugs in various disease areas efficiently for our customers in the Life Sciences Solutions segment. For example, in 2019 we helped different pharmaceutical company customers perform cost-effectiveness analysis on nine drugs of six disease areas based on real-world studies, which is necessary to the admission of such drugs into or the preservation of such drugs in the catalog of drugs covered by national medical insurance system. Supported by the result of our studies and other materials submitted by the customers, all of these customers' applications for the inclusion or preservation of these drugs in the catalog were approved by the National Healthcare Security Administration.

Earlier this year, we also built for the Wuhan health authorities a dynamic epidemic monitoring platform for combating COVID-19. The platform integrates the databases at city, district and county levels that cover the majority of healthcare institutions in the region and is capable of processing millions of data entries. With YiduCore, it took us merely seven days to develop the platform and complete the first phase of data aggregation, processing and quality control. The epidemic monitoring platform actively monitors population health conditions to identify unusual trends and emerging risks so that health authorities can allocate resources and take measures to contain the pandemic.

In addition, our online health management platform, CausaHealth, has helped physicians significantly improve patient management and productivity. In general, medical experts on our CausaHealth platform, through leveraging our platform solutions, were able to increase their weekly consultation productivity by around four times compared to traditional offline consultations.



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Our Accomplishments

While we believe we are only at the beginning of our journey, our results speak to the progress already achieved. According to the EY Report, we ranked No. 1 in terms of revenue among all healthcare big data solution providers in China in 2019 with a market share of 5.0% in the healthcare big data solutions market in China. Leveraging YiduCore, we have (i) provided big data platforms and research-driven solutions covering more than 500 hospitals in China, encompassing over 120 Grade 3A hospitals, of which 64 are ranked among the top 150 hospitals in China, and regulators and policy makers across different administrative levels, (ii) processed and analyzed upon authorization over 1.3 billion longitudinal healthcare records from over 300 million patients to derive deep insights and knowledge, and (iii) successfully launched and started the monetization of multiple healthcare solutions across our three business segments.

As we leverage YiduCore to introduce and launch new healthcare solutions, our revenue growth has accelerated. Our total revenues increased by 348.9% from RMB22.7 million in the fiscal year ended March 31, 2018 to RMB102.0 million in the fiscal year ended March 31, 2019 and further by 447.1% to RMB558.1 million in the fiscal year ended March 31, 2020, and increased by 586.7% from RMB24.8 million in the three months ended June 30, 2019 to RMB170.4 million in the three months ended June 30, 2020. Our gross profit turned positive from a loss of RMB0.9 million in the fiscal year ended March 31, 2018 to RMB5.7 million in the fiscal year ended March 31, 2019 and increased further to RMB146.5 million in the fiscal year ended March 31, 2020, and increased from RMB1.9 million in the three months ended June 30, 2019 to RMB31.5 million in the three months ended June 30, 2020. Our loss was RMB978.4 million, RMB933.7 million and RMB1,511.4 million in the fiscal years ended March 31, 2018, 2019 and 2020, respectively, and was RMB666.6 million and RMB505.8 million in the three months ended June 30, 2019 and 2020, respectively. Our adjusted net loss, a Non-IFRS measure defined as net loss excluding the impacts of (i) fair value changes of convertible redeemable preferred shares, (ii) fair value changes of convertible notes, (iii) fair value changes of warrants, (iv) share-based compensation expenses, and (v) listing expenses, was RMB252.9 million, RMB419.3 million and RMB322.3 million in the fiscal years ended March 31, 2018, 2019 and 2020, respectively, and of RMB130.3 million and RMB76.0 million in the three months ended June 30, 2019 and 2020, respectively. See “Financial Information—Non-IFRS Measure: Adjusted Net Loss” for details.

Strengths

With a visionary management team and a deep pool of in-house talent with big data and healthcare expertise, we are differentiated from other healthcare big data solution providers by (i) our AI technologies, which are capable of processing large volumes of multi-source healthcare data with speed and accuracy, and (ii) our strong capabilities of generating deep insights and knowledge and developing research-driven healthcare solutions. As we strive to strengthen our advantages in data processing and analytic capabilities and accumulate deep insights and knowledge on various diseases, we can better serve existing clients through long-term value creation and simultaneously attract new participants into our ecosystem, creating a virtuous cycle and positive network effects. According to the EY Report, among the top five emerging healthcare big data solution specialists, we are the only company that has a significant business footprint in all three sectors of China’s healthcare big data solutions market, namely, the hospital sector, the regulator and policy maker sector and the life sciences sector. In terms of revenue, we ranked No. 1 among all healthcare big data solutions providers

in China in 2019 with a market share of 5.0%. We believe that the following strengths have contributed to our success:

Powerful AI technologies capable of processing massive multi-source heterogeneous healthcare data with speed and accuracy

We are the pioneer and one of the few companies that integrate information technology systems of hospitals in China, and convert the raw and scattered data on their systems into computable, structured and standardized data with speed, accuracy and cost efficiency. As patient-level healthcare data are generated, collected and stored in various information systems, such as HIS, EMR, LIS, PACS and NIS, within a hospital, we need to aggregate, structuralize and standardize these data for research and analytics through data engineering, natural language processing and other AI technologies to create structured and standardized datasets and models. Currently, we can help hospitals efficiently integrate approximately 300 different hospital information systems. Our data processing technology also allows us to process large volumes of healthcare and non-healthcare data from other sources such as regulators and policy makers and from various use cases and interactions with ecosystem participants with high level of data integrity. Our data quality control team has built thousands of quality control rules. By carefully adjusting the thresholds of the rules and selecting additional operating measures, we are able to automatically monitor and manage data quality during data processing. Our data quality control is mostly automated with low error and missing rates, and we also implement policies and procedures to ensure the consistency of manual operations.

Since our first full implementation of DPAP platform in 2015, YiduCore has been continuously improved and becoming more intelligent as we partner with more hospitals, regulators and policy makers, leading to enhanced data processing capabilities with greater efficiency. This form of full implementation of integrating and processing data can now be completed within a few weeks with accuracy. Earlier this year, we have built for the Wuhan health authorities a dynamic epidemic monitoring platform for combating COVID-19, which integrates the databases of city-level platforms and hospitals, and district- and county-level platforms that cover the majority of healthcare institutions in the region and is capable of processing millions of data entries. With YiduCore, we took merely seven days to develop the platform and complete the first phase of data aggregation, processing and quality control. The epidemic monitoring platform actively monitors population health conditions to identify unusual trends and emerging risks so that health authorities can allocate resources and take measures to contain the pandemic.

Self-reinforcing YiduCore to generate evolving insights and knowledge

YiduCore, our data intelligence infrastructure based on knowledge graphs, logical knowledge base, deep learning and other machine learning algorithms, is constantly self-reinforcing and becoming more intelligent over time as we process more data and accumulate more insights and knowledge. It also enables a wide range of services and solutions in various application scenarios and interactions with customers and other ecosystem participants. Our services and solutions in turn allow us to access and process, upon authorization, additional valuable data, and further develop and apply additional research-driven solutions to more application scenarios. Moreover, YiduCore is highly scalable and can be easily applied to different scenarios, serving a wide range of customers.

Strong capability to develop research-driven healthcare solutions

We have upgraded our DPAP platform to Eywa, an open and flexible data platform that adapts to an expanding range of research-driven applications and solutions developed by us and other partners in

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our ecosystem. Based on our data processing and analytics capabilities and accumulated insights and knowledge, we have also developed disease registries covering more than 40 major disease areas. In addition to the big data platforms and solutions that mainly serve hospitals, regulators and policy makers, YiduCore also allows us to quickly develop other innovative research and data analytics-driven solutions, such as life sciences solutions and health management platform and solutions, to address more application scenarios. We believe that we have built a solid foundation to continue to enhance our understanding of diseases and develop new applications and solutions at low marginal costs.

Powerful network effects of our ecosystem fueling multi-pronged monetization potentials

We leverage the strong network effects of our ecosystem to further develop and expand our business. As a pioneer in the industry, we started out by providing healthcare data processing solutions to hospitals by developing YiduCore. YiduCore becomes more intelligent as we process more data and power more applications and solutions. Using our services and solutions, market players in the healthcare industry enjoy better outcomes, and research projects benefit from quality validation that we represent, which won us greater recognition and acceptance in the healthcare industry. We therefore believe that the ecosystem surrounding YiduCore will attract an increasing number of participants, including hospitals, pharmaceutical, biotech and medical device companies, research institutions, insurance companies, doctors and patients, as well as regulators and policy makers, and drive more interactions among the participants. These network effects are further reinforced as YiduCore is highly scalable and flexible, leading to improved unit economics as the number of participants and transactions increases in the ecosystem.

We believe our network effects, as illustrated in an example below, ultimately drive multi-pronged monetization potentials for our business. We will also continue to leverage our core capabilities to further capture monetization opportunities as well as enrich our ecosystem.

When building the research platform for the national clinical research center for hematologic disorders, we first partnered with top medical experts in that area and developed hospital-based registries focusing on such diseases within the hospitals. As more medical experts in this area became attracted to our platform, we were able to establish a research network to develop a national registry, enabling researchers within the network to conduct real-world medical research under proper authorization. Such collaboration also led to the publication of standard dataset for hematologic disorders. The research network further attracted pharmaceutical companies to conduct research projects aimed at measuring the treatment efficacy of certain types of leukemia. We expect to further leverage the research platform to provide solutions in areas such as HEOR, clinical research and adverse reaction monitoring to pharmaceutical companies. As we deepen our knowledge in this disease area, we will help insurance companies develop innovative insurance products for childhood leukemia, and we may also potentially connect the research network to our personal health management platform for patient management.

Robust customer relationship deepened through long-term value creation

The healthcare ecosystem supported by YiduCore involves different industry participants, and we help them make better decisions and achieve better results through our research-driven solutions. Leveraging YiduCore, we are able to provide an expanding set of services and solutions with natural stickiness to cover the end-to-end needs of ecosystem participants, thereby driving higher stickiness and increasing wallet share for each customer.

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Within our Big Data Platform and Solutions segment, most of our hospital customers start with our DPAP/Eywa platforms and subsequently add on disease registries and other solutions. For example, we commenced our collaboration with Sun Yat-Sen University Cancer Center (SYSUCC) in 2016 to implement the DPAP platform. From 2017 to 2018, we helped SYSUCC build two disease registries for colorectal cancer and nasopharyngeal cancer, based on which we further developed a clinical decision support system focusing on such diseases and published the standard datasets for such disease registries in collaboration with SYSUCC. Further in 2019, we also helped SYSUCC build another disease registry for esophageal cancer and implemented a diagnosis-related-groups (DRGs) management platform for SYSUCC.

Visionary management team supported by a deep pool of in-house talent with big data and healthcare expertise

Our Company was founded by our Chairlady, Ms. Gong Yingying, together with other co-founding team, with the vision to utilize data and technology to bring forth “green healthcare” and improve the welfare of the population and the society. Ms. Gong’s iconic leadership has been widely recognized. In 2019, she was elected as a member of Young Global Leaders by the World Economic Forum.

Our other co-founding team and senior management consist of industry veterans with decades of experience in healthcare and technology. They worked at prominent global companies, including Microsoft, Alibaba and IQVIA, or received doctoral degrees from renowned universities, such as Peking University and University of Toronto. Dr. Yan Jun, our chief technology officer, has over ten years of experience in the AI field and held various research and management roles in Microsoft Research Asia before joining us. Ms. Yang Jing, our president and chief financial officer, worked at a prominent private equity fund and a top-tier global management consulting firm for more than ten years prior to joining us, during which she gained extensive experience in investment and strategic consultation projects in healthcare industry. Ms. Zhang Shi, our senior vice president overseeing our Big Data Platform and Solutions business, has over 13 years of experience on client and channel management and general management in various technology companies before joining us.

Our people are our most valued assets. With YiduCore and our expertise in the industry and influence in the ecosystem, we are able to continue to attract the best talent in multiple fields. Our number of employees grew from 407 as of March 31, 2018 to 718 as of March 31, 2019, and further to 990 as of June 30, 2020. In particular, we have a deep bench of big data and healthcare experts. As of the Latest Practicable Date, about 40% of our employees were within the AI and technology function, about 44% were within the healthcare function with clinical research expertise, and approximately 30% held master’s degrees or above. We also devote substantial management and organizational focus and resources to ensure that our culture and brand remain highly attractive to talents.

Strategies

We will focus on the following key growth strategies to realize our mission to make value-based precision healthcare accessible to everyone:

Continue to strengthen our data processing capabilities

We will continue to strengthen our core capabilities, including data processing technology and machine learning algorithms, and enhance our ability to deliver solutions responsive to our customers’ needs, aiming to establish industry-wide recognition. To this end, we will continue to attract and retain

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the best minds in the fields of AI and data science, experienced professionals with deep understanding of the healthcare industry and also top talents with strong knowledge in the healthcare domain, equipping ourselves with a stronger and more balanced mix of skillsets to continuously drive the improvement of YiduCore.

We also plan on expanding our cooperation with the world's leading technology companies, universities and research centers, leveraging their advanced technologies and know-hows to facilitate our innovation, further strengthen our data processing capabilities and AI technology and shorten the development cycle of our solutions. For example, we have established a joint research center on intelligent self-directed medical service systems with Tsinghua University to promote innovation on intelligent clinical trials and a joint innovation base for intelligent clinical trials with Beijing Cancer Hospital. Generally, we cooperate with universities to build laboratories and make other arrangements for: (i) basic research: our R&D department and the university's research department jointly conduct basic research and experiments based on their respective advantages. Although the results of basic research are not directly applied in the real-world, they could serve as the foundation for long-term technological development; (ii) joint solutions: these solutions are jointly developed by us and universities and could be applied in the real-world or in actual national and government projects; and (iii) joint talent training. In addition, we have collaborated with Chongqing Medical University to found the first medical data research college in China.

Deepen and broaden our knowledge and use cases by disease areas

Our strategy is to go deep in each disease area. We start with research and work with leading researchers in universities and hospitals to deepen our knowledge of the disease and broaden our use cases for each disease area to include public health monitoring, population health management, analytics-driven clinical development, RWE-based research, evidence-based digital commercialization and health management services. As we broaden the use cases, we deepen and enrich our understanding of the disease, which continues to iterate and self-reinforce, thereby enhancing our strong economic moat. By leveraging a common knowledge base to drive additional services, we will be able to benefit from economies of scale to drive operating leverage, leading to margin expansion over time.

Expand customer base and deepen relationship with existing customers

We will leverage our robust customer base and continue to deepen our long-term relationship with, and increase the spending by, existing customers, such as seeking to generate recurring revenues and drive purchases of additional services and solutions. We will also continue to enhance and develop more applications and solutions to attract additional customers from existing, as well as additional segments along the value chain. Specifically, for each business segment that we operate, we have adopted a tailored business development strategy as follows:

- *Big Data Platform and Solutions.* We plan to attract and acquire more customers in this segment by partnering with and serving more regulators and policy makers in establishing more public health monitoring, epidemic response and population health management systems, developing more disease registries and research platforms for customers, and further exploring and enriching the ecosystem surrounding our open technology platforms. In addition, we also plan to deepen our relationships with existing customers, including hospitals, regulators and policy makers, and offer them more value-adding services and solutions built on our platform to serve their critical needs.

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- *Life Sciences Solutions.* We aim to increase wallet shares of each existing customer by leveraging our deep insights and knowledge to incubate and offer more solutions covering the entire drug development life cycle to help them achieve efficiency improvement, shortened drug development cycle and better commercial performance for stronger economic results.
- *Health Management Platform and Solutions.* We will continue to attract and retain more reputable doctors and offer them AI clinical insights and knowledge-based disease specific research and management tools, empowering them to improve efficiency and quality in research and patient management. We will also expand our services into more disease areas and provide more patient-oriented services. By leveraging our constantly improving insights and knowledge as well as services and solutions powered by YiduCore, we aim to provide personalized precision healthcare to patients in a cost-effective manner.

Explore opportunities in international markets

We plan to leverage YiduCore to enter and penetrate new markets. YiduCore is highly scalable and the insights and knowledge generated are highly transferable to other markets. This allows us to extend our value proposition beyond China and offer cost-effective solutions to serve hospitals, regulators and policy makers in other countries and regions. For our first phase of global expansion, we will focus on Asia, particularly South East Asia which is home to 650 million people and has a combined annual healthcare expenditure of over US\$400 billion. We intend to partner with regulators and policy makers in the region to develop AI-enabled public health platforms and establish a regional research network to foster research collaborations in the region and with researchers in our network in China.

Further enrich our ecosystem through strategic partnerships, investments and acquisitions

To complement our organic growth strategy, we will continue to enrich our ecosystem by selectively pursuing suitable strategic partnerships, investments, alliances and acquisitions. We intend to explore opportunities that would allow us to enhance our data intelligence infrastructure. We also intend to focus on partnerships, investments, alliances and acquisitions that attract new participants to our ecosystem and broaden our service offerings. In particular, we plan to consider: (i) businesses that possess cutting-edge technologies in the fields of machine learning, big data analytics and other technologies related to our business that would enhance our data intelligence infrastructure; (ii) businesses with proven monetization models in the healthcare big data solutions market that synergize with our plans to broaden our service offerings; and (iii) businesses that operate healthcare apps or social communities with many users that would help attract new participants to our ecosystem. As of the Latest Practicable Date, we did not expect to pursue any imminent acquisitions or investments. As we operate in a fast-growing industry, we will consider expanding our scale and market share through strategic partnerships, investments and acquisitions. See the section headed “Future Plans and Use of Proceeds” for more details.

Our Ecosystem

Anchored upon YiduCore, we support a more efficient healthcare ecosystem by providing research-driven solutions to players in healthcare industry. Participants in our ecosystem include hospitals, pharmaceutical, biotech and medical device companies, research institutions, insurance companies, doctors and patients, and regulators and policy makers.

YiduCore

YiduCore, our intelligent “medical brain,” is the data intelligence infrastructure that powers our data analytics-driven solutions in the healthcare industry. In our early development, we focused our efforts on building YiduCore by serving and partnering with top hospitals, where high-quality medical resources were concentrated. During this period, we developed our big data platforms and solutions that integrate different information technology systems within hospitals and convert the raw healthcare data accumulated in their systems into computable, structured and standardized data. These raw healthcare data are directly generated by doctors within the hospitals without external processing and normally include patient visit notes, diagnosis and treatment records and laboratory test results. Raw healthcare data are usually stored in different information systems within a hospital and in different formats. Raw healthcare data are processed on the hospitals’ servers and we do not collect or store them on our servers. The first implementation of our big data platform, DPAP, for a top hospital in 2015 took intensive efforts and considerable time. As we partnered with more hospitals and other players in the healthcare industry, our data processing became increasingly automated, faster and more accurate. As these top hospitals use our platform to conduct research and for other applications, the insights and knowledge uncovered from the data are accumulated within YiduCore in the form of knowledge graphs, logical knowledge base and machine learning algorithms, which further enhance YiduCore.

The foundation of YiduCore is our healthcare data processing and analytics capabilities. We are the pioneer and one of the few companies that aggregate and convert the raw and scattered data on the information technology systems of hospitals in China into computable, structured and standardized data with speed, accuracy and cost-efficiency. We have serviced and partnered with over 500 hospitals, encompassing over 120 Grade 3A hospitals in China, of which 64 are ranked among the top 150 hospitals in China, and regulators and policy makers at various administrative levels, which authorized us to process healthcare data for over 300 million patients. The top 150 hospitals are ranked by a combination of factors including hospital’s revenue with a weight of 40%, research and academic competence with a weight of 20%, clinical treatment ability with a weight of 20%, the number of healthcare personnel with a weight of 15% and quality of medical service with a weight of 5%, according to the EY Report. Among the remaining hospitals covered by the regional platforms we developed for regulators and policy makers, there are 303 Grade 1 hospitals, 49 Grade 2 hospitals and 83 Grade 3 or above hospitals.

The deep insights and knowledge derived by YiduCore are the core of our competitive advantage. Guided by our knowledge and experience in the healthcare industry, we utilize AI technologies, to intelligently automate the process of finding correlations and patterns and building intelligent statistical learning models through processing the healthcare data upon authorization. These AI technologies include knowledge graph and symbolic knowledge inference models, deep learning and other machine learning algorithms, and other data processing and statistical tools. In the process, we derive insights and knowledge and store them in YiduCore in the form of knowledge graphs, logical knowledge base and machine learning models, which together are used for inferences and predictions. In addition, as our customers use our data analytics-driven applications and solutions in their daily operations, insights and knowledge are continuously learnt and accumulated in our knowledge graphs, logical knowledge base and machine learning models.

As YiduCore becomes more intelligent and its insights and knowledge become more recognized in the healthcare industry, it attracts more ecosystem participants which further broadens the data source for

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YiduCore. This further reinforces YiduCore, creating a virtuous cycle and network effect that both continue to differentiate our capabilities.

Data Intelligence Roadmap

Our data intelligence roadmap is our approach to driving increasing value of the data we process. We start by converting raw healthcare data in different information systems into computable, structured and standardized data with speed and accuracy. Deep insights and knowledge are derived and accumulated through analyzing the processed data using domain knowledge, deep learning and other machine learning algorithms. Our data intelligence infrastructure gets more valuable and critical as we process more data, extract more actionable insights and knowledge, and power more applications and solutions, which in turn reinforces our data processing and analytics capabilities.

As we provide more services and solutions powered by our constantly improving insights and knowledge, those who utilize our services and solutions will enjoy a number of benefits. For example, using our services and solutions, key participants along the healthcare industry value chain will enjoy better outcomes, and research projects will benefit from quality validation. As the insights and knowledge we accumulate become increasingly recognized and accepted as objective outcome measurements, they drive additional use cases towards value-based healthcare where payments are made and transactions happen based on the evidence of quality and efficacy.

Each step of the roadmap makes our healthcare data intelligence increasingly important to our customers and ingrained into the ecosystem, creating a strong economic moat. As more applications and solutions are built upon our infrastructure, we would become more indispensable to our customers and enjoy greater leverage on our solutions and service offerings. The data intelligence roadmap is further illustrated below:



Network Effects

The self-reinforcing nature of YiduCore, through an expanding ecosystem of participants coupled with increasing value derived from more data processed, creates significant network effects to fuel our rapid expansion. The data processing and analytics capabilities of YiduCore allow us to find insights and knowledge in the form of correlations, patterns and statistical learning models from raw healthcare data. As YiduCore processes more data, we further enhance YiduCore by accumulating new, and optimizing existing, insights and knowledge. In one example, we developed a colorectal cancer

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decision model together with a hospital by analyzing two types of adjuvant chemotherapy regimens based on real-world data such as patient characteristics, pre- and post-surgery clinical features, as well as post-operative outcomes. This decision model helped the hospital to identify which type of adjuvant chemotherapy regimen is more appropriate for a given cancer patient.

As more participants join our ecosystem, we accumulate insights and knowledge in different disease areas within YiduCore. As we process more data, the efficiency, accuracy and quality of our data processing capabilities are enhanced. This, in turn, attracts more participants to our ecosystem, amplifying the network effect. In addition, by leveraging YiduCore's analytics capabilities covering patient data throughout the full disease life-cycle, we believe that we can empower doctors with insights and knowledge-based research and management tools and assist them to deliver cost-efficient health management services to patients. As we deepen our knowledge in specific disease areas to enable improved patient-oriented services and solutions, we believe that we will be able to attract more doctors and other service providers such as pharmaceutical, biotech and medical device companies and insurance companies to our ecosystem to provide better services to patients.

These network effects are further strengthened as an increasing number of mutually beneficial multi-sided interactions are generated across various segments of our business. This enables us to enjoy lower customer acquisition cost as a percentage of revenues and higher customer stickiness, ultimately leading to higher lifetime value per customer. For example, our selling and marketing expenses, which primarily comprise employee benefit expenses and account for the majority of our customer acquisition costs, declined significantly as a percentage of our total revenues from 216.5% in the fiscal year ended March 31, 2018 to 99.3% in the fiscal year ended March 31, 2019 and further to 30.6% in the fiscal year ended March 31, 2020 and from RMB40.3 million in the three months ended June 30, 2019 to RMB43.9 million in the same period of 2020 as we grew our revenues at a much faster rate. For our Big Data Platform and Solutions segment, (i) our hospital customers increased from 37 in the fiscal year ended March 31, 2018 to 51 in the fiscal year ended March 31, 2019 and further to 71 in the fiscal year ended March 31, 2020, and from 56 in the three months ended June 30, 2019 to 72 in the same period of 2020, and (ii) our regulators and policy makers customers increased from 1 to 6 and further to 14 in the respective fiscal years and from 6 to 15 in the respective fiscal quarters. For our Life Sciences Solutions segment, our number of active customers increased from 9 in the fiscal year ended March 31, 2018 to 37 in the fiscal year ended March 31, 2019 and further to 74 in the fiscal year ended March 31, 2020, and from 47 in the three months ended June 30, 2019 to 86 in the same period of 2020. The self-reinforcing nature of YiduCore also leads to higher customer stickiness through our improved and enriched solutions. Our revenue retention for our Life Sciences Solutions customers was 162% in the fiscal year ended March 31, 2019 and 125% in the fiscal year ended March 31, 2020, while the revenue retention for our pharmaceutical, biotech and medical devices company customers was 171% and 152% in these periods, respectively.

Our Technology Capabilities

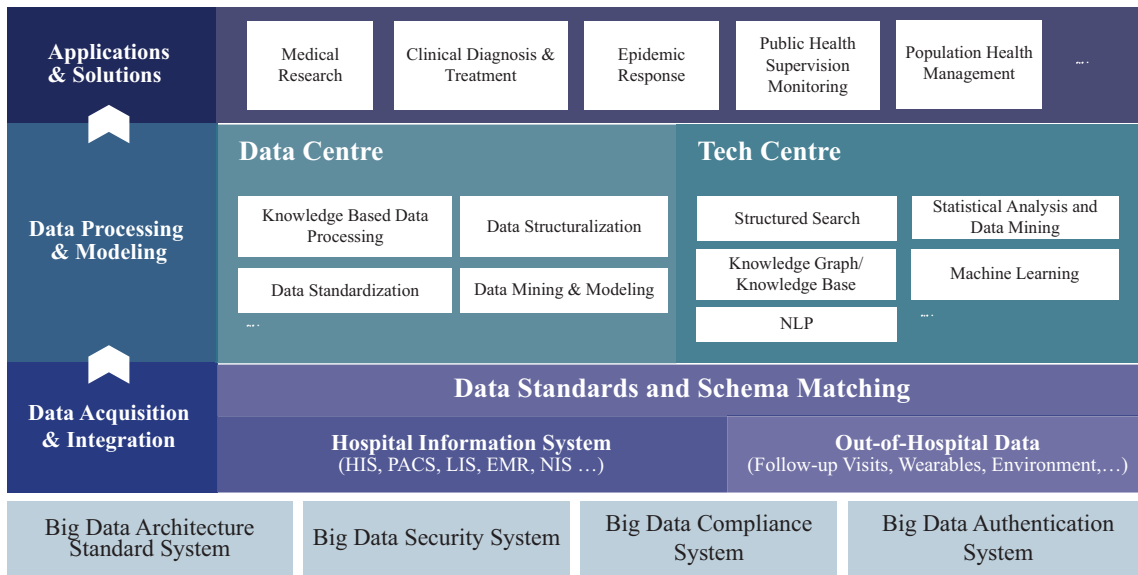
YiduCore's data processing and analytics capabilities are powered by advanced AI technologies built on scalable and agile technology architecture. Data security, confidentiality and integrity, as well as service stability and reliability, are safeguarded by our comprehensive and rigorous data privacy and security program.

Technology Architecture

We have built a robust and comprehensive multi-layered technology architecture to support our healthcare data processing and analytics capabilities and delivery of applications and solutions. The bottom layer of our technology architecture comprises the data modules that aggregate multi-source heterogeneous healthcare data. Heterogeneous healthcare data are generated within hospitals and stored in different information systems of a hospital, and they are typically not computable because they are in different formats. Raw data within hospitals are mainly from patients' data scattered in various healthcare information systems such as HIS and EMR. There are typically multiple information systems from different suppliers within a hospital. These information systems use different data model and format and implement different standard for data recording, resulting in data inconsistency and incompatibility. For example, some information systems store medical records in textual format, while others store them in scanned images. Data collected in one information system can only be used in that information system, making data analysis across information systems and across departments impractical. Therefore, raw healthcare data in hospitals, such as patient visit notes, diagnosis and treatment records and laboratory test results, are usually heterogeneous data. Heterogeneous data are not computable, meaning that it is difficult to search, make statistical reference, and analyze such data through computers, due to (i) inconsistent data format and data standards among various healthcare information systems, (ii) large amount of anomalies as a result of data incompleteness, error and wrong connections, and (iii) healthcare data recorded in natural language being unrecognizable before structuralization. We also process out-of-hospital data for our customers, including heart rhythm, blood oxygen level and other healthcare data from wearable devices and information gathered through other applications for patient management services. Wearable devices are smart electronic devices, such as smart watches and smart wristbands. These wearable devices are designed and made by third party manufacturers and sold to the individual users. The wearer will need to download the mobile application or mini-program deployed by the hospital on his or her smartphone. With the prior consent of the wearer usually in the form of a user agreement and privacy policy, the information captured by the wearable devices are transmitted to the private cloud of our hospital customer. The out-of-hospital data are generally collected by our customers through mobile applications, which require users to expressly agree with user privacy policies that allow us to help customers process these data. We are not responsible for and do not evaluate the completeness and accuracy of such data. The processed data are integrated on the integration platforms we build for our customers and stored in various specific purpose repositories of our customers.

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The middle layer of our architecture includes (i) our data processing capabilities, through which the data are de-identified, cleansed, structuralized and standardized, and (ii) our data analytics capabilities where we utilize AI technologies to build our knowledge graphs, logical knowledge base and machine learning models. On top layer is the applications and solutions layer which can also be adapted to support the applications and solutions developed by third parties. We are committed to cybersecurity, data security and service reliability through each layer of our technology architecture. The graph below illustrates the various layers of our technology architecture:



YiduCore is highly scalable and flexible and can adapt to support a wide range of solutions and applications developed by us or third parties and enables fast product development and iterations. In addition, the solutions and applications we have developed are highly modularized, which allows us to quickly customize a basket of solutions and applications for a particular customer to match the demand with speed and accuracy. We have designed our platform to be an open platform where our hospital customers can develop their own applications using the standard development kit we provide on the platform or create application programming interface (API) conveniently on the platform to connect to third-party applications approved by our customers. We aim to build an open platform where our customers and partners can take advantage of our data processing and analytics capabilities, as well as the structured and standardized data (subject to legal authorization) to serve their needs. This further helps to expand our footprint in the healthcare ecosystem and strengthen our network.

Data Processing Capabilities

The backbone of our technology is our healthcare data processing capabilities. Healthcare data are generated, collected and stored in various information systems within a hospital, and we need to aggregate, cleanse, structuralize and standardize these data for analytics through data engineering, natural language processing and other AI technologies. When scattered in various information systems in a hospital without standardized definition and classification, healthcare data suffer from lack of standardization, inconsistent data quality and incompleteness, and the scope and efficiency to use those data are limited. By aggregating the data in various information systems as the foundation for data processing, we can form a computable database in high quality. Hospitals can benefit from such database to conduct medical research, precision medicine and hospital management. In other words,

aggregating data in various information systems enables the hospital to improve its operation and management, healthcare service quality and medical research capabilities. Our data processing capabilities deliver high-quality structured and standardized data with speed, accuracy and efficiency, from which we are able to generate actionable insights and knowledge through our analytics capabilities to power a wide range of applications.

- *Aggregation and cleansing.* As healthcare data are generated, collected and stored in different information systems that are scattered and disconnected from each other, an integrated data center is needed within each hospital. Healthcare data are often recorded in poor quality, and as a result we also need to detect errors, duplicated information and inconsistencies in the data and exclude or correct them to improve data quality. We integrate data from different sources through our enterprise master patient index (EMPI), and organize and cleanse these data using data integration, data mapping, deduplication, de-identification and other data processing techniques. The sources of the data we process may adopt different data formats to express the same meaning. For example, a hospital may use “KSMC” (an abbreviation of visiting department in Chinese 「科室名稱」) to represent the hospital department that a patient visits, and other hospitals may use other words to represent the same thing. Data mapping aims to extract such underlying expressions in source data using standardized data models so that the computer can identify the underlying expressions regardless of the original data format. In the above example, data mapping can process the information of “KSMC” into the standard data model as the “visiting department” attribute. Also, we analyze the raw data stored in different information systems of a hospital to identify duplicates. When processing data for a hospital, we use EMPI to maintain accurate healthcare data across various information systems within the hospital. Each patient is assigned a unique identifier, the EMPI ID, through irreversible encryption and conversion of the patient’s personal information field, but does not contain any personally identifiable information itself. Using the EMPI ID of the patient, we can locate all the patient’s records across various information systems and perform de-duplication for our hospital customers accordingly. In the process of data de-duplication, extra copies of the same data, or data expressing the same meaning are deleted, leaving only one copy to be aggregated and processed. As the same set of information of a particular patient in different hospitals can be irreversibly encrypted and converted into the same EMPI ID, EMPI also allows us to aggregate health data of one patient across different hospitals upon authorization of our hospital, regulator or policy maker customers. In addition, we help regulators aggregate and process healthcare data stored across thousands of different healthcare institutions. As of the Latest Practicable Date, we have processed longitudinal healthcare data for over 300 million patients from hospitals, regulators and policy makers.
- *Structuralization and standardization.* Leveraging our domain expertise in the healthcare industry, we use natural language processing and other technologies for data structuralization and standardization. Traditionally, healthcare data are recorded by doctors in free-form texts. We use our advanced algorithms to convert those clinical records into structured and standardized data so that machines could understand, process and analyze them. For example, through NLP algorithms and medical knowledge graphs, both being branches in the field of AI, we can identify and analyze medical terms with particular meanings in the medical texts that are recorded by doctors in natural language, such as disease names, treatment events, the severity and period of such treatments together with other attributes. In addition, multiple healthcare natural language expressions are often used by different doctors in clinical records to convey the same meaning. We detect those different expressions and

semantically convert them into standardized expression using our standardized healthcare glossary. For example, doctors may record “type 2 diabetes”, a standard term in our glossary, as “type II diabetes” or “diabetes type II,” which are identified and converted to the standard term through our model. The doctor may also use other rare expressions such as “2nd type diabetes,” which has not appeared when we train our model. Our model will break down the expression into parts such as “2nd type” and “diabetes” and probe the similarity between those parts and possible standard terms, thereby making the judgment to convert this new expression to “type 2 diabetes” as well.

- *Quality control.* Healthcare data generally contain anomalies such as inconsistency, incompleteness, or sequence error. For example, the disease noted in patient’s check-out records may be different from the disease in the diagnosis record; the medical record refers to a surgery or certain examination result but there is no corresponding surgery or examination record; or the treatment prescription and examination result are recorded after the patient leaves the hospital. Our algorithms can automatically detect these anomalies to improve data completeness and accuracy for our customers. We detect anomalies in the original data based on a comprehensive knowledge base for healthcare information, which contains medical references, clinical manuals and our accumulated insights and knowledge from real-world use cases, so that we can detect non-usable, corrupted or redundant data. Detecting anomalies in the raw data is one of the many steps of data processing, and a set of computable data of higher quality reveals more meaningful patterns through data analytics and AI modeling. At the early stage of development, our medical experts and engineers mainly manually labeled a large amount of anomalies in the data to train the initial data quality rules and models in YiduCore. Based on later real-world applications, we repeatedly upgrade and refine the models by comparing results with medical literature and expert common sense to increase the accuracy and efficiency of our AI algorithms. As YiduCore processes more data, the algorithms in YiduCore can automatically upgrade and refine the data quality rules and models to identify anomalies in the data. We fully comply with national and industrial standards in healthcare data quality control. Following the National Standard on Evaluation Indicators for Data Quality (GB/T 36344-2018), we have built a knowledge base consisting of thousands of quality control rules for processing healthcare data. As of June 30, 2020, our knowledge base included over 27,700 common knowledge rules summarized from quality control checks of real solutions and cases, and 740 medical rules extracted from medical literature. For example, a common knowledge rule in our quality control rules specifies that the present disease section in a healthcare record should not contain any historical disease. Based on this rule, we separate present diseases from historical diseases, thereby producing accurate data for training and enhancing the machine learning model. By carefully applying the rules, we are able to automatically detect anomalies and generate data quality scores and reports, thereby monitoring and managing data quality during data processing. Typically, after we detect quality issues in the dataset, we follow up with the data controllers to repair and standardize the data accordingly. For example, through quality control rules during data processing, we once discovered over 40% of the out-patient records of a hospital failed to include the name of the department that a patient visited. After discussing with the hospital, we suggested the hospital require doctors to include such information in the medical records to enhance data quality. We voluntarily comply with various industrial standards when adjusting our quality control thresholds, including, among others, the Electronic Medical Records System Function Application Level Classification—Evaluation Methods and Standards, Systems and software engineering—System and software Quality Requirements and Evaluation (SQuaRE)—Measurement of

data quality (ISO/IEC 25024:2015) and the Canadian Institute for Health Information Data Quality Framework. ISO (the International Organization for Standardization) and IEC (the International Electrotechnical Commission) form the International Standard system. ISO/IEC 25024:2015—Measurement of data quality, according to ISO and IEC, delivers standards including related measurement procedures and quality measure requirements for the quality characteristics in the data quality model. ISO/IEC 25024:2015 is an International Standard that defines quantitative measures for measuring data quality. The Canadian Institute for Health Information (CIHI) is an independent, not-for-profit organization that provides essential information on Canada's health systems and the health of Canadians. The CIHI's Information Quality Framework provides a structure for CIHI's information quality management practices related to capturing and processing data and transforming it into information products. CIHI provides essential information and data on Canada's health system and all Canadians. CIHI helps Canadian's health care facilities examine the delivery of health care services and help Canadian's policy makers make policy decisions related to health system. CIHI, by working with Canadian jurisdictions, Canada Health Infoway, medical examiners, and health care system leaders, now is in a leading position in developing national data quality standards, and the data and information that provided by CIHI is recognized internationally for its consistency and accuracy. Our customers generally inspect the completeness, accuracy and compliance with standards of our data processing work and will not accept our work if the quality check reveals any material quality issues. As of the date of this document, all of our data processing work was accepted by our customers without material quality issues.

Analytics Capabilities to Accumulate Deep Insights and Knowledge

Actionable insights and knowledge are generated from real-world healthcare data that we process and analyze under various use cases. We partner with top hospitals and researchers in setting the standards for disease modeling, and have drafted and published research papers and books on building data platforms and diseases databases for healthcare institutions.

- *AI modeling on processed data.* We utilize AI technologies, including knowledge graph and symbolic knowledge inference models, deep learning and other machine learning algorithms, and other statistical approaches to intelligently and automatically find correlations, patterns and build predictive models by analyzing healthcare data. Through our knowledge graph construction technology, we detect the relationships among attributes of patients who are diagnosed with or without a certain kind of disease, such as gender, age, symptoms and health examination results, among others, and calculate the correlation between such attributes and certain diseases. Through machine learning algorithms, we further build an analytical model that predicts the probability of a patient having such disease when we input the correlated factors and syndromes of that patient. In addition, with the assistance of our model, doctors may learn insights on the correlation between certain facts of patients and the possibility of a patient having a disease. For example, through YiduCore's analysis on various medical literature and medical records, we have built a model to assess the risk of patients who have diabetes, hypertension, higher low density lipoprotein, are overweight and have smoking habits in developing atherosclerotic cardiovascular disease (ASCVD) in the future. Such correlations and patterns are not readily available without efficient and effective data processing and analytics capabilities. Our team of data scientists works continually to optimize our proprietary analytical models and improve our analytics capabilities since our inception. As we process and analyze more healthcare data, we uncover more features from

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data that are used to further improve the predictive capabilities of our models with higher accuracy. Through collaboration with our healthcare specialists equipped with industry insights and knowledge, our data scientists refine and optimize the models and fine tune parameters by taking into account industry-specific or event-specific factors.

- *Insights and knowledge from use cases.* We utilize our analytics capabilities to find patterns and generate actionable insights and knowledge to power a wide range of applications. These applications aim at increasing the accuracy, efficiency and productivity for our customers in various use cases. As our customers use our data-driven applications and solutions powered by YiduCore in their daily operations, more insights and knowledge are continuously generated within YiduCore, which further reinforces YiduCore and enhances our accumulative insights and knowledge.

Data Arrangements and Security

Data Arrangements

We generally do not acquire data, except in two situations: (a) in the health management platform and solutions business line, in which we collect certain personal and healthcare data from patients for the purpose of providing personalized health management services upon patients' authorizations, and (b) in the life sciences solutions business line, in which we help customers collect certain clinical trial data or de-identified real-world medical data for clinical research upon obtaining authorization from patients or hospitals, as applicable. Set forth below is a summary of the typical arrangement pursuant to which we are provided with access to the critical mass of data underlying our solution offerings.

- *Big Data Platform and Solutions Segment.* Customers in this segment, mainly hospitals, are the major source of the critical mass of data from which our knowledge and insights are derived. However, we do not acquire these data or bear any cost in connection therewith. Instead, all these data remain within the private cloud of each of the hospitals, regulators or policy makers at all time. Under a typical service agreement, we are granted access to the mass of de-identified healthcare data in the course of building the DPAP/Eywa platforms or providing solutions to the customer. The platform we developed for the hospital can integrate data in various information systems, including but not limited to PACS, LIS, HIS and EMR, and help with data cleansing, de-identification, structuralization and standardization. The platform provides doctors with data analysis tools and solutions that can facilitate personalized scientific research, including but not limited to medical record search engine solutions, data statistical analysis solutions, data mining solutions, etc. Under the service agreement, the hospital grants us authorizations to access, integrate and process healthcare data. Hospitals are responsible for obtaining the relevant authorizations for accessing to the necessary medical data.

In this process, we generate knowledge and insights. It is the knowledge and insights rather than the data that we store in YiduCore (in the form of knowledge graphs, logical knowledge base, algorithms and machine learning models and other data processing and operation tools). Once the service agreement terminates, we will no longer have access to the customers' data, but we can still use the knowledge and insights in YiduCore that we derive from processing the data and intellectual properties that we develop independently. In addition, the data access is not authorized to us on an exclusive basis. Nevertheless, as we become familiar with the data quality and structure during data processing, we develop new

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applications and functions from time to time on the data platform, which leads to future collaborations and increases customer retention.

As advised by our PRC Legal Advisor, under applicable PRC laws and regulations, regulators and policy makers are permitted to integrate data from hospitals regulated by them or within their scope of authority, establish data platforms, process such data with the assistance of enterprises and manage such data in their own private clouds for the purposes of fulfilling their respective responsibilities as suppliers of public medical services, regulators of public health, drug safety and medical security funds. As advised by our PRC Legal Advisor, regulators and policy makers are not required to obtain consents from individuals to grant subsequent and on-going access to de-identified data that do not contain any individually identifiable information pursuant to applicable laws and regulations. We are granted access to data of the relevant hospitals regulated by our regulator and policy maker customers for building the regional platforms and to the extent these regulators and policy makers engage us to integrate and process the data. These regulators and policy makers decide the extent of data to be integrated and processed, and we are not required by them to guarantee the completeness and accuracy of the underlying data.

Furthermore, we process data in compliance with applicable laws and regulations, as well as agreements with our customers. We store our database in our private cloud. We do not store any data of our customers in our private cloud or public cloud and do not use any data for any purpose other than those specified in the service agreements with regulators and policy makers and our business does not involve any cross-border data transfer. In addition, pursuant to the Law of the People's Republic of China on Guarding State Secrets (Revised in 2010) (中華人民共和國保守國家秘密法 (2010修訂)), the regulators and policy makers shall mark state secrets on all the media that carry information related to state secrets, and if the information does not involve state secrets, it shall not be marked as state secrets. When engaged in the aforementioned business, we did not see any state secret mark on the media. Based on the foregoing, our and the Joint Sponsors' respective PRC counsels are of the views that our access and usage of the relevant data and information do not give rise to any state secret issue in any material respect.

- *Life Sciences Solutions Segment.* In this segment, data collection is involved mainly in services related to clinical development and RWE-based research. In providing analytics-driven clinical development related services, we help principal investigators and clinical trial sponsors, such as pharmaceutical, biotech or medical device companies, collect clinical trial data related to the patients pursuant to applicable laws. These data include, among others, demographic data, lab examination data, disease related data, diagnosis information and treatment information. We help sponsors of the clinical trials submit the study protocol which entails the data to be processed, among others, to the ethics review committee of the trial site hospital for approval before processing the data for the purpose of the clinical trials. If applicable laws require or the ethics review committee requires that patients' informed consent is applicable, then the principal investigators are responsible for obtaining the patients' informed consent. We help principal investigators or sponsors process and analyze these data, and we do not control, own or store these data after the completion of the trials unless the relevant laws or regulations governing clinical trials or the customers as the data owners require us to store the data for a specific period of time for purposes such as clinical trial auditing. No payment is made by us for the collection of these data. Most of the RWE-based research we have participated in are based on historical data, which do not need or contain individually identifiable information and

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are not interventional to the subjects, and so personal consent is not required by the ethics committees. In providing RWE-based research services, the data mass based on which we help customers (pharmaceutical, biotech or medical device companies, as the case may be) perform research and analysis, are either provided by hospitals or principal investigators as participants of the studies or collected from the hospitals upon their authorization. If we are responsible for data collection, we obtain authorization from the hospital to access the necessary de-identified data, analyze the data and deliver the analysis results. By contrast, in another type of RWE-based research, where principal investigators are to follow up with the subjects to study their future diagnosis and treatment status, and need to obtain personal information of the subjects, so that the principal investigators can contact them for follow-up, following the written informed consent practice in clinical trials, it is the principal investigators who collect the patient's name and contact information and other individually identifiable information if needed, and obtain written informed consent from the patients, and the principal investigators will authorize us to access and analyze the data collected so that we can provide assistance to them for their research projects. In either case, the personal consents obtained, if needed, are sufficient to cover our access and use of the data, and we do not acquire these data at cost or own or store these data after the completion of the research. In providing evidence-based digital commercialization solutions, both patients and doctor users of the digital platforms that we develop and operate, accept and agree to be bound by a user agreement. Under the user agreement, we, as authorized operators of those platforms, are authorized by both patients users and doctor users to collect, process, aggregate and perform statistical analysis of the healthcare data that patients or doctors upload to the platforms. Such data collection, processing and analysis is necessary to the provision of better health management services to patient users and more efficient patient management services to doctors. It also helps to facilitate the interactions and consultations between doctors and patients. There is no cost associated with accessing and using such healthcare data under this solution.

- *Health Management Platform and Solutions Segment.* In this segment, we collect, process, use and store certain data of patients upon their authorizations for the purpose of providing safe, efficient and personalized services. We enter into a user agreement and privacy policy with each patient that uses our CausaHealth platform. Under the user agreement and privacy policy, patient users agree to provide certain personal information such as name, gender and date of birth. Users also authorize (a) us or the doctors to request for or upload materials and information necessary to the diagnosis and patient management services, including medical records, historical prescription records, medical treatment records, allergy history and family disease history, (b) us to collect certain behavioral data of the patients and certain device data, such as the total time a user spent for finding a doctor and completing a consultation to improve our service efficiency and technical functions, and how many technical errors a user made when the user used our platform during a visit to make our platform more user-friendly, (c) us to use and analyze the data collected for the purpose of designing, maintaining or improving the platform services, and (d) us to share the data with cooperating partners in the case where such data are necessary for cooperating partners to provide certain core services available on the platform. Data collection, processing and storage are necessary for offering the diagnosis and health management services on the CausaHealth platform. No separate fees are paid by us for the acquisition of the user data.

Data Privacy and Security

We implement a comprehensive and rigorous data privacy and security program to ensure the security, confidentiality and integrity of data that we gain access to and the stability and reliability of the services that we provide.

- *Security and System Certification.* Our architecture and platform have passed various Level 3 security certifications from Guiyang Municipal Public Security Bureau and Haidian Branch of Beijing Municipal Public Security Bureau. Pursuant to the Administrative Measures for the Graded Protection of Information Security (信息安全等級保護管理辦法) and the Guidelines for Grading of Classified Protection of Cyber Security (網絡安全等級保護定級指南), the operator of an information system shall determine the security protection grade of the information system, and report the grade to the relevant department for examination and approval. The grading of the classified protection of the information systems are determined based on two elements, namely what can be affected and how serious the consequences would be, if the information systems are damaged. In addition, our information security management system, quality management system and information technology service management system have been certified by the ISO standard. Specifically, we have passed ISO27001 (Information Security Management System Certification), ISO27017 (Cloud Service Information Security Management System Certification), ISO27018 (Personally Identifiable Information Security Certification), ISO9001 (Management System Certification), ISO20000 (Information Technology Service Management System Certification) and many other international security certifications.
- *Infrastructure Stability and Security.* We take comprehensive security precautions to ensure the stability and security of our infrastructure and data. We back up all our operating data on a regular basis offline and in separate and various secured data back-up systems on IDC servers to minimize the risk of data loss. We have a detailed protocol for operation and maintenance management, monitor and alert mechanisms, network security management and disaster recovery. We have established a business continuity mechanism in case of any major catastrophic event, including natural or unnatural disasters that could lead to various business interruptions, such as power failure, network failure, or server power outages. In addition, our maintenance team closely and constantly monitors for common technical issues and the usage of resources such as central processing units and memory and alerts our technical team of unusual technical difficulties. We deploy firewalls to effectively safeguard against hackers and other security attacks. Applications and solutions are required to pass internal security test before going live and are subject to ongoing penetration test to ensure timely bug detection and repair.
- *Data Security Architecture and Protective Measures.* We have implemented advanced logging and monitoring, data encryption, regular security audits and other mechanisms to ensure proper recording of data operation and compliance with national data security standards. We create a closed platform environment for our customers that is disconnected with external internet by using firewall and whitelist to manage the entry and exit of the platform. This ensures the security of files and traffic into the private cloud deployed by our customers by filtering out malicious file request and behavior. Further, authorization is required for users to access data on the platform. We also apply de-identification technology such as encryption to ensure that patient identities are protected. Access to and operation of data will be logged and monitored and subject to review. Abnormal access and operation will trigger automatic warning or alert from the platform. Our information security department will investigate the event in a timely

manner if the platform sends out any automatic warning or alert and evaluate the impacts. We will take appropriate security measures against any abnormal or suspicious requests or behaviors if the automatic warning or alert signals any real problems.

The healthcare data that we gain access to upon authorization and use to continuously train our AI engine are de-identified and remain within the hospital, regulator, policy maker or other customer at all times, without the need to transfer or store such healthcare data on our servers. The customer will store its data on its own private cloud for a period determined by itself, subject to direct monitoring and audit by the customer. The data will be backed up as required for data processing and data security, and the back-up data will also be stored on servers located within the customer's premise. All operations on the data are recorded and can be examined by the customer. The data are always within the customer's private cloud under the customer's full control. Each of our customers on the platform will have access only to its own data, without access to the data of any other customer. Typically, the customer's private cloud is set up by us as part of the solutions services and our database is stored on our own private cloud. The customer can conduct de-identification and can further perform other data processing operations using the data platform on its own private cloud. While providing solutions and services to the customer, our algorithms and models are continuously trained by the de-identified data on the customer's private cloud with the purpose of further processing and analyzing data efficiently and deriving insights and knowledge in the process. At all times, the data of our customers remain on their own private clouds. The data and private cloud of each of our hospital customer are not connected with each other.

After our algorithms and models in YiduCore are deployed in the platform we build for the customer, the algorithms and models are continuously trained on the customer's private cloud during the course of providing solutions and services to the customer. This allows our algorithms and models learn from the processing of new data. Knowledge graphs (which mainly consist of relations between entities and the probability and predictive models of such relations), model updates and model parameters generated during the process are transferred through secured connections connecting YiduCore and the customer's private cloud, within the authorization granted by customers. Our technical and medical teams frequently discuss with the customer and doctors who use our platform and solutions regarding their feedback and suggestions to make improvements and adjustments to our algorithms and models in conjunction with knowledge graphs and model updates received by YiduCore. At all times, the data of our customers remain on the customer's own private clouds and we do not store any data of our customers in public cloud or our private cloud for training YiduCore.

- *De-identification Technologies.* We help our customers de-identify their data and check the de-identification results in accordance with our strict de-identification standard and the customer's de-identification requirements before delivering the data for subsequent processing to fully protect patient privacy and security. We conduct data de-identification in compliance with the Cybersecurity Law and Personal Information Security Guidelines, design and implement de-identification programs with reference to the Health Insurance Portability and Accountability Act, or the HIPAA, and due consideration of the de-identification requirements of data controllers such as hospitals. We also comply with Information Security Technology—Guide for De-Identifying Personal Information (GB/T 37964-2019) (信息安全技術個人信息去標識化指南) and other applicable laws and regulations. Our de-identification technologies help our customers detect, encrypt or remove

personal identifiers, including the patient’ name, address, telephone number, identity card number, social security number, email address, home address, name of contact person, registered permanent residence and any other information that can identify a patient pursuant to the PRC Cybersecurity Law and other applicable PRC laws and regulations, and by referring to the Health Insurance Portability and Accountability Act of the United States, or the HIPAA. In respect of de-identification technology and method, we generate a EMPI ID for each patient through irreversible encryption of the patient’s identification information field, which will be used as the patient’s master index and does not contain any personally identifiable information itself. See “Business—Our Technology Capabilities—Data Processing Capabilities.” De-identified data are indexed using EMPI ID instead of patient identifiable information. EMPI allows us to compare and detect duplicated records of the same patient and delete duplicated data. From a mathematical perspective, this personal information to EMPI-ID transformation cannot be decrypted or reversed. Thus, it is impossible to determine a patient’s identity through the de-identified data. In addition, the de-identification process is purely automatic, as our algorithm model can accurately detect personal information to be encrypted into EMPI ID without human supervision, thereby protecting patients’ personal information from human access. In addition, the de-identification encryption works like a mathematical function where same input will always generate the same output under the same algorithm. Therefore, if one patient visits two hospitals for different treatments, his or her personal identity information is encrypted into a EMPI ID in the first hospital, which is associated with his or her treatment record there. The same personal identity information will also be encrypted into the same EMPI ID under the same de-identification process in the second hospital, which is associated with his or her treatment record there. Using the same EMPI ID generated separately in multiple hospitals, we can help our customers match the treatment records of one patient in multiple hospitals. The de-identification is completed within the customers private cloud under the customer’s full control to further ensure the protection of patient identities. According to Guide for De-Identifying Personal Information, any de-identified dataset bears the risk of re-identification. For example, although it is almost mathematically impossible to convert EMPI-ID back to personal information, it is possible to identify the patient from the medical records associated with that EMPI-ID if the hacker has access to the raw data, which are not under our control, and compares those records to determine the identity of the patient. To mitigate such risk and protect patients’ personal information, we: (1) deployed double encryption so that brute-force attack requires impractical cost, (2) recommended customers to also perform de-identification on raw data stored by them, (3) established account and access control for our customers to prevent unauthorized re-identification attack, and (4) provided private cloud and other security solutions to reduce the risk of external attack. Our customers generally inspect our data processing work, including de-identification, to make sure our work complies with the relevant standards, and will not accept our work if the quality check reveals any material quality issues on de-identification. As of the date of this document, all of our data processing work has been accepted by our customers without material quality issues on de-identification.

- *Robust Internal Control System.* We have adopted and implemented robust internal control system focusing on data security and personal information protection. This includes our policies regarding data security, management of data security, and data classification and categorization. Our internal control protocols cover the full lifecycle of data processing including data collection, data quality management, data encryption and transportation, data

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storage security, data backup and recovery, data processing and analytics, proper use of data, data destruction and disposition. We require all our employees to comply with medical ethics and protect privacy and personal information contained in our customers data, and we strictly prohibit unauthorized or improper collection or use of such data or personal information. Pursuant to our policies, without due authorizations from our customers or going through compliance procedures such as applications for ethical approvals on clinical trials, as applicable, we do not, and do not help our customers, aggregate, process or analyze any healthcare data. We prohibit employees from storing any work-related documents, files or data on unauthorized servers or personal computers. Moreover, our policies require strict compliance on data encryption and de-identification. To process data for authorized projects, the employee in charge of the project is required to submit an application for internal review and obtain a temporary access approval with a definite expiration date, normally by the end of the relevant project. In addition, we require our employees to acknowledge and sign confidentiality agreements before they receive any data, and all data analyzed for specific projects are de-identified in accordance with applicable laws and regulations. We have implemented stringent data security monitoring and alert systems for sensitive data. We also strictly follow the terms of authorization and the scope of usage set forth in the agreements with our customers when processing and analyzing their data. We have the right to dismiss any employee if they illegally misuse or leak our data or customer data or cause any damage to us or our customer, and may also pursue further legal proceedings against them.

- *Organization and Personnel Security Compliance.* We have established (i) a data security committee consisting of members of senior management overseeing data privacy and security; (ii) a dedicated information security team with staff in charge of the planning of secure data infrastructure, security of development and operation, secure system maintenance, supervision on internal data operation, and regular risk assessment on security protocols and compliance management, and (iii) a data compliance team that prescribes and enforces data security compliance rules and protocols, as well as data security solutions. In particular, our data security committee consists of our chairlady/chief executive officer, chief technology officer, head of each business segment and representatives from our operation, information security and legal departments. As of June 30, 2020, our data security committee had 13 members, among which six had over 10 years of experience in the internet industry and three had received relevant qualifications such as Certified Information Security Professional or HIPAA training certificates. Our data security team includes more than 50 full-time employees averaging over eight years of experience in information security, including experts in areas such as data security, information security management system construction, application security, security testing and IT infrastructure design and security. A few of them are certified for HIPAA or other information security standards. Our data compliance team consists of seven employees, averaging more than six years of legal compliance experience and each with bar admission in a jurisdiction. In addition, we enter into confidentiality agreement with all employees, provide regular training on confidentiality and information security to our employees, and conduct security tests to ensure the strict implementation of our internal control system and data security compliance policies. To ensure compliance with our data security policies, we have also set up data security monitor and alert systems and retain logs of all data access, usage and transfer activities, which are analyzed and audited periodically to detect any deviations from our policies. Employees are also encouraged to anonymously report non-compliance with our data security policies. We can implement various penalties for employee non-compliance depending on the facts and

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circumstances, which include, but are not limited to, immediate dismissal and initiating legal proceedings against them.

Our PRC Legal Advisor, after reviewing relevant agreements and policies provided by us and based on our confirmation on certain facts relating to our operation, is of the view that our operation as described below is in compliance with all the applicable PRC laws and regulations governing data protection and privacy in all material respects, based on the following:

- In the Big Data Platform and Solutions business, we do not collect or store personal information and data from patients on our servers. We process the de-identified healthcare data provided by the data owners, such as hospitals, regulators and policy makers, which are restricted to the purposes specified in the agreements between the data owners and us, and we do not use such data for any other purpose which is not agreed upon in such agreements or provide such data to any third party without authorization of such data owners;
- In the Big Data Platform and Solutions business, we are specifically authorized by our customers to de-identify health data across different customers in some cases and we de-identify such data in accordance with the standards specified in the Personal Information Security Guidelines and the Information Security Technology Guide for De-identifying Personal Information (信息安全技術個人信息去標識化指南). The de-identification process is conducted on the customers' servers and we do not collect or store personal information and data on our servers;
- In the Life Sciences Solutions business, we are authorized by our customers to process clinical trial data in accordance with the instructions of the customers, such as the sponsors or investigators of clinical trials, which are restricted to the purpose specified in the agreements with such customer, and we do not use the data for any purpose that is not agreed upon in such agreements or provide the data to any third party without authorization;
- In the Health Management Platform and Solutions business, we collect and use users' personal information in operating the personal health management platform and insurance brokerage platform. We have maintained a personal information protection policy or privacy policy, informed the users of our purposes, methods and scope of collecting and using their personal information and obtained the users' consent. We do not use the data for any purpose that has not been consented to by the users or is not necessary for our provision of services to the users;
- In the Health Management Platform and Solutions business, we also offer insurance technology and disease management solutions to insurance companies and agencies, in the process of which we are authorized to process the data provided by such insurance companies and agencies in accordance with the specified purposes in their agreements with customers and we do not use such data for any other purpose that has not been agreed upon in such agreements. We also do not provide such data to any third party without authorization of such customers; and
- The relevant entities of our Company have completed the information security graded protection filings and formulated relevant security management systems in accordance with the applicable PRC laws and regulations.

Pursuant to the Anti-Monopoly Law of the PRC (中華人民共和國反壟斷法), monopolistic practices include (a) the conclusion of monopoly agreements between undertakings, including without limitation

BUSINESS

those with competitors to fix or change prices, restrict production or sales, divide markets, restrict developing or using new technologies, equipment's and products, and refuse transactions jointly, and those with trading counterparts to fix resale prices or lowest prices for resale, (b) the abuse of dominant market position by undertakings, and (c) the concentration of undertakings which has or may have the effect of eliminating or restricting market competition. The Company does not conduct any of the foresaid monopolistic practices, particularly the Company (i) does not have exclusive arrangement with the customers, (ii) is unlikely to be regarded by the relevant authorities as possessing the dominant market position in the industry given the relatively competitive industry landscape, (iii) does not conduct any actions which are considered to be an abuse of the dominant market position and (iv) is not involved in any concentration of undertakings which are required to be reported to the relevant authorities pursuant to the Anti-Monopoly Law and other applicable antitrust laws. Based on the above, the Company is advised by its PRC Legal Adviser that the operations of the Company do not violate the Anti-Monopoly Law and other applicable antitrust laws in any material respect.

Our Offerings and Solutions

We have developed a wide range of products and solutions that leverage our data processing and analytics capabilities, the actionable insights and knowledge we have accumulated within YiduCore and our self-reinforcing network to deliver differentiated value to our customers. We are able to develop such products and solutions that are tailored to their specific needs based on our deep understanding of the industry pain points and the experience accumulated in the healthcare industry over the years. We are constantly evaluating market opportunities and will strategically expand our solution offerings that use our actionable insights and knowledge to drive better outcomes for additional customers.

We offer a suite of healthcare technology solutions to help our customers make critical decisions and perform better. We currently operate three main business segments: Big Data Platform and Solutions, Life Sciences Solutions and Health Management Platform and Solutions. We price our solutions and services under each segment based on a number of factors, which include the scope and scale of the requested solutions and services, the cost associated with the requested solutions and services, the result of competitive analysis for the requested solutions and services, the value our customers can derive through the solutions and services, and a specific customer's budget size.

Big Data Platform and Solutions

Big Data Platform and Solutions is the segment with the longest operating history, under which we serve hospitals and other healthcare institutions, regulators and policy makers. Built upon the big data platform we develop for our customers, we are able to create and provide various applications and solutions designed for different scenarios based on customer needs, including medical research and clinical diagnosis and treatment for hospitals and public health monitoring, epidemic response and population health management for regulators and policy makers. Our DPAP platforms have contributed to the establishment of 40 standardized disease datasets, which are important for disease studies and data analysis in the relevant disease fields.

Solutions for Hospitals

We began offering our solutions to hospitals and other healthcare institutions in 2015. Our big data platforms, DPAP and its upgraded version Eywa are the foundation of our offering. The DPAP

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platform performs the basic operation of aggregating the raw data that reside in the existing operating systems of our customers and processing them into structured and standardized data so that they can be further leveraged upon to drive the solutions we develop on top of the platform. In addition to these features, the Eywa platform offers enhanced governance, quality analysis, scalability and flexibility by enabling hospitals to (i) actively monitor and track the status of all data connections and processing status, (ii) perform data quality analysis in real time and provide timely feedback on data quality so that the algorithm can be updated instantly, (iii) grant data access rights flexibly according to the specific applications, (iv) develop or plug in third-party applications by offering a standard development kit, and (v) trace and visualize the flow of data along with the identity of the operator through the platform in real time.

Leveraging these platforms, we have developed multiple solutions to help hospitals generate value from their data and enhance quality and productivity for medical research, clinical diagnosis and treatment and hospital operations management. In the process of delivering these solutions, we also provide analytics services and work with hospitals to develop disease models that codify the correlation between attributes of the disease and the associated patients.



As of June 30, 2020, we had a project backlog of approximately RMB158.6 million involving 89 projects for the Big Data Platform and Solutions segment.

Medical Research. We help hospitals integrate data from multiple information systems to establish a patient's full life-cycle model and help medical researchers actively explore and uncover research ideas focusing on specific disease areas, with intelligent recommendations for popular research topics and papers. We achieve this by identifying and extracting keywords in the abstracts of medical literature referring to resources such as PubMed and the Lancet and rank them in accordance with the number of times they appear in all relevant literature within a particular year. We then match the ranking with the researcher's profile such as his or her area of research interest and most treated disease type to recommend the most relevant topics and papers. We generally update the rankings every month so that we could recommend the latest research trends to researchers. Traditionally, medical research has been driven by the experience of medical experts. Our medical research solutions enable researchers to quickly understand the demographic information and other characteristics of patients in the real world, including the distribution of disease stage, disease subtype, gender, age, genetic information and treatment plan, with vivid graphic displays such as pie and bar charts. These types of information enable medical researchers to have a more holistic understanding of diseases and form research hypothesis more efficiently by allowing them to uncover insights and knowledge from the massive amount of real-world data that were previously difficult or impossible to analyze. Such insights, knowledge and experience are codified to be readily available for future use or others to use and improve. Our solutions are also able to improve the efficiency of data collection and processing and

BUSINESS

organization of findings and knowledge, driving significantly shortened research cycle and enhanced data quality and security. We serve nine hospitals ranked among China's top 10 research hospitals according to Nature Index between 2017 and 2020.

- *Disease Registries.* Leveraging YiduCore's data processing capabilities and domain expert knowledge, we help a hospital and its doctors create hospital-based disease registries. Each of our disease registries, such as the diabetes registry and heart disorder registry that we have developed, strengthens the medical research capabilities for doctors by providing holistic medical research solutions. These solutions are designed to facilitate doctors' research throughout the entire clinical research process. These solutions help doctors identify research ideas through real-world data and intelligently recommended research papers, and also support the establishment of research projects by quickly identifying eligible potential research topics based on the processed full-cycle healthcare data. In addition, our disease registries can be connected to our patient follow-up solutions so that doctors can conduct efficient real-world research through collecting out-of-hospital non-medical data. Our disease registries are supplemented by functions such as data management and tracing systems to improve data quality and credibility of evidence. Hospital-based disease registries may potentially be connected under proper authorization to form a research network. As of the Latest Practicable Date, our disease registries had been used in the research leading to the publication of 34 medical articles and 24 AI articles in science journals. See “—Our Offerings and Solutions—Big Data Platform and Solutions—Research Networks” for more details.
- *Patient Follow-up.* The patient follow-up is an application tool that enables researchers to follow up with patients and collect patient data outside hospitals upon authorization of patients. This supports researchers to collect full longitudinal patient data to enable long-term prospective studies with large sample sizes. The patient follow-up application enables researchers to reach patients via multiple channels, including text messages, WeChat, outpatient visits and phone calls. The application also allows researchers to customize the case report form, number of follow-up sites and frequency and triggering events. In addition, the application keeps track of follow-up status to ensure the timeliness and reliability of follow-ups and upload follow-up data in real-time.

For example, in 2017, we cooperated with a cancer hospital to build a disease registry for nasopharyngeal cancer, which does not require traditional manual data input. This disease registry is built on top of our DPAP platform, which can automatically extract relevant records across the entire hospital database. This registry is updated continuously as new clinical data and out-of-hospital follow-up data are being generated. As of the Latest Practicable Date, the cumulative number of patients covered by this registry has exceeded 60,000. The disease registry supports medical experts to carry out real-world research, and research results have been published in international journals such as *The Lancet Oncology*.

Disease Registries and Patient Follow-up



Note: Understanding the trending research topics and reviewing published literature in a research field are important to doctors for improving the efficiency in the process of selecting research directions and conducting scientific research. Based on the most frequently appearing disease in the doctor's diagnosis and treatment behavior, our solution generates a curve showing the relative frequency of appearance of related keywords over time. The value at each given moment on the curve represents the proportion of publications containing the keywords among all publications on the disease in that year.

Clinical Diagnosis and Treatment. We cooperate with top hospitals and doctors to develop our clinical diagnosis and treatment solutions. We have developed disease models and rules for diagnosis and treatment in order to standardize certain procedures traditionally handled by doctors. These disease models and rules codify not only medical experts' own clinical experience but also evidence-based medical knowledge of other experts accumulated in YiduCore, which integrates the latest clinical practice guidelines, database comprising medical publications and reference materials, and knowledge derived from statistical modeling based on disease database. Through continuous research-driven and evidence-based optimization, we believe that these models will become more accurate and help doctors to improve diagnose and treatment efficacy.

We offer the following solutions to support hospitals and doctors with the various aspects in clinical diagnosis and treatment:

- *Clinical Decision Support System (CDSS).* Our CDSS offerings include the general practice CDSS and the disease specific CDSS. The CDSS is a intelligent decision support system for medical record analysis. The CDSS supports doctors throughout the entire diagnosis and treatment process by enabling intelligent interpretations, predictions, recommendations and knowledge search. We believe that this helps to reduce diagnosis omissions and failures, thereby improving healthcare efficiency and quality. The disease specific CDSS utilizes a hospital's patient records or disease registry to construct disease specific data training sets to establish disease specific decision rules aimed to codify the experience of reputable medical experts in that particular disease area through machine learning and knowledge base construction. Based on the disease specific decision rules, the disease specific CDSS provides recommendation of consultation protocols for clinical reference. In one example, we developed a disease model on diabetes together with a hospital by analyzing real-world data

regarding diabetic patients' physical conditions, blood glucose levels and medication histories. The hospital subsequently used such model to determine the appropriate insulin regimen and the corresponding injection dosage for patients.

CDSS



- Multidisciplinary Team (MDT) Intelligent Application and Management Platform.** The MDT approach involves discussions on an individual patient's case conducted by medical experts from multiple departments. The MDT platform approach is encouraged by national policy maker and supports whole-process case discussions among different departments for multiple purposes. The MDT platform supports a centralized online process for managing case discussions to achieve whole-process management from initiation of discussions, expert invitation and meeting notification to post-meeting follow-up evaluation. Specifically, the functions of the MDT platform include: (i) intuitive timeline display of the longitudinal medical record of the patient to assist doctors to quickly gain a holistic understanding of the patient's condition during the consultation; (ii) utilizing big data search and analytical technology to recommend medical records of patients of similar profile to doctors for reference; and (iii) automatically reminding doctors to conduct online case follow-up and provide outcome evaluation at regular intervals. Records of follow-up evaluation and previously completed MDT cases are stored and accumulated in an MDT database to provide references for subsequent clinical treatment, scientist research and doctor education.

In one example, a gastroenterologist in a cancer hospital applied for MDT discussions during the treatment of stage IV patients with metastatic gastric cancer after ovarian surgery. The MDT platform facilitated the discussions among the gastroenterologist and multiple doctors in five different departments of gastrointestinal surgery, gynecology, radiotherapy and chemotherapy, imaging, and pathology.

MDT Intelligent Application and Management Platform

The screenshot displays the MDT Intelligent Application and Management Platform interface. It features a sidebar on the left with navigation options like '申请记录', '基本信息', '最新状态', '病史', '诊断结果', and '病理报告'. The main content area is divided into several sections: 'MDT 申请' (MDT Application) with fields for '申请人' (Applicant) and '申请科室' (Applying Department); '基本信息' (Basic Information) with '患者ID' (Patient ID) and '年龄' (Age); '最新状态' (Latest status) with '最新状态' (Latest Status); '病史' (Medical History) with a list of dates and descriptions; '诊断结果' (Diagnosis Results) with a list of dates and descriptions; and '病理报告' (Pathology Report) with a list of dates and descriptions. On the right side, there is a 'Similar precedent cases' (相似既往病例) section with a list of cases and their details, including '出院诊断' (Discharge Diagnosis) and '治疗经过' (Treatment Course).

Note: "Similar precedent cases" refer to cases from previously admitted patients within this particular hospital.

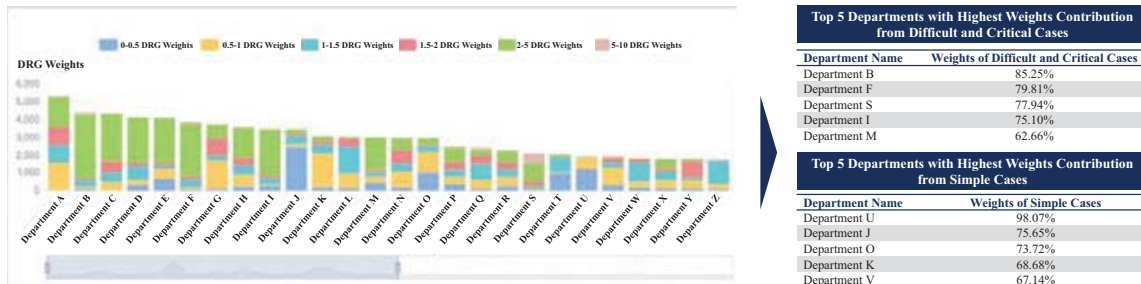
Hospital Operations Management. Our hospital operations management solutions are designed to help hospitals improve service quality, healthcare effectiveness and operational efficiency.

- *Outcome-based Management Platform.* Utilizing DRGs and big data analytics technology, we help hospitals reconstruct and establish a refined, disease-oriented performance management system. This system identifies abnormal indicators and simultaneously generate intelligent predictive recommendations based on AI technology. Abnormal indicators that

may be identified include: (i) single-visit drug cost indicator, which aims to prevent excessive order of drugs in a single prescription, (ii) on-time consultation rate, which aims to monitor whether patients turn up for their appointment on time and evaluate the reliability of the allocation of appointment slots. Our current product covers more than 20 analytical topics, such as outpatient and emergency room service, inpatient service, surgery quality and medical quality, and more than 100 key performance indicators, such as distribution of diseases for outpatient visits, average length of stay in hospitals, numbers of surgeries, and operative mortality rate. In one example, a hospital used our platform to conduct comparison analysis of the medical capability of all its departments to identify the top and bottom five departments measured in terms of the weight contribution of difficult and critical cases seen. The analysis helped the hospital to allocate its resources more efficiently to promote the strong departments and improve the capabilities of the relatively weaker departments to enhance the overall competitiveness of the hospital.

Outcome-based Management Platform

Clinical Capability Structure of Hospital ABC's Departments



Note: The diagram above shows the DRGs relative weight (RW) value. Each DRGs is assigned with a RW based on the patient's severity of illness and cost of care. A higher RW value is associated with longer length of stay, greater severity of illness, and higher reimbursement. The types of diseases with a RW value greater than 2 are deemed as critical, and a RW value less than 1 indicates a simple disease. Based on its data processing capabilities, YiduCore can accurately extract patient diagnosis, surgery, operation and other data to improve the efficiency of case coding and the accuracy of patient enrollment. In the example shown above, a hospital used our platform to conduct comparison analysis of the clinical capability to identify the top and bottom five departments measured in terms of the weight contribution of difficult and critical cases seen. The table in the upper right shows the five departments with the largest proportion of difficult and critical cases seen while the table in the lower right shows the five departments with the highest proportion of the least complex cases. This analysis helped the hospital identify whether its current resource allocation across departments is aligned with the complexity of cases seen by the departments. Meanwhile, by comparing RW value distribution of each department with national benchmark, the hospital can better understand its relative performance in terms of resource utilization efficiency adjusted for complexity of cases seen so that it can address underperformance timely to enhance the overall competitiveness of the hospital.

- **Intelligent Medical Record Quality Control System.** This system leverages our accumulated disease knowledge graphs and logical knowledge base and applies neural network algorithms to create default rules and quality control models for medical record summary. This system is focused on analyzing whether the content in the summary meets the regulatory requirements and the hospital's internal policies for inpatient medical record keeping. For example, based on the preset quality control model and rule library, this system can evaluate the quality of each medical record in the hospital and intelligently prompt, among others, any missing items, omissions and logical errors, and whether the diagnosis has a basis.

Intelligent Medical Record Quality Control System

Medical record sample A

医疗机构 ***** 组织机构代码: *****

医疗付款方式: 住院病案首页

健康卡号: 第 1 次住院 病案号: *****

姓名 **** 性别 女 出生日期 1983年 11 月 26 日 年龄 36 国籍 中国

(周岁不足1周岁的年龄) 月 新生儿出生体重 新生儿入院体重 克

出生地 **** 省(自治区/直辖市) **** 市(地区/州) **** 县(区) 籍贯 **** 省(自治区/直辖市) ** 市(地区/州) 民族 汉族

身份证种类 居民身份证 身份证号 **** 职业 职员 婚姻 离异

现住址 **** 省(自治区/直辖市) **** 市(地区/州) **** 县(区) 电话 **** 邮编 ****

户口地址 **** 省(自治区/直辖市) **** 市(地区/州) **** 县(区) **** 邮编 ****

工作单位及地址 **** 省(自治区/直辖市) **** 市(地区/州) **** 区 **** 单位电话 **** 邮编 ****

联系人姓名 **** 关系 其他 联系人地址 **** 省(自治区/直辖市) **** 市(地区/州) **** 县(区) **** 电话 ****

入院途径 1.急诊 2.门诊 3.其他医疗机构转入 转诊医疗机构名称 9.其他

入院时间 2020 年 10 月 23 日 09 时 入院科别 外科内医 病房 300027 转科科别

出院时间 2020 年 10 月 25 日 15 时 出院科别 外科内医 病房 300027 实际住院 2

门 (急) 诊诊断 左乳腺块 疾病编码 N63.00

出院诊断	疾病编码	入院病情	出院诊断	疾病编码	入院病情
主要诊断:左乳腺块	N62.x00+004	有			

入院病情: 1.有, 2.临床未确定, 3.情况不明, 4.无

Total score

100

DRG分组
J629-乳腺非恶性肿瘤乳腺部分切除术

实际费用	标称费用	费用权重 (%)
9789.65	7067.65	38.12%
实际住院日	标称住院日	住院权重 (%)
2.00	4.59	56.43%

首页评分 问题数4个

- 患者基本信息 减0分
- 无
- 诊疗信息 减0分
- 【舌】当“最高诊断收组”是1级病理, 该字段不能为“-”
- 【ABO血型】血型为“1”、“2”、“3”、“4”时, 病历应有血型报告
- 费用信息 减0分
- 无
- 住院过程信息 减0分
- 【离院方式】选“A”“非医嘱离院”时, 病历需要有自动离院

补充诊断 2个

- 诊断编码
- I63.909 K29.400-慢性亚急性甲状腺炎
- 疾病 I65.200+014-慢性动脉粥样硬化

Medical record sample B

医疗机构 **省**医院 组织机构代码: *****

医疗付款方式: 住院病案首页

健康卡号: - 第 1 次住院 病案号: *****

姓名 **** 性别 男 出生日期 1953年 11 月 30 日 年龄 64 国籍 中国

(周岁不足1周岁的年龄) 月 新生儿出生体重 新生儿入院体重 克

出生地 **** 省(自治区/直辖市) **** 市(地区/州) **** 县(区) 籍贯 **** 省(自治区/直辖市) ** 市(地区/州) 民族 汉族

身份证种类 身份证 身份证号 **** 职业 无 婚姻 已婚

现住址 **** 省(自治区/直辖市) **** 市(地区/州) **** 县(区) 电话 **** 邮编 350000

户口地址 **** 省(自治区/直辖市) **** 市(地区/州) **** 县(区) **** 邮编 350000

工作单位及地址 **** 省(自治区/直辖市) **** 市(地区/州) **** 区 **** 单位电话 **** 邮编 ****

联系人姓名 **** 关系 其他 联系人地址 **** 省(自治区/直辖市) **** 市(地区/州) **** 县(区) **** 电话 ****

入院途径 1.急诊 2.门诊 3.其他医疗机构转入 转诊医疗机构名称 9.其他

入院时间 2018 年 01 月 30 日 15 时 入院科别 心血管内科 病房 043 转科科别 -

出院时间 2018 年 02 月 02 日 11 时 出院科别 心血管内科 病房 043 实际住院 3 天

门 (急) 诊诊断 冠状动脉粥样硬化性心脏病 疾病编码 I09.800

出院诊断	疾病编码	入院病情	出院诊断	疾病编码	入院病情
主要诊断:冠状动脉粥样硬化性心脏病	I25.103	有	其它诊断:甲状腺功能亢进	E04.101	有
其它诊断:窦性心律不齐和阵发性室性心动过速和阵发	I09.800	临床未确定	其它诊断:脂肪肝	K76.000	有
其它诊断:高血压病	I10.x00	有	其它诊断:肝内胆汁淤积	K76.813	有

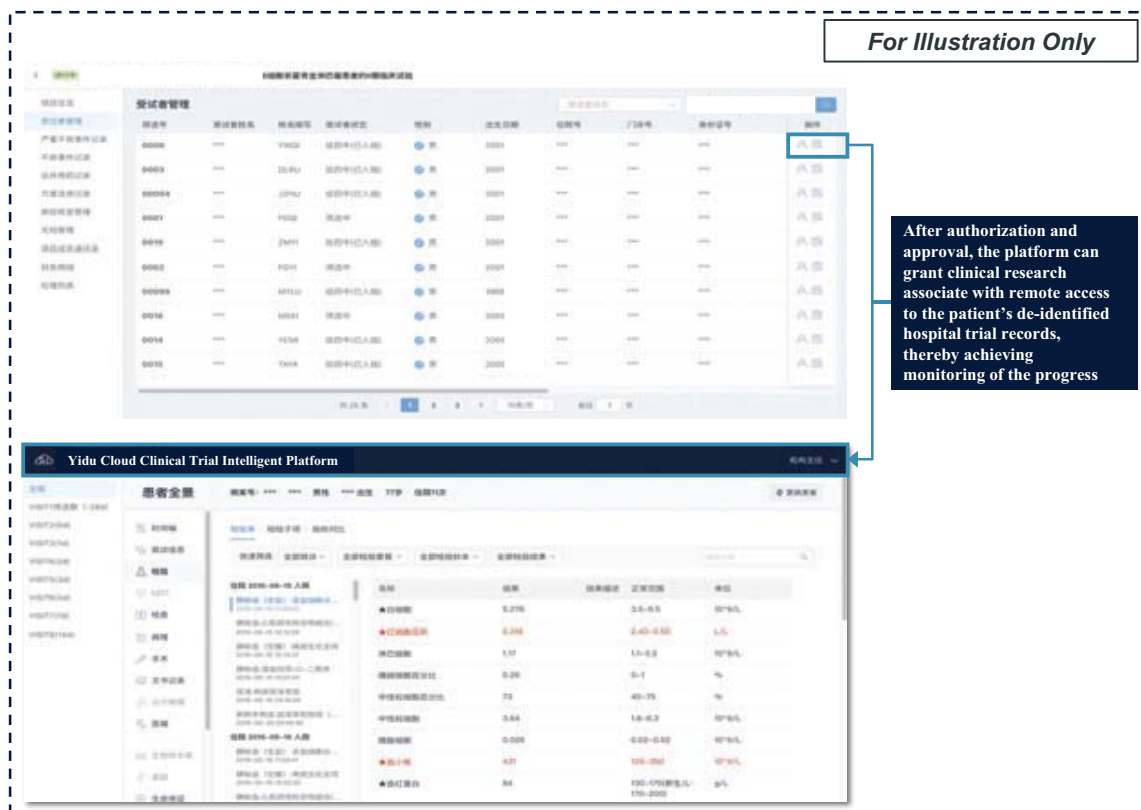
补充诊断

- 补充诊断
- 补充诊断

- Score each medical record based on completeness and overall quality
- Identify errors in the record based on our accumulated medical insights and knowledge

- *Intelligent Good Clinical Practice (iGCP) Clinical Trial Platform.* This platform provides a complete set of clinical trial management tools for hospital pharmacology site managers, including clinical trial management system (CTMS), clinical trial drug management system (CTDMS), and clinical trial financial management system (Payment). Our iGCP platform leverages AI technologies to empower various parties involved in the conduct of clinical trials to perform dynamic quality control under various scenarios, thereby enhancing the overall quality and efficiency of clinical trials. For example, the iGCP platform we built up for a hospital enabled clinical research associates to remotely monitor the clinical trials upon authorization of the hospital. Since the iGCP system went into operation, it has supported multiple clinical trials.

iGCP Clinical Trial Platform



We do not give any representations or warranties or provide indemnities for the performance of our big data platform and solutions for hospitals or regulators and policy makers, so we will not be responsible or liable for the accuracy and effectiveness of the solutions developed for them. Hospitals or regulators and policy makers will check the quality of our work product and test the quality of our data governance after we deliver the platform. Up to the Latest Practicable Date, no customer under this business segment has rejected our delivery for failing to pass quality check. Nevertheless, we have strong motivations to continuously improve our technology so that our customers will continue to use our platforms and solutions.

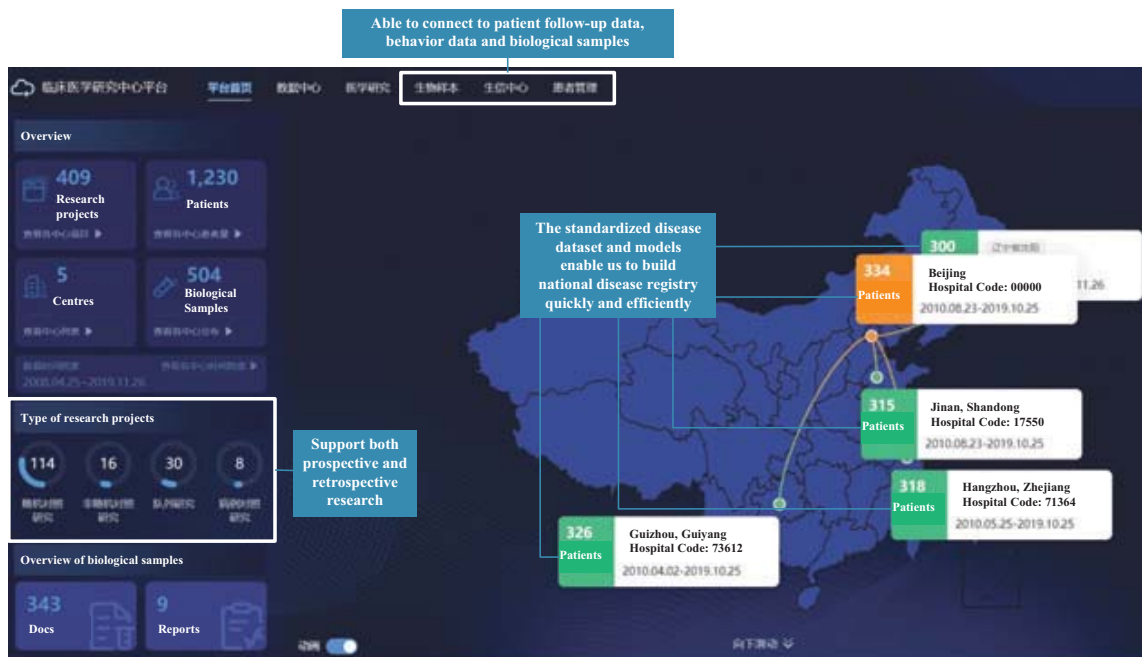
Research Networks

We work with top medical experts in different disease areas to develop nationwide research networks and disease registries by connecting doctors specializing in the same disease area across the country. Currently, we have built disease registries covering over 40 major disease areas, each with its own standardized datasets and models, so that they are ready to be connected among hospitals. As we collaborate with more hospitals and experts for a certain disease, the datasets and models of that disease are further refined and optimized. Once a hospital grants authorization, each of its disease registries can easily join the research network of the corresponding diseases. By connecting disease registries of multiple institutions, our solutions enable medical experts to have access to data analytics with greater breadth and depth. Our solutions also allow them to conduct large-scale real-world research in collaboration with other doctors and researchers. The insights and knowledge generated from the national disease registry are leveraged to help doctors conduct better informed clinical

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diagnosis and treatment pathway assessment, as well as help regulators and policy makers set effective measures for value- and outcome-based evaluation. The establishment of a research network and national disease registry also increases the ease of collaborating with industry participants such as pharmaceutical companies to conduct clinical development and RWE-based research. For example, we partnered with a leading hospital in blood disorders to build a hospital-based registry for such disease area in 2017. After constantly refining and optimizing the data models and algorithms for blood disorders as doctors use the hospital-based registry in their work, we and the hospital jointly published the standard dataset for blood disorders in 2019. As the value of the hospital-based registry in medical research gained increased recognition, we were further engaged by that hospital to establish a blood disorder research network with five other partner hospitals and develop a national registry anchored upon the original hospital-based registry. The data models and algorithms we accumulated relating to blood disorders enabled us to quickly and efficiently develop the national disease registry. Hospitals and doctors in the research network can conduct efficient clinical trials and cross-institutional RWE-based research that may eventually guide clinical diagnosis and treatment with outcome-based evaluation.

Research Networks



Solutions for Regulators and Policy Makers

Our solutions for regulators and policy makers are built on the same underlying data intelligence infrastructure as our solutions for hospitals. We help regulators and policy makers aggregate and process multi-source heterogeneous data from healthcare institutions and various government agencies at city, provincial and national levels, so that these data are leveraged to generate insights and evidence for policy making and outcome evaluation, and implement population health management initiatives. Specifically, depending on the function of the corresponding platforms or solutions, such insights and evidence may vary widely, such as the prevalence of specific diseases, utilization of medical resources, capabilities of healthcare institutions and medical expenditure of different groups of people, which are helpful to healthcare policy-making to serve the public interest.

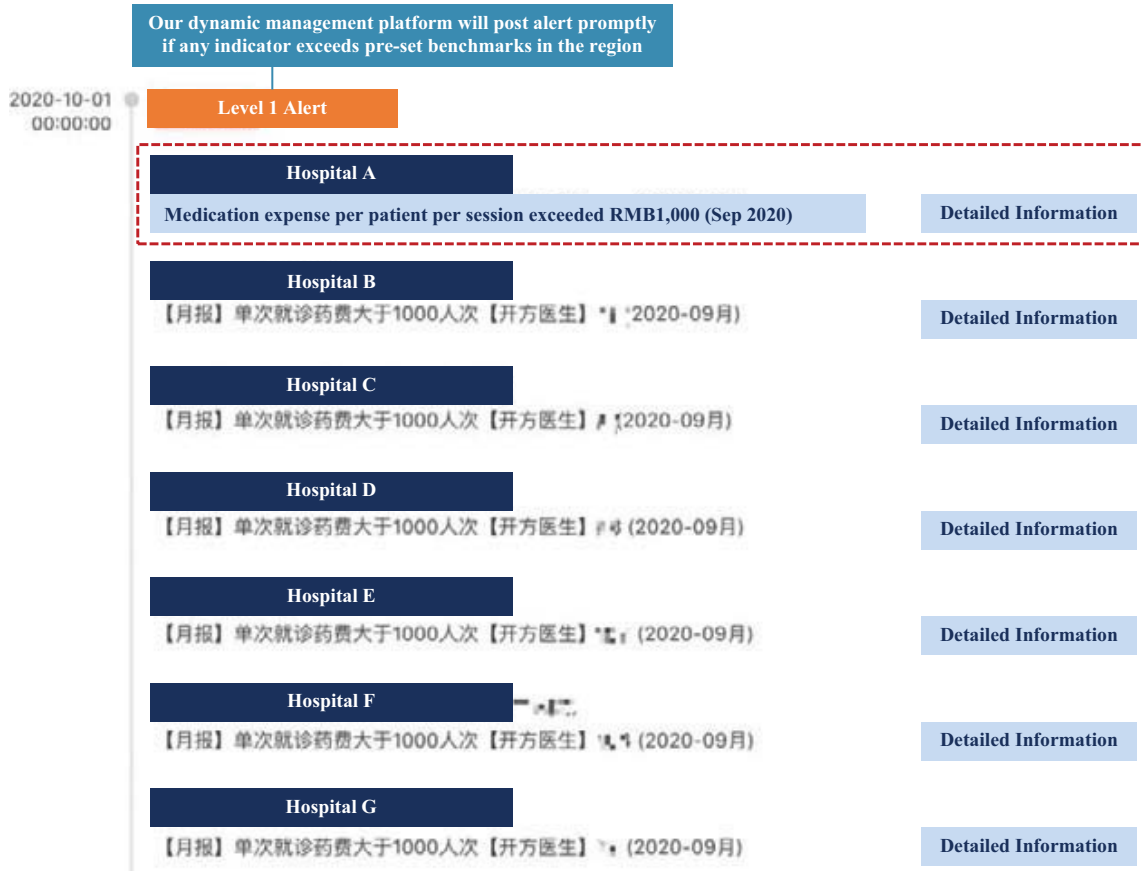
BUSINESS

We are authorized to process the data by regulators and policy makers which are the data controllers. Our regulator and policy maker customers are solely responsible for obtaining authorization from the healthcare institutions that they work with. During the course of our provision of data platforms and solutions, the data are always stored in the regulator's or policy maker's own private cloud under their full control.

Public Health Monitoring. Our public health monitoring solutions support regulators and policy makers to perform functions that include adverse drug reaction monitoring, drug fraud and abuse detection, medical resource optimization and other value- and outcome-based assessment.

- *Dynamic Surveillance Platform for Regulators.* The active adverse drug reaction monitoring platform that we developed for the National Medical Products Administration (NMPA) aggregates adverse drug reaction reporting from hospitals and other healthcare institutions nationally. We are also in the process of rolling out the essential drug systemic monitoring and evaluation information subsystem and drug product procurement and supply monitoring information system for the Population Health Security Digitalization Project for the NHC. Phase I of the roll-out has been completed and covers more than 11,000 healthcare institutions in China.
- *Dynamic Management Platform for Regional Healthcare Systems.* Our regional healthcare monitoring platform helps regulators set effective benchmarks and identify anomalies for further attention and actions. We leverage our big data capabilities to dynamically measure and track designated metrics that would otherwise be difficult to do so. We believe that the data granularity is important to increase the relevance for benchmarking and to pinpoint to the specific areas for attention. Our intelligent dashboards then dynamically identify the most relevant and important metrics to be highlighted. We also leverage the research-driven insights and knowledge accumulated in YiduCore to conduct population stratification and medical resource demand prediction. This helps regulators to plan and allocate medical resources more effectively. For example, a regional health commission formulated a benchmark that the total cost of all medicines for a single visit should not exceed RMB1,000 by analyzing the average cost of medicines for a single visit from historical data. The platform can give timely alerts of anomalies when doctors in the region give prescriptions that exceed the baseline amount to help avoid unreasonably excessive prescriptions and assist the local health commission in decision-making. Another example is a regional platform that we developed for a local health commission in China which can monitor real-time key metrics such as the volume of inpatient admissions, outpatient visits, and the usage of medical resources across over 200 healthcare institutions in the city. These healthcare institutions are not required to install our data platform and solutions. The data of the respective healthcare institutions are replicated over to the local commission's private cloud via an initial full database back-up and ongoing incremental data synchronization over secured lines. We helped the local health commission set benchmarks for the average daily, weekly and monthly patient volumes and any volume exceeding the applicable benchmark would constitute an anomaly. The local health commission used these metrics to facilitate its scientific public health decision-making. In addition, we provided analytics tools to help the local health commission evaluate the efficiency of medical resources. If there is a increase in patient volume, the local health commission can analyze the specific reasons in time, take effective measures and increase medical resources.

Dynamic Management Platform for Regional Healthcare Systems



- Dynamic Performance Evaluation System.* Our care evaluation platform leverages the research-driven insights and knowledge accumulated in YiduCore for each disease area to help regulators set effective value- and outcome-based benchmarks for each disease area. The development of national research networks and registries under the NCRC initiative will contribute to the generation of disease-specific insights and knowledge. We believe that this supports local regulators to implement diagnosis-related group (DRG) programs that are being rolled out. As local regulators move along the value-based continuum to become more outcome-driven, we will continue to support them by generating objective outcome measurements that can be used as evidence for outcome evaluation and value assessment.

Epidemic Response. Our epidemic response solutions consist of our comprehensive infectious diseases monitoring platform and closed-loop epidemic response system.

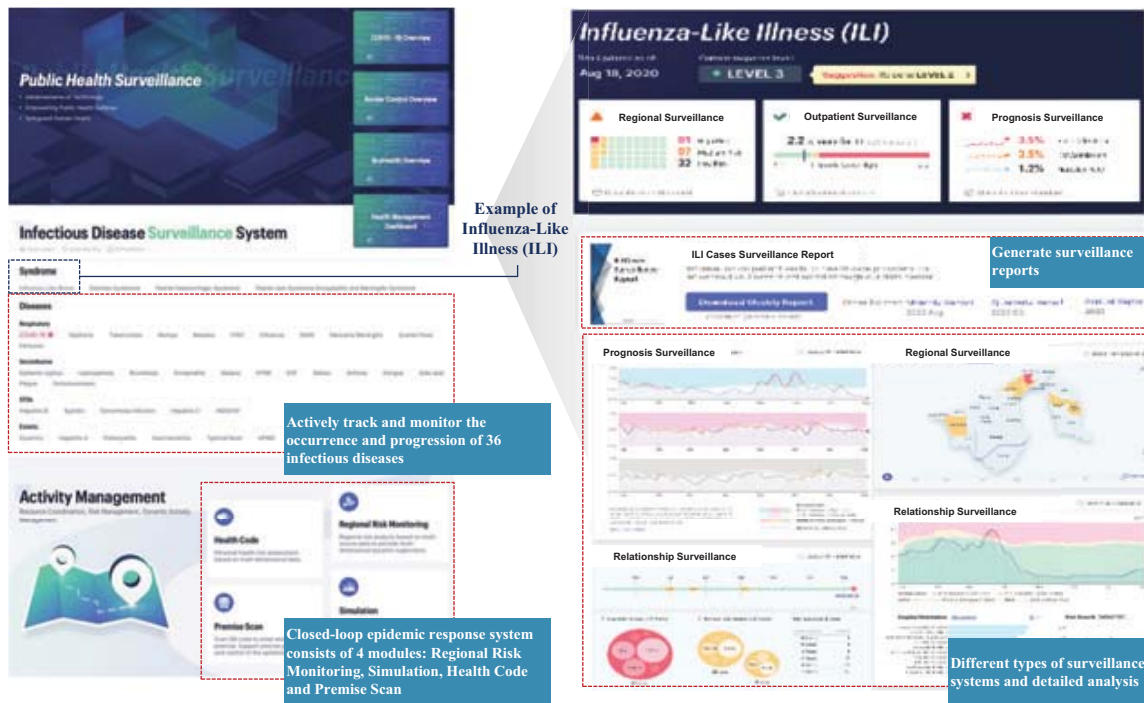
- Comprehensive Infectious Diseases Monitoring Platform.* Our infectious diseases monitoring platform is used by local regulators to actively track and monitor the emergence and spread of over 30 infectious diseases in real-time. Based on pre-determined guidelines that are constantly updated based on real-world evidence, alerts and specific standard operating procedures that involve public health officials, healthcare providers, patients and the general public are triggered when different specified risk levels are hit.

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- *Closed-Loop Epidemic Response System.* Our closed-loop epidemic response system enables dynamic management of epidemics such as COVID-19. Our active population stratification and clinical decision supporting systems help local authorities prioritize medical resources to those most in need to reduce mortality rate and at the same time prevent a resource crunch. Our simulation and optimization platform is powered by machine learning models that analyze the correlations and patterns among epidemic containment policies, the social and economic conditions of the regions and epidemic development trends, and utilizes the results of the analysis to predict the efficacy of a proposed epidemic containment strategy for the region. Our data sources generally fall under three categories, including (i) epidemic data publicly disclosed by the government, (ii) data that the government has not disclosed but authorized us to process and analyze, and (iii) data available through various public media. This platform helps regulators and policy makers dynamically track the social and economic conditions and risk factors contributing to the epidemic development of the region. Based on a combination of these factors, it then automatically formulates containment strategies and simulates policy measures to strike an effective balance among the three key considerations of health, society and economy so that social and economic activities can be resumed in a controlled fashion. Public health officials use our epidemic response app to interact directly with individuals so that appropriate advice is given in a timely manner.

For example, a public health authority has been using our comprehensive infectious diseases monitoring platform to actively track and monitor the occurrence and progression of over 30 infectious diseases. The platform gives real-time alerts when the numbers of confirmed cases, cluster size and severity of the disease progression cross certain thresholds. This public health authority also uses our closed-loop epidemic response system that consists of the four modules of regional risk monitoring, prediction and simulation, health code and premise scan. This system is integrated with the comprehensive infectious diseases monitoring platform to enable automated alert and response.

Comprehensive Infectious Diseases Monitoring Platform and Closed-Loop Epidemic Response System

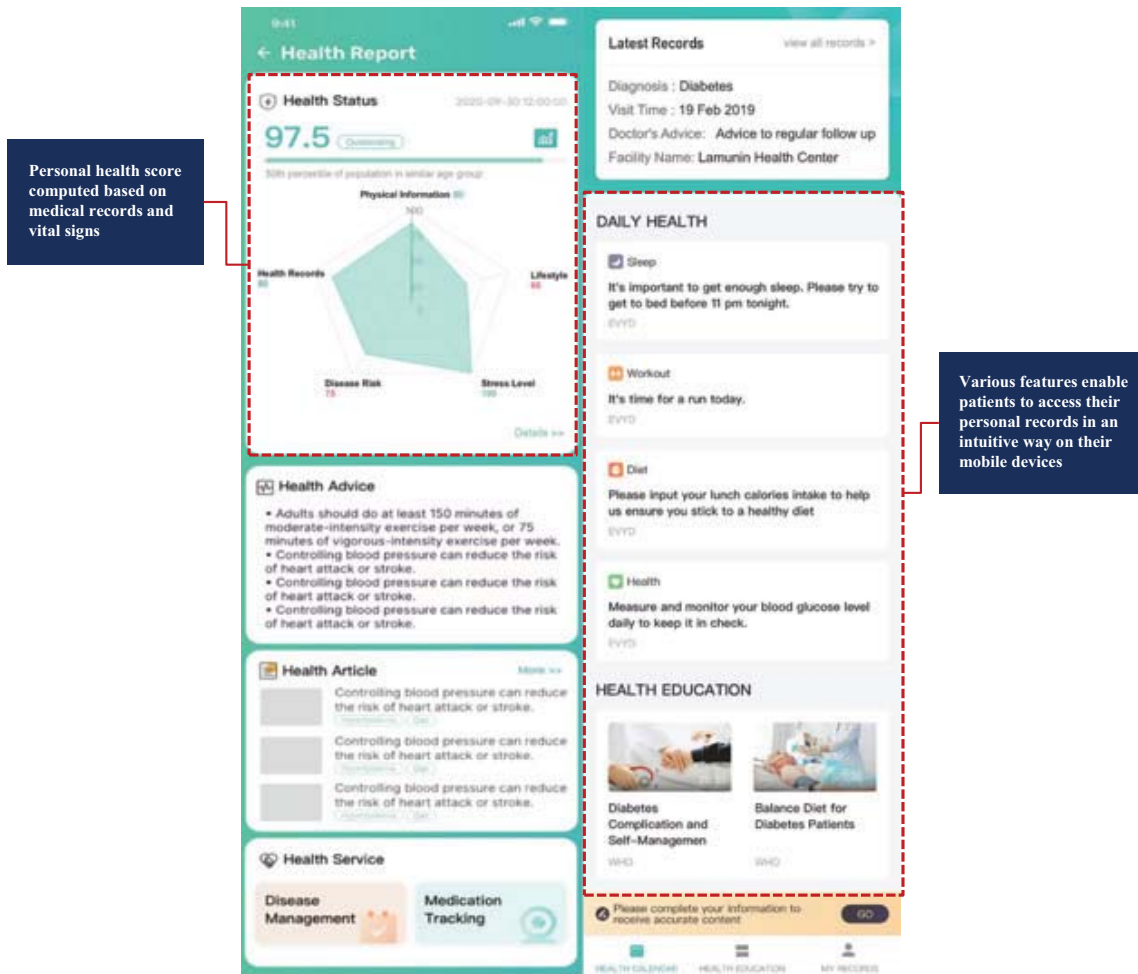


Population Health Management. Our approach to population health management starts with the personal health record, which is fundamental to the development of individual patient profiles so that personalized services are tailored. We also offer an AI-enabled intelligent doctor workstation where doctors are presented with relevant health information of their patients across different care settings, organized and presented in a coherent way so that informed and coordinated clinical decisions are made efficiently. All data are stored in the private cloud owned by the health authority under its full control and are safeguarded by measures described under “—Data Arrangements and Security—Data Privacy and Security.” Personal information are collected and used only upon consent of the individual and only for specific purposes described in the user agreement.

- *Intelligent Personal Health Record.* We aggregate longitudinal healthcare data across different care settings and organize and present them in a personalized way according to the current health status of each individual and their pre-existing conditions. Each condition has an individual tab on the user portal where the doctor accesses all relevant information about the specific condition. Such information may include their health records, personalized health education information, as well as instructions or advice from their doctors.

For example, we are currently working with a health authority to develop an intelligent solution which enables each individual to access his/her personal record in an intuitive way on the mobile phone upon such individual user’s authorization. We are in the process of rolling out a personal health score scheme that is calculated based on the medical records and vital signs obtained from smart wearable devices to raise awareness towards personal healthcare of each individual.

Intelligent Personal Health Record



- Intelligent Doctor Workstation.* Health information of patients across different care settings are presented to doctors. Based on the purpose of the care episode, relevant information and potential risks are brought to the attention of the doctor to aid in the decision-making process. We also provide additional disease information and medical insights with reference to medical guidance to assist doctors in daily clinical operations. Our upgraded doctor workstation also provides care coordination and patient management tools, allowing doctors to coordinate the delivery of care with other care providers, monitor the progress of coordinated care and engage directly with the patient through our user portal. For example, a health authority deployed our intelligent doctor workstation across public and private healthcare settings so that doctors can access health records of their patients upon receiving their consent. This workstation will also give risk alerts when symptoms of a patient trigger specific guidelines endorsed by this health authority.

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Intelligent Doctor Workstation

The screenshot displays a clinical information system interface. At the top, there are navigation tabs for 'Order Management' and 'Disease Management'. The main content area is divided into several sections: 'Order Information' with fields for order type, number, status, and dates; 'Patient Information' with fields for name, sex, and address; and 'Disease Information' with a search bar and filters. A prominent red alert box titled 'Disease Warning' is visible, indicating a 'Responsible for Tuberculosis' condition. Below this, a 'Medical History' section shows a timeline of 'Diseases of the respiratory system' with various diagnostic and treatment events. A callout box points to the 'Disease Warning' section, and another callout box points to the 'Medical History' section.

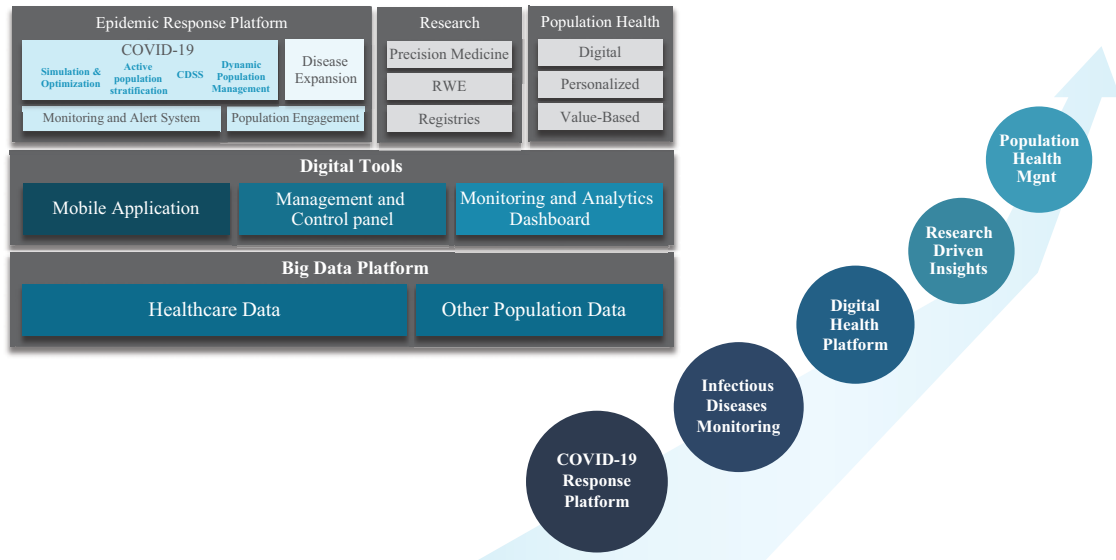
Surfaces risk alerts when symptoms of patient trigger specific guidelines

Access to the full longitudinal health records of patients upon consent

Our platforms are designed to be open so that we can partner with ecosystem participants to work with doctors on our platforms to offer health management programs and services to the public.

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Our Public Health Product Roadmap



For the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2020, (i) revenue generated from this segment was RMB17.7 million, RMB45.9 million, RMB371.9 million and RMB133.8 million, respectively; (ii) the gross profit of this segment was negative RMB1.0 million, positive RMB1.5 million, positive RMB124.4 million and positive RMB29.3 million, respectively; and (iii) the gross profit margin of this segment was negative 5.9%, positive 3.2%, positive 33.4% and positive 21.9%, respectively.

During the Track Record Period, the Big Data Platform and Solutions segment was our major revenue contributing segment, contributing approximately 67% of our total revenue from all segments. Within the Big Data Platform and Solutions segment, during the Track Record Period, big data platforms sold to regulators and policy makers generated the most revenue during the Track Record Period (approximately 65% of our total revenue from the Big Data Platform and Solution segment), followed by big data infrastructure and platforms sold to other customers. The Big Data Platform and Solutions segment revenue in the year ended March 31, 2020 and the three months ended June 30, 2020 also included contribution from the sale of our closed-loop epidemic response system and procurement of medical supplies. Our revenue from hospitals in the Big Data Platform and Solutions segment during the Track Record Period mostly consists of revenue from the sale of research solutions as we only started to charge for its big data platform recently.

We do not give any representations or warranties or provide indemnities for the performance of our big data platform and solutions for regulators and policy makers, so we will not be responsible or liable for the accuracy and effectiveness of the solutions developed for them. Regulators and policy makers will check the quality of our work product and test the quality of our data governance after we deliver our work product. Up to the Latest Practicable Date, no customer under this business segment has rejected our delivery for failing to pass quality check. Nevertheless, we have strong motivations to continuously improve our technology so that our customers will continue to use our platforms and solutions.

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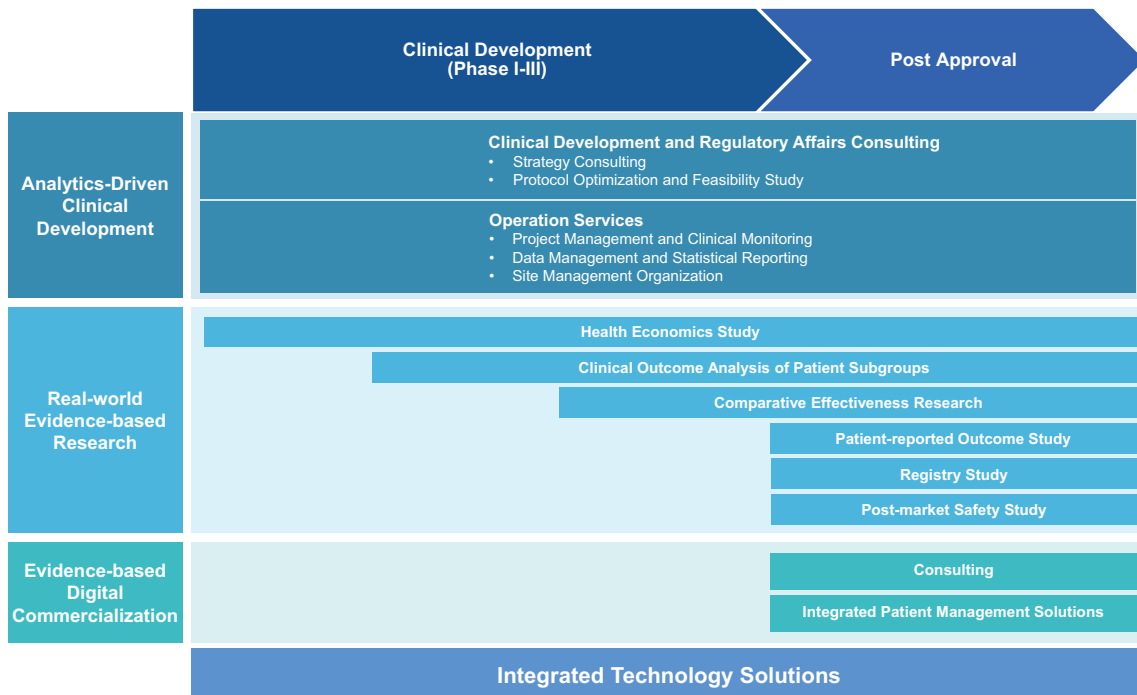
Life Sciences Solutions

We started to offer our Life Sciences Solutions in the second half of 2017 under the brand “Happy Life Tech (HLT)” to life sciences industry players to help them reduce the time and costs of drug and medical device development while enhancing regulatory approval and commercial success.

Our solutions span the entire lifecycle of the clinical development of a drug or medical device and are grouped into three offering categories of analytics-driven clinical development, real-world evidence (RWE)-based research and evidence-based digital commercialization.

As of June 30, 2020, we had a project backlog of approximately RMB96.7 million involving 128 projects for the Life Sciences Solutions segment, of which RMB70.0 million was for clinical development and RWE-based research projects and RMB26.7 million was for commercialization projects.

Life Sciences Solutions Overview



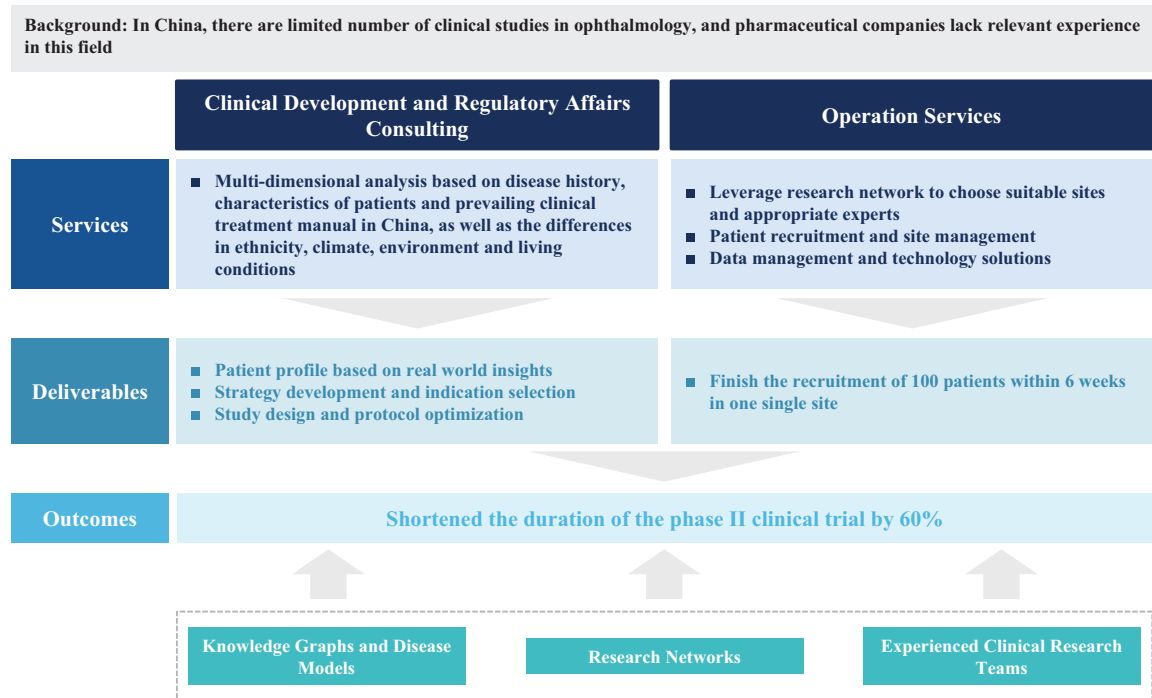
Analytics-Driven Clinical Development

Our clinical development solutions are dedicated to helping customers’ research and development functions improve their efficiency and lower the cost of drug and medical device development. We fundamentally believe that the successful execution of a clinical trial depends on good upfront planning. Our key value proposition is our ability to leverage YiduCore to offer an analytics-driven approach to help our customers develop and optimize clinical development plans and study protocols, conduct feasibility studies, and develop trial operation strategies and patient recruitment plans in connection with clinical trials supported by real-world evidence. The analytics-driven approach is a method of utilizing systematic computational analysis of data to drive effective clinical development. We help clinical trial sites and doctors, upon their authorization, aggregate and process data from

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DPAP, Eywa or other systems within the sites to generate real world evidence (RWE). We also provide operations services to manage the clinical trials that are supported by our proprietary technology solutions designed to enhance the efficiency and quality of clinical trials.

Case Study: Phase II Clinical Trial of an Innovative Drug for Ophthalmology



Clinical Development and Regulatory Affairs Consulting. Combining YiduCore’s analytics capabilities and our understanding of the NMPA’s latest polices for RWE, we help customers better understand the real-world disease burden, unmet clinical needs and evolving regulatory trends, and help them design and implement tailored clinical and registration strategies that could significantly accelerate the process and lower the cost of drug and medical device development.

- *Strategy Consulting.* Leveraging YiduCore’s analytics capabilities and using data authorized by site hospitals, we generate real world evidence and disease insights for the comprehensive understanding of disease characteristics and clinical trial practices. Our big data analytics capabilities help supplement the findings reported in medical papers and literature to establish the evidence foundation to facilitate our customers’ communications among health authorities, research institutes and principal investigators. By analyzing unmet clinical needs based on real-world data, we help our customers formulate drug development strategies, including indication selection and portfolio prioritization. Upon proper authorization, we also help our customers collect evidence for indication extension, effectiveness comparison by analyzing data generated in the real world.
- *Protocol Optimization and Feasibility Study.* We aim to help our customers improve clinical trial protocol design by selecting the right patients with refined inclusion/exclusion criteria, reduce patient burdens by designing better trial procedures and mitigate treatment risks through comprehensive and preventive planning. We do so by leveraging our big data analytics capabilities to refine disease models, identify patient characteristics and gain

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insights on treatment process based on real-world data. We utilize real-world evidence to refine the assumptions in the trial design to reduce the sample patient size required for the clinical trial. We further help our customers to more precisely identify patients who may benefit most from the therapies based on our insights of the disease and patient characteristics.

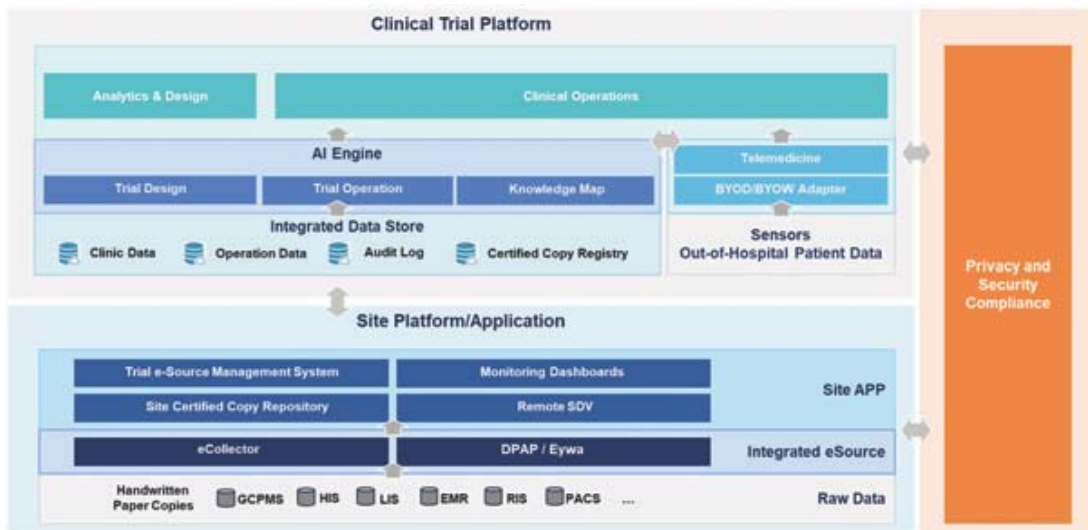
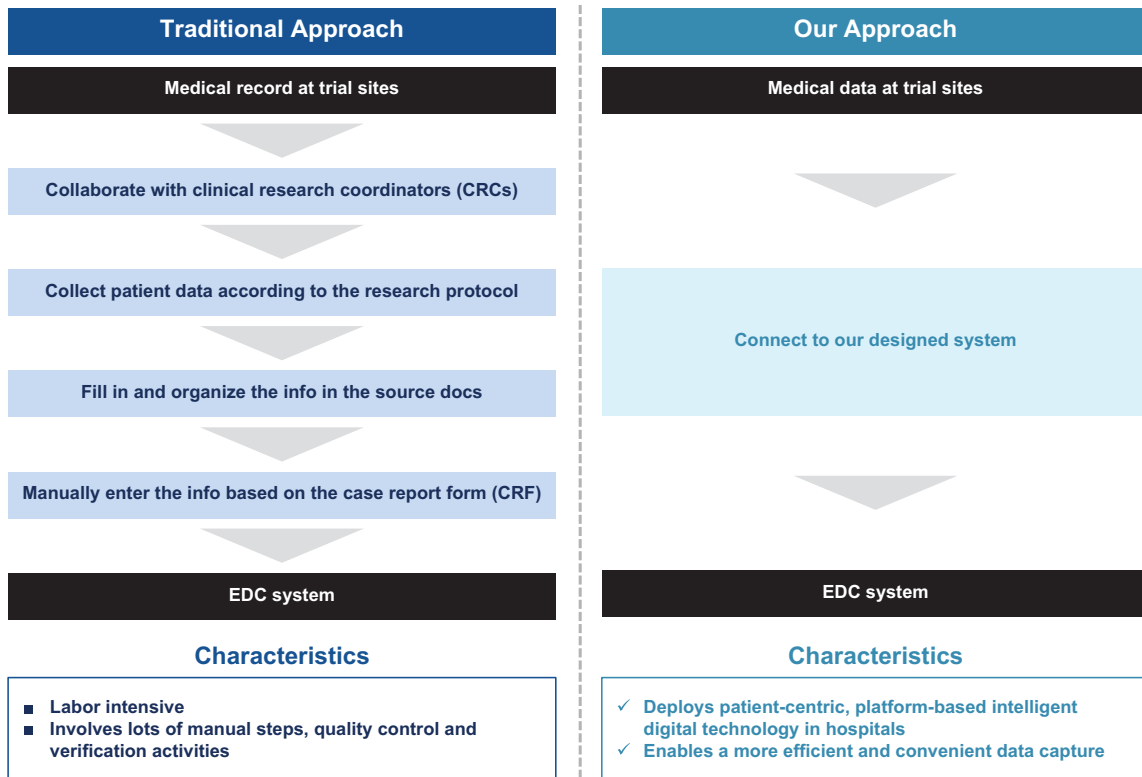
Operation Services. We offer services that cover the end-to-end execution of a clinical trial. They are developed based on our refined standard operating procedures and supported by our proprietary technology solutions designed to enhance the efficiency and quality of clinical trials. Our services include project management and monitoring, data management and statistical reporting, as well as site management organization (SMO) services. Such services include:

- *Project Management and Clinical Monitoring.* Our offerings include operational planning, site start-up and clinical site monitoring. Empowered by our technology solutions deployed at the site, we are able to streamline and automate the data quality checks and processing steps.
- *Data Management and Statistical Reporting.* Our data management, statistical analysis and trial reporting capabilities for clinical trials are built upon our experience and expertise gained through the collaborative work with clinical researchers in our Big Data Platform and Solutions segment. Our offerings include database building, data cleaning, statistical analysis and study reporting. We utilize data technology to automate electronic medical records into designed data capture systems to streamline the data process steps.
- *Site Management Organization.* We provide SMO services supported by our data technology capabilities. We assist clinical trial institutions and investigators with efficient and tailored data archival and maintenance, protocol violation alerting and other site management services to ensure smooth execution of clinical trials. Utilizing our data automation technology, such as digital auditing tools, we are able to reduce manual tasks and save the principal investigator's time, thereby improving trial efficiency and accuracy and reducing costs.

Technology Solutions. We offer software and technology solutions for sponsors, sites and contract research organizations (CROs) to enhance the efficiency and quality of the clinical trials they conduct. These solutions include an electronic data capture system, clinical trial management system, smart follow-up, adverse event warning, and clinical trial documentation management. For sites where our DPAP or Eywa platform is deployed, our clinical trial and site management software enables better integration with the DPAP or Eywa platform, thus allowing the relevant site hospitals to accomplish data aggregation for the clinical trial efficiently. We also offer digital solutions and remote tools that allow patients to report clinical data. Such tools are integrated into the design and operation of clinical trials, aiming to optimize clinical resource allocation and decrease the reliance on traditional paper-based on-site data recording method. These tools increase clinical trial feasibility and accessibility, improve patient engagement in clinical trials and reduce related costs.

For example, we are currently working with a pharmaceutical company to automate electronic medical record data flow from trial sites into the electronic data capture (EDC) system, which is a data management tool in clinical trials. The following diagram shows the difference between our solutions and the traditional approach.

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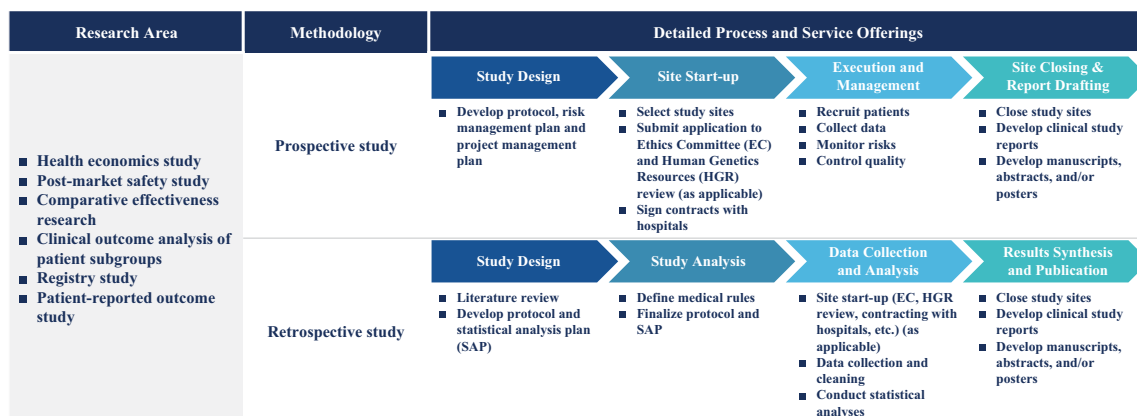


Real-world Evidence (RWE)-based Research

Our real-world analytics and evidence solutions are dedicated to helping pharmaceutical, biotech and medical device customers generate medical insights, formulate unique commercialization strategies and generate evidence for disease management and payers' evaluation. Real-world evidence-based research uses evidence obtained from real world data, which are observational data obtained from a number of sources in real-world settings, such as patient surveys and observational cohort studies. Real-world evidence is used by pharmaceutical, biotech and medical device companies when clinical trials cannot account for the entire patient population of a particular disease. Since the use of drugs in

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traditional clinical trials mostly occurs in a strictly controlled and optimal research environment, it is difficult to determine the generalizability of the trial results in real clinical practice. Through analyzing patients' use of the drug and the effects in the real world after the drug is launched and comparing these findings with the clinical data under optimal conditions, we could prove the safety and effectiveness of the drug in the real world. By leveraging YiduCore's analytics capabilities, we believe that we are able to implement real-world studies in a cost-effective manner.



Our real-world evidence (RWE)-based research offerings include:

- *Health economics study.* Our solutions are designed to analyze the overall cost and cost-effectiveness of targeted therapeutic products in selected diseases. We assist pharmaceutical companies to rationally and scientifically formulate their new drug pricing strategies and aim to assist healthcare policymakers to effectively utilize medical resources, promote rational drug use and control drug costs. For example, in China, a patient's spending on drugs is reimbursable if the drug purchased has been admitted into the catalog of drugs covered by national medical insurance system. If a pharmaceutical company would like to apply to admit a new drug into the catalog or maintain the admission of the drug, the drug has to be cost-effective. Therefore, competitive pricing and proper evidence showing the cost-effectiveness of the drug are essential. In this context, we helped a pharmaceutical customer conduct a real-world study on the cost-effectiveness of a new drug to support its admission application. We identified over 3,000 medical records that met the admission criteria out of over 20,000 medical records by leveraging our data processing and analytics capabilities. By building up a clinical decision supporting model and further conducting treatment effect evaluation and cost-effectiveness analysis based on that model, we found that the therapeutic effect of the new drug was higher than the reference product, and the new drug had an advantage in terms of cost-effectiveness over the reference product in moderate cases with the support of quantitative analysis, which could strengthen this customer's case during the negotiation process for admitting the new drug in the catalog. This customer has submitted the results of our health economics analysis to the National Healthcare Security Administration and its application to admit this new drug into the catalog has been approved as of the date of this document.
- *Post-market safety study.* Our solutions help pharmaceutical companies monitor, analyze and identify potential adverse events of their therapeutic products post commercialization, which is a mandatory requirement of the NMPA. For example, we conducted a post-marketing real-world study on drug safety for a pharmaceutical customer, based on the report of which

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our customer intended to remove an allergy skin test requirement from the label of one of its injection products. Through processing tens of thousands of raw medical records relying on YiduCore's data processing and analytics capabilities, we successfully identified cases of anaphylaxis or other allergic reaction symptoms. Our follow-up study confirmed that only a few cases among them had allergic reactions and that there was no statistical difference in terms of the number of severe allergic reaction cases between patients having the skin test and patients that did not. This concluded that removing the skin test requirement from the label of the injection product would not result in product safety issues, and the safety report was accepted by the Center for Drug Evaluation of NMPA as evidence.

- *Comparative effectiveness research.* Our solutions analyze the comparative advantages between different therapeutic products and clinical regimes in selected patient groups. For example, we performed a comparative effectiveness research (CER) to compare the clinical effectiveness between the brand name drug of one of our pharmaceutical clients and a generic drug produced by its competitors on severe pneumonia patients. Through the study, we discovered that patients using the brand name drug survived longer than those using the generic drug, which helped our client demonstrate the comparative advantage of its brand name drug. Such findings can be used to support our client's marketing activities and help our client maintain its market position.
- *Clinical outcome analysis of patient subgroups.* Our solutions analyze and identify new subgroups of patients who can benefit from certain therapeutic products beyond original indications. We assist pharmaceutical companies to discover and obtain new indications approved for their drugs. For example, one of our pharmaceutical customers found that one of its drugs for gastrointestinal disease was used for an unapproved indication in the real-world clinical practice. We conducted an outcome research to analyze this drug's real-world effectiveness for such unapproved indication. By leveraging our data processing technologies and insight generating capabilities, we helped our client generate solid real-world evidence of clinical effectiveness for the unapproved indication. These evidence can support our client to further develop strategies for obtaining regulatory approval of such indication extension.
- *Registry study.* Registry study is a comprehensive study on a specific disease or the outcome or efficacy of a given therapy for such disease based on real world medical data. For example, we were engaged by a pharmaceutical company to evaluate the efficacy of treatment for lymphoma and improve the management of long-term patient follow-ups. Leveraging YiduCore's data processing capabilities and our knowledge graphs, our registry study solutions enabled doctors to comprehensively evaluate the treatment status of patients and adjust the treatment plans based on the evaluation and in response to the change in patients' health condition.
- *Patient-reported outcome study.* We help our customers evaluate the quality of life of patients or full lifecycle clinical outcomes to understand the overall clinical benefits that the target therapeutic product brings to patients in the real-world setting. For example, insulin therapy is generally required for most Type 2 diabetes mellitus ("T2DM") patients to achieve the glycemic target, and is proved to be beneficial to patients. However, the early discontinuation of insulin therapy happens among T2DM patients who accepted insulin therapy, the reasons for which remained unclear. We were engaged by a pharmaceutical company to conduct a patient-reported outcome (PRO) study on the reasons for the early discontinuation. We also reviewed and analyzed the current status of insulin discontinuation in China based on real world data. Our findings provided more comprehensive medical

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evidence revealing the insulin discontinuation status in China and the underlying reasons, which helped our pharmaceutical customer refine its marketing strategy for its relevant insulin products.

Evidence-based Digital Commercialization

Given the highly competitive and constantly changing global healthcare landscape, life science companies need to conduct rigorous data analysis to demonstrate product value and cost effectiveness to public and private payers. Our commercialization solutions are dedicated to helping pharmaceutical and medical device companies increase the efficiency and effectiveness of their commercial activities with the help of real-world evidence analysis. We develop digital tools for pharmaceutical and medical device companies to support them to convert their traditional patient management activities from offline to the emerging model of online full lifecycle patient management and engagement.

The main offerings under evidence-based digital commercialization business include:

- *Consulting.* We provide strategic consulting services to pharmaceutical companies to help them design an optimal strategy and implementation roadmap for them to convert their traditional patient management activities from offline to the emerging model of online full lifecycle patient management and engagement and provide project management services to support the execution.
- *Integrated Patient Management Solutions.* We help pharmaceutical and medical device companies design, develop and implement patient management platforms and provide online patient management services to help them effectively work with healthcare service providers to conduct patient management activities. The platforms enable doctor-to-patient interactions such as online health consultation and remote patient follow-up, doctor-to-doctor interaction such as medical knowledge sharing, medical training, and academic learning. These solutions aim to help our customers and the healthcare service providers to improve patient management.

For example, one of our pharmaceutical company customers aimed to launch a targeted drug on lung cancer with a certain mutation. We helped it establish detailed marketing strategies for the launch of such drug and initiated a suite of implementation actions. We supported the establishment and operation of an online platform, whereby we promoted research, understanding and knowledge sharing on the disease, its diagnosis and treatment, among lung cancer oncologists in China. Meanwhile, leveraging our accumulative insights on the characteristics of this disease, this online platform enhanced awareness and knowledge of this disease and its diagnosis and treatment among patients. As a result of our strategic planning and implementation, these intellectual exchange and patient management activities gradually overcome the challenges and facilitated the launch of the new drug.

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Lung Cancer with a Certain Mutation

1. Establish Detailed Marketing Strategies

Consulting

- Real-world insights on patients' disease characteristics and diagnosis and treatment practices
- Design digital promotion strategy based on insight discovery

2. Launching and Execution of the Plan

Integrated Patient Management Solution (Platform + Operations)

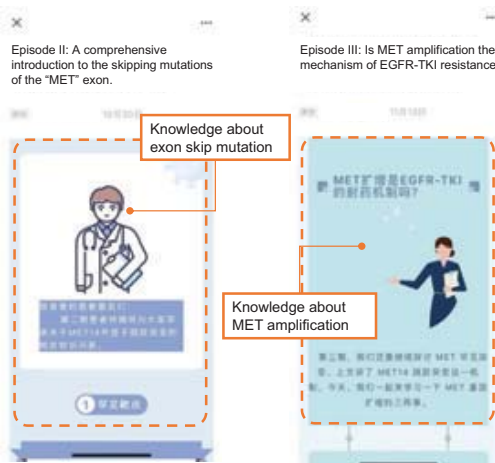
- Develop digital platform covering the full lifecycle of patient journeys in the field of specific disease



- Collect real world data via Patient Engagement Campaign



- Online disease knowledge education, online courses, and academic seminar sharing



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For the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2020, (i) revenue generated from our life sciences solutions segment was RMB5.1 million, RMB34.8 million, RMB102.8 million and RMB27.5 million, respectively; (ii) the gross profit of this segment was RMB0.1 million, RMB2.9 million, RMB13.8 million and RMB4.2 million, respectively; and (iii) the gross profit margin of this segment was 2.1%, 8.2%, 13.4% and 15.2%, respectively. Within the Life Sciences Solutions segment, the evidence-based digital commercialization solutions was the main revenue contributor.

For our Life Sciences Solutions, we do not give any representations or warranties for the accuracy of the outcome of our research study and statistical analysis. Our customers are aware that many factors are beyond our control from a scientific point of view, such as the competencies of the doctors involved in the research project and the quality of the research data generated without our intervention. Up to the Latest Practicable Date, no customer has rejected our delivery due to inaccuracy of our research study or statistical analysis. In addition, our agreements only stipulate that if the services or deliverables we provide do not meet the agreed requirements or standards, then we should correct or redo our work and compensate the customers for the losses caused. However, the agreements contain no quantitative standards or requirements for the accuracy of research study or statistical analysis.

Health Management Platform and Solutions

Health Management Platform and Solutions is our newest segment with considerable growth potential. We started to offer our one-stop research-driven personal health management services via our internet hospital platform under the brand “CausaHealth” in February 2020.

Users can consult doctors online via our internet hospital platform and receive personal health management services or disease management services by purchasing health plans directly from us or through one of the bundles we offer together with drugs or insurance sold on our platform. For our disease management services, we currently focus on diabetes, hypertension and hyperlipidemia. We leverage the medical knowledge accumulated in YiduCore to design our health plans, some of which are done through joint research with leading experts in the three disease areas of focus. We also leverage YiduCore to empower doctors with effective insights and knowledge-based diagnosis, treatment, research and patient management tools, allowing them to better conduct research, follow up with and manage their patients and provide more precise and personalized care with improved efficiency.

“Super Doctor” Workstation

The screenshot displays a comprehensive medical workstation interface. At the top, it shows patient information including name, gender, age (乙卯5年), and risk level (复发风险 低). Below this, there are sections for '诊疗方案推荐' (Treatment Plan Recommendation) and '患者时间轴' (Patient Timeline). The timeline is a horizontal bar chart showing various medical events over time, with a detailed pop-up window for a specific episode. This window contains text describing the patient's condition, examination results (e.g., CT scan findings), and laboratory tests (e.g., tumor markers like CA19-9, CA125, etc.).

Annotations on the right side of the image highlight key features:

- Intuitive presentation of relevant medical history tags of patients extracted using medical NLP to help doctors understand their patients better and faster**
- Recurrence risk prediction of individual cancer patients based on our research-driven disease models**
- Multi-dimensional clinical decision support to suggest the best treatment plan tailored to each patient's personal condition**
- Dynamic timeline visualization based on medical NLP and disease knowledge graph of the most relevant medical information automatically selected from the full longitudinal record of a patient based on the specific episode of care**
- Detailed medical record of relevance can be viewed conveniently by clicking on each point on the timeline within the same dashboard**
- Clear visualization of parameter values in abnormal range to capture attention of the doctor**

- **Internet Hospital.** We connect doctors with patients by enabling doctors on our platform to provide services such as medical consultations and personalized care services remotely to patients. We typically recommend patients to visit hospitals physically for serious or acute conditions. Patients can browse and choose doctors in various departments on our platform and may freely communicate with the doctors through text messages or telephone for a specific period of time once the doctors accept the consultation or follow-up requests. Patients with chronic diseases on our health plans can continuously receive private care services from the same doctors who know their conditions well. In addition, our internet hospital platform is connected to third-party retail pharmacies so that patients can order drugs after consultation with the doctors on our platform. After the patients order drugs from the third-party pharmacies, the pharmacies will accept orders and prepare drugs, which are delivered to patients through the couriers arranged by us. Patients can access the internet hospital platform using mobile apps to receive convenient and affordable healthcare services. We look for physical hospital partners in cities where we wish to establish internet hospitals. Because of our network in the medical industry, we directly contact physical hospitals in these cities to discuss potential cooperation. We plan to cooperate with more hospitals to establish internet hospitals without relying on any specific internet hospital. The establishment of an internet hospital is a long-term cooperation. We believe that the physical hospitals we cooperate with are interested in our scientific, technological and operational capabilities, and therefore generally intend to maintain long-term cooperation with us. We believe that we are also able to find alternatives with commercially reasonable efforts.
- **Patient Management Tools.** Aiming to ease the patient management burden on doctors, we provide doctors with a wide range of AI-enabled assistance tools. With functionalities such

as follow-up reminder, automatically generated patient survey and treatment compliance monitoring, CausaHealth helps doctors automate basic and standardized patient management workstreams. In addition, our wearable devices allow doctors to actively track the health conditions of the patients who are wearing them and collect additional out-of-hospital data to develop more comprehensive profiles of these patients so that they are more precisely managed. We also equip doctors with a team of private assistants who handle basic and non-standardized patient management workflows, which further enhances the healthcare experience of patients. With AI-enabled tools and private assistants, we enable doctors to focus on the most complex and critical medical issues so that both doctors and patients have more productive and informative medical diagnosis and consultation.

- Personalized Patient Care Services.** We leverage our research-driven insights and knowledge to provide doctors with clinical decision support tools to empower them to provide more precise and personalized clinical diagnosis and services to their patients. These AI clinical services include, among others, helping the doctors identify the correlation between a patient’s demographic information and a certain disease by using AI-based diagnosis support, generate drug usage plan and conduct efficacy analysis of past treatment. For example, we may highlight certain attributes of the patient, such as age, gender and smoking history, for a doctor’s attention when diagnosing lung cancer. Patients may upload or manually input their healthcare record, and they expressly authorize our platform to collect and use their data to provide healthcare services in accordance with applicable rules and regulations when they register an account. For research doctors, our platform also enables them to efficiently follow-up with their patients and collect out-of-hospital data to enrich their research. In addition, recognizing the issue of poor treatment compliance in patients with chronic conditions, which heavily impedes treatment efficacy, we offer a wide range of personalized patient service packages tailored to the disease area and the patient’s conditions to help improve treatment efficacy. Our services include, among others, medication reminders, daily health condition reports, health-related education, treatment plan elaboration and private doctor follow-ups, all tailored in accordance with each specific disease, which collectively help patients better adhere to treatment plans prescribed by doctors and promote beneficial health-related behaviors.

CausaHealth User Interfaces



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To use the services provided on our CausaHealth platform, patients either pay a one-off consultation fee each time they see a doctor or purchase a personalized health plan from us covering one or more quarters as they prefer. The consultation fees currently range from free to RMB200 per consultation, and the price of personalized health plans ranges from approximately RMB50 to RMB200 per annum for a patient. We charge a take rate of 10 to 30% for each insurance policy sold or renewed that is bundled with our health management services or disease management services. As of November 23, 2020, there are more than 2.7 million paying users who made at least one purchase on our CausaHealth platform or Hui Min Bao, which is a group commercial medical insurance product introduced by regulators and underwritten by insurance companies that we launched in collaboration with insurance companies and local regulators.

Doctors are required to register with us to operate on our internet hospital platform. Before their registrations are accepted, doctors are required to provide evidence of their professional qualifications and a track record of independent clinical practice of not less than three years. We also independently verify the professional qualifications and practice records of the doctor registrants through the national doctor information system. In addition to the national information system, we also verify the qualification, experience and records submitted by the doctors against their licensing information on provincial doctor information systems and the official websites of the physical hospitals where the doctors practice. After the relevant requirements are met, we enter into cooperation agreements with the doctor registrants, under which they are required to, among other things, comply with rules and policies of our platform and our quality requirements, including the confidentiality obligation with respect to patients' healthcare data and other personal information. The cooperation agreements typically provide that the doctors are paid by us monthly based on the number of consultations. The doctors are not our employees and we do not have any profit sharing arrangements with them. The doctors on our platform are third party medical service providers and they charge consultation fees for online and follow-up consultation. Patients with chronic diseases can also purchase their services bundled as personalized service packages. In addition, as an operator of internet hospital, we may be held liable as a platform operator for medical malpractice by doctors on our platform. We have bought medical malpractice insurance for the doctors, required doctors to strictly comply with applicable laws, rules and regulations, and required the doctors on our platform to indemnify us for our loss as a result of medical malpractice or other causes. If any doctor materially violates the terms of the cooperation agreement, we have the right to unilaterally terminate the cooperation agreement. Doctors who sign the cooperation agreements will be deemed qualified and accepted to our platform. Our CausaHealth platform has witnessed substantial growth in the number of active doctors, which increased from approximately 7,000 as of June 30, 2020 to approximately 29,900 as of September 30, 2020. We aim to attract chronic disease experts and patients from all across the nation to our platform through organizing online and offline academic seminars and free public consultation activities.

	For the three months ended June 30, 2020	For the four months ended October 31, 2020
Number of active patients ⁽¹⁾	27,226	1,896,876
Number of active doctors ⁽²⁾	7,000	32,546

Notes:

- (1) Active patients refer to patients who have logged into CausaHealth platform at least once in the past 12 month.
- (2) Active doctors refer to physicians who have serviced patients on CausaHealth platform at least once in the relevant period.

We have put in place a rigorous qualification process for pharmacies that wish to join our platform. These partner pharmacies are those pharmacy chains with offline retail stores. They must obtain and

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possess relevant licenses and certificates for their business and maintain satisfactory quality control system with well-kept historical records. We verify their licenses and certificates from regulators' online information systems, which disclose current licenses and past noncompliance of pharmacies. We also assess their ability to fulfill online orders and conduct trainings to improve their operations on our platform. Once they join our platform, we monitor their activities regularly, including sales, customer service and user satisfaction. Furthermore, we provide transaction processing and billing services through a third party for all orders placed on our platform and require pharmacies to maintain relevant licenses and certificates and meet strict standards for authenticity and reliability set by relevant administrative authorities and us. Doctors on our platform cannot interact with partner pharmacies. Doctors are subject to applicable drug usage guidelines when making their prescription recommendations. Drug orders of a patient are reviewed by our pharmacists on our platform before patients can submit the drug orders and pay the order amount online to pharmacies. The order will be further reviewed by pharmacists in the partnering pharmacies, and if any pharmacist finds any of the drug order not compliant with the relevant drug usage guidelines, the order will be rejected. In addition, from a technical perspective, our platform has set up the maximum amount of drugs a doctor may prescribe each time in accordance with applicable drug usage guidelines. Pursuant to applicable PRC laws and regulations, doctors are prohibited from receiving any monetary or other compensation for prescribing drugs from pharmacists or us. Once the partnering pharmacies approve and complete the preparation for the drug order, they will submit delivery request online and we will arrange third-party couriers to pick up the drugs and deliver to the patients. We currently do not charge fees from pharmacies on our platform. We do not plan to charge fees for the coming year as we are in the process of expanding the pharmacy network. Based on the market situation then, we will evaluate whether to charge the pharmacies on our platform, and we plan to charge market rate if so. Patients need to pay the pharmacies directly based on the price and quantity of the drugs they plan to purchase. Pharmacies are allowed to set their own prices, but we also discuss the pricing strategy with them so that patients on our platform can enjoy competitive drug prices.

As advised by our PRC Legal Adviser, we do not need a separate license to operate internet hospital platform. See "Regulations—Regulations Relating to Medical and Pharmaceutical Industry—Regulations on Internet Hospitals." We currently operate the online medical platform through cooperation with Guiyang Wudang Innovation Community Sanitation Service Centre which has obtained the License for Practicing of Medical Institutions. We have obtained government approval to include YiduCloud in the brand name of the established internet hospital. We plan to explore cooperation opportunities with other physical hospitals to expand our internet hospital business.

We have obtained Internet Drug Information Services Operation License expiring in October 29, 2024, which allows us to display drug information online, and we can apply for renewal before such license expires. Pursuant to applicable PRC laws and regulations, a company is required to have a GSP license and a Pharmaceutical Operation Permit to engage in the business of wholesale or retail sales of pharmaceutical products. We have obtained a drug good supply practice (GSP) certificate, which has a term of five years, starting from October 14, 2019 and we can apply for renewal before the expiration of such GSP license. Except for allowing pharmacies to sell drugs to patients on CausaHealth platform, we are not otherwise directly involved in the retail of drugs to consumers as at the Latest Practicable Date. We have also obtained a Pharmaceutical Operation Permit for wholesale of pharmaceutical products, which shall expire on August 13, 2024 and we can apply for renewal before the expiration. With the GSP license and the Pharmaceutical Operation Permit, we started in October 2020 to monetize our CausaHealth platform by procuring medicines from pharmaceutical companies and sell them to our partner pharmacies which will sell the medicines to the patients on our platform going

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forward. As a result of our close relationship with pharmaceutical companies formed in other segments, we are well positioned to offer more competitive drug prices for pharmacies. Pharmacies are also motivated to buy drugs from us as we broaden their patient access. Such close cooperation will ensure drug safety and quality for the benefits of patients.

Within this segment, we also offer insurance technology and disease management solutions under the brand of “CausaCloud” to insurance companies and agencies. Leveraging our deep insights and knowledge powered by YiduCore, our solutions are aimed at facilitating insurance companies’ and agencies’ development of innovative insurance products, enabling faster and more accurate insurance underwriting and expediting claim processing. The data that we store for CausaCloud include (1) health management service data directly filled out by insurees when they purchase insurance products through our mobile applications, or when they request insurance claim processing services from us, and (2) insurance product data provided by insurance companies such as data regarding contents of their insurance products and fee models, which do not contain any personal information. Insurees explicitly grant us their authorization by accepting and confirming the user agreement and privacy policy on the mobile applications deployed by us for providing the insurance services to them. Our PRC Legal Advisor is not aware of any data privacy issue because of explicit authorization by the insurers. The data obtained are not de-identified data as the insurees have granted us explicit authorization to use such data for insurance services. Data related to CausaCloud are stored in our private cloud.

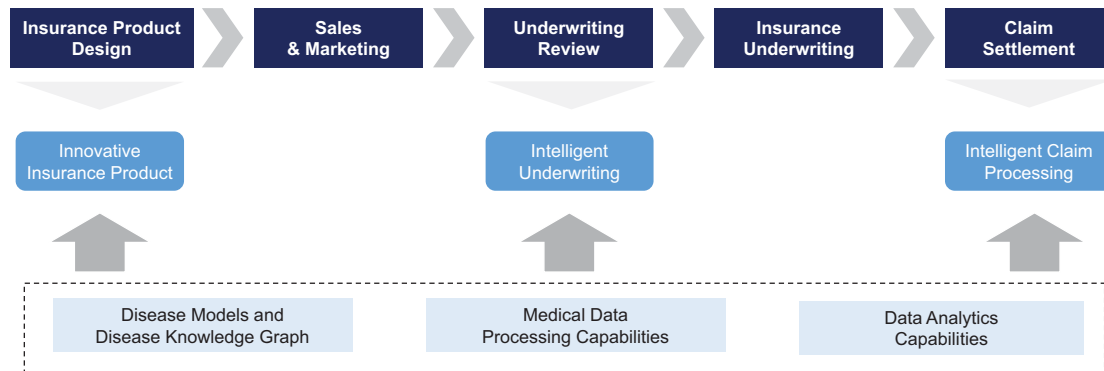
Depending on the demand of customers, services offered under typical service agreements may include online health evaluation, innovative insurance product design services, intelligent insurance underwriting solutions, and intelligent claim processing solutions. Through these solutions, we aim to help customers drive better product design, higher customer satisfaction, and improved efficiency. For example, we partnered with an insurance company to design and release an innovative insurance plan for patients suffering from recurrence breast cancer, and provided intelligent insurance underwriting solutions and intelligent claim processing solutions.

- *Innovative insurance product design services.* Leveraging the real-world disease models and knowledge graphs accumulated in YiduCore, we can efficiently analyze clinical pathway, demographic composition, cost structure and disease outcome for different type of diseases and different stages of the diseases, thereby helping insurance companies design and customize pricing strategies for illness insurance. In the example above, based on the knowledge and insights accumulated in YiduCore, we analyzed age, molecular type, disease stage and other disease characteristics to predict recurrence rate for breast cancer. We can further predict clinical pathway, disease outcome and cost structure under various disease characteristics after the recurrence, thereby helping the insurance company determine its pricing, drug list and service terms for the insurance product using actuarial model.
- *Intelligent insurance underwriting solutions.* Leveraging the data processing and analytics capabilities of YiduCore, upon authorization from insurees, our solutions can automatically recognize and extract healthcare information from the medical records and physical examination records submitted by the insurees. Based on the insurance underwriting manuals of the insurance companies and incorporating real-world disease models and knowledge graphs, our solutions can increase the efficiency and accuracy of insurance underwriting process for insurance companies.
- *Intelligent claim processing solutions.* Our intelligent claim processing solutions include data processing, claim verification and intelligent settlement. Our solutions help insurance

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companies automatically recognize and process receipts and healthcare records and extract required information for claim processing. We then assist claim verification analysts through liability model, fraud model and risk control model. Our solutions can also recommend claim settlement amounts to maximize profits for insurance companies and ensure benefits for insurance purchasers.

Life Cycle of Insurance Products



We usually charge our customers a one-off design fee, which is typically payable in instalments as we progress in providing the services. For innovative insurance product design services, we charge service fees mainly ranging from 10% to 20% of the insurance premium fee for each transaction. We charge from RMB2 to 3 million for intelligent insurance underwriting solutions, and RMB3 to 5 million for our intelligent claim processing solutions. Through these services, we seek to attract and partner with more insurance companies and agencies to provide more value-added products to patients on our platform. We are not involved in sale or distribution of drugs under CausaCloud solutions.

Hui Min Bao is a CausaCloud product, which can be used as a supplementary insurance product of the existing national social medical insurance. We launched Hui Min Bao in July 2020 as part of our new initiative to increase policy coverage in the near term and make insurance solutions as the main revenue driver for CausaCloud going forward. Hui Min Bao has no restrictions on the health status of the insured, but it must be purchased by the insured with the national social medical insurance in the local city. In most cities, one can buy Hui Min Bao with a validity period of one year from RMB60 to RMB100. At present, Hui Min Bao is a one-year product in various cities, and it needs to be renewed every year. In addition to insurance protection, the insureds are usually provided with necessary health management services. We charge a fixed percentage of the premium paid to the insurance companies and record revenues generated from Hui Min Bao under CausaCloud. Leveraging our patient management services, we enable the insurance companies to better manage the health of their insureds, so that the likelihood of medical events covered by the insurances could be lowered. Hui Min Bao also helps increase the wellness of the general population, increases revenues for insurance companies and lowers cost burden for governments. In addition to generating revenues for us, Hui Min Bao helps bring in significant user traffic to us, which provides the potential for other monetization opportunities and also helps us improve our branding awareness among the general population. Hui Min Bao also helps us to work more with insurance companies to design more and better products and other collaborations and to strengthen our relationship with local regulators and policy makers. As of the Latest Practicable Date, we had launched Hui Min Bao in four cities in China, namely Ningbo, Hefei, Beijing and Chongqing, and we intend to launch Hui Min Bao in additional cities in the foreseeable future.

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We started to offer Health Management Platform and Solutions in 2019. For the fiscal years ended March 31, 2019 and 2020 and the three months ended June 30, 2020, (i) revenue generated from this segment was RMB10.8 million, RMB55.6 million and RMB9.1 million, respectively; (ii) the gross profit of this segment was RMB0.9 million, RMB7.7 million and a loss of RMB2.0 million, respectively; and (iii) the gross profit margin of this segment was 8.8%, 13.9% and negative 22.0%, respectively. Within the Health Management Platform and Solutions segment, the insurance technology solutions was the main revenue contributor.

Sustainability of Business

Driven by our deep and unique perspective and strong belief, we have pursued our mission by taking a strategic path since our inception. In the early stage of our strategic path, we focused our efforts and investments on building YiduCore by serving and partnering with top hospitals, where scarce high-quality medical resources are concentrated. During this period, we developed our big data platforms and solutions, which can integrate different information technology systems within the hospitals, and convert the raw healthcare data accumulated in their systems into computable, structured and standardized data that can be used by computers. We invested in human resources heavily at the early stage when little knowledge was accumulated within YiduCore and extensive human efforts were required to label and monitor data. Since our first full implementation of big data platform, DPAP, for a top hospital in 2015, YiduCore has been continuously improved and becoming more intelligent as we partner with more hospitals and other players in the healthcare industry, leading to enhanced data processing capabilities with greater speed and accuracy. We started monetization from late 2017 when YiduCore had demonstrated its value and attracted more hospitals and other ecosystem players such as regulators and policy makers, pharmaceutical, biotech and medical device companies and insurance companies.

By far, we have transitioned from the investment phase to monetization phase, and have achieved continuous improvement in our results of operations, asset position 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.

Scalable and flexible YiduCore enabling fast product development and iteration under three business segments

Our data intelligence infrastructure, YiduCore, is trained by data of great breadth and depth and powers a range of applications and solutions that serve the critical needs of our customers. Being highly scalable and flexible, our data intelligence infrastructure can adapt to support a wide range of solutions and applications developed by us or third parties, and enables fast product development and iteration. Leveraging our scalable YiduCore, we have successively developed a suite of data analytics-driven healthcare solutions, currently comprising Big Data Platform and Solutions, Life Sciences Solutions, and Health Management Platform and Solutions. We will continue to explore new use cases and broaden our solution offerings to further unleash the monetization potential of YiduCore and capture more growth opportunities, while deriving additional insights and uncover new areas to explore, improve and optimize. For example, uncovering the application potential of YiduCore in the health management area, we launched “CausaHealth” under the Health Management Platform and Solutions segment in February 2020. For another instance, we launched our epidemic response solutions to help domestic and foreign regulators and policy makers fight against the COVID-19 pandemic, leveraging YiduCore and the knowledge and experience accumulated through developing big data platform and

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solutions for hospitals. As a result of such features of YiduCore, our business has shown great resilience during the COVID-19 pandemic.

Rapid diversification and growth of customers, leading to decline in customer concentration

We started with cooperating with top hospitals in China, which allows us to partner with other hospitals. The business partnerships with top hospitals also allow us to win the trust and business of healthcare industry regulators and policy makers in China as they value the network we created, through which they could coordinate system-wide, regional and even national healthcare initiatives. During the Track Record Period, the number of hospital customers increased from 37 in the fiscal year ended March 31, 2018 to 51 in the fiscal year ended March 31, 2019 and further to 71 in the fiscal year ended March 31, 2020, and from 56 in the three months ended June 30, 2019 to 72 in the three months ended June 30, 2020. The number of regulators and policy makers that we collaborated with increased significantly during the Track Record Period, with 1, 6 and 14 regulator and policy maker customers in the fiscal years ended March 31, 2018, 2019 and 2020, respectively, and 6 and 15 in the three months ended June 30, 2019 and 2020, respectively. Since the second half of 2017, We have also expanded our customer base into life science field and introduced a suite of healthcare solutions to enable intelligent drug development for life sciences companies. Particularly, our active Life Sciences Solutions customers increased from 9 in the fiscal year ended March 31, 2018 to 37 in the fiscal year ended March 31, 2019 and to 74 in the fiscal year ended March 31, 2020 and from 47 in the three months ended June 30, 2019 to 86 in the three months ended June 30, 2020, while enjoying a strong revenue retention rate of 162%, 125% and 117% for the fiscal year ended March 31, 2019 and 2020 and the three months ended June 30, 2020, respectively. In addition, in February 2020, we started to offer our online health management platform under the brand of “CausaHealth,” which helps doctors improve patient management and productivity. As such, we have displayed strong track record in our ability to leverage YiduCore to penetrate new and large addressable markets such as life sciences solutions as well as internet healthcare and personal health management. We believe that the diversification of customers will continue as the life sciences solutions and health management platform and solutions segments further expand.

Diversity of revenue streams and rapid revenue growth in all three business segments

Revenues generated from each business segment witnessed rapid growth during the Track Record Period as disclosed at the end of each business segment under “Our Offerings and Solutions.” See also “Financial Information—Description of Major Components of Our Results of Operations—Revenues” and “—Period-to-Period-Comparison of Results of Operations” for more details. We expect that our revenue will continue to grow in absolute amount due to the increase in customer numbers, our deepening relationships with customers and our increased pricing power.

Strong gross profit and gross margin expansion driven by revenue mix shift and increasing pricing power

Our gross profit turned positive from a loss of RMB0.9 million in the fiscal year ended March 31, 2018 to RMB5.7 million in the fiscal year ended March 31, 2019 and increased further to RMB146.5 million in the fiscal year ended March 31, 2020, and increased from RMB1.9 million for the three months ended June 30, 2019 to RMB31.5 million in the same period of 2020. We had overall gross margins of negative 4.1%, 5.6%, 26.3%, 7.6% and 18.5% in the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020, respectively. This is a recognition of the

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value we delivered in the segments we serve. We expect our overall gross margin to continue to expand in the near term as we realize greater pricing power, drive further economies of scale in our service delivery, increase the contribution from higher margin revenue streams and fully leverage the synergy among our different business segments. See also “Financial Information—Description of Major Components of Our Results of Operations—Gross Profit and Gross Margin” for more details.

Solid track record in displaying strong operating leverage

During the Track Record Period, we were able to achieve rapid growth with strong operating leverage. Our selling and marketing expenses as a percentage of revenues declined from 216.5% in the fiscal year ended March 31, 2018 to 99.3% in the fiscal year ended March 31, 2019 and further to 30.6% in the fiscal year ended March 2020, and declined from 162.3% in the three months ended June 30, 2019 to 25.8% in the three months ended June 30, 2020. Our research and development expenses as a percentage of revenues declined from 675.9% in the fiscal year ended March 31, 2018 to 252.5% in the fiscal year ended March 31, 2019 and further to 47.2% in the fiscal year ended March 31, 2020, and declined from 285.3% in the three months ended June 30, 2019 to 28.3% in the three months ended June 30, 2020. Our administrative expenses as a percentage of revenues declined from 179.5% in the fiscal year ended March 31, 2018 to 81.9% in the fiscal year ended March 31, 2019 and further to 54.1% in the fiscal year ended March 31, 2020, and declined from 259.1% in the three months ended June 30, 2019 to 32.5% in the three months ended June 30, 2020. We expect to further improve our selling and marketing efficiency by leveraging the network effects associated with YiduCore and the surrounding healthcare ecosystem and drive rapid moderation of our selling and marketing expenses as a percentage of revenue. We expect administrative expenses to grow moderately and hence with our projected revenue growth, we expect administrative expenses as a percentage of revenue to decline very rapidly. While we will continue to invest in research and development to strengthen our core technology and broaden our solution offering, we expect research and development expenses as a percentage of revenue to moderate rapidly as we grow our revenue at a much faster pace.

Solid track record in displaying improved asset and cash flow positions

Our net liabilities were RMB1,245.3 million, RMB2,277.8 million, RMB3,726.3 million and RMB4,185.9 million as of March 31, 2018, 2019 and 2020 and June 30, 2020, respectively. These were primarily attributable to the fair value change of convertible redeemable preferred shares, convertible notes and warrants, instead of our business performance and operating results. In addition, as a result of the agreements we entered into in August 2020 to extend the certain preferred shareholders’ redemption date from January 2021 to January 2022, our current portion of convertible redeemable preferred shares were reclassified into non-current liabilities, resulting into a net current assets position as of October 31, 2020. All our convertible redeemable preferred shares will automatically be converted into our ordinary shares upon Listing. See “Financial Information—Discussion of Certain Key Balance Sheet Items” for more details. Our operating cash flow has been improving during the Track Record Period as well. We had net operating cash outflows of RMB167.7 million, RMB372.7 million and RMB360.6 million for the fiscal year ended March 31, 2018, 2019 and 2020, respectively. Our operating cash flow turned positive, with a net cash inflow of RMB41.2 million for the three months ended June 30, 2020, as compared to a net cash outflow of RMB89.7 million for the three months ended June 30, 2019. See “Financial Information—Liquidity and Capital Resources” for more details. We will continue to grow rapidly with expanding gross profit margin and monitor and manage our operating expenses in a disciplined approach. In addition, we have been collecting, and will continue to collect, our trade receivables in a more efficient manner as manifested

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by the decrease of trade receivables turnover days from 175 in the fiscal year ended March 31, 2019 to 130. for the fiscal year ended March 31, 2020. Therefore, the Directors are of the view that our asset position and operating cash flow will continue to improve. On the basis of the factors set out above and the Company's historic financial performance during the Track Record Period, nothing has come to the attention of the Joint Sponsors to cause them to doubt the reasonableness of the views of our Directors above.

Our ability to continue our growth and turn profitable

Big Data Platform and Solution. We will continue to concentrate our efforts on consistently expanding our customer base among the leading research hospitals, and regulators and policy makers at region and city levels. We believe the headroom for growth is huge given that (i) our current penetration is still low with 75 hospital customers and 18 regulator and policy maker customers by the end of October 31, 2020, (ii) we are still expanding our solution set to meet the broadening demand of our customers, and (iii) awareness of the value of our solutions among our existing and potential customers continues to grow on the backdrop of a favorable secular trend which will drive a market CAGR of 28.9% for the hospital segment and 42.8% for the regulator and policy maker segment between 2019 and 2024 according to the EY report. For the seven months ended October 31, 2020, the revenue for Big Data Platform and Solutions segment was RMB214 million.

Life Sciences Solutions. We have rapidly expanded our service capacity and scope of capabilities in the past years. Our service employee base has more than doubled year over year and continues to grow rapidly. In addition, we have expanded our capabilities from initially only focusing on clinical development and regulatory affairs consulting to offer full operation services within our analytics-driven clinical development offering and also from smaller scale consulting and retrospective study services to large-scale prospective and registry study services within our real-world evidence-based research offering. With this, we will drive higher revenue per customer as we are able to address a broader scope of our customers' needs. At the same time, we will step up our commercial efforts to acquire and convert additional customers as we become increasingly competitive in the market. We believe the headroom for growth is enormous given the high projected market CAGR of 52.8% between 2019 and 2024 as analyzed in the EY report and our still very low penetration rate. As of October 31, 2020, our projects being performed included 23 Medical Consulting project, 46 Clinical Development projects and 52 RWE-based research projects. For the seven months ended October 31, 2020, the revenue for the Life Sciences Solutions segment was RMB80 million. As of September 30, 2020, the revenue retention rate for this segment was approximately 129%.

Health Management Platform and Solutions. We recently launched CausaHealth, our internet hospital and health management platform which has witnessed substantial growth both in the number of annual active doctors and paying users from approximately 7,000 as of June 2020 to approximately 32,888 as of November 21, 2020 and approximately 16,000 as of June 2020 to approximately 2.8 million as of November 21, 2020, respectively. We will continue to expand our user acquisition channels to grow our user base rapidly and at the same time convert them to higher value users by increasing their stickiness and repeat purchases, as well as converting them to subscribers of personalized health plans tailored to their needs. As analyzed in the EY report, the internet hospital market and personal health management market are expected to grow at a CAGR of 37.2% and 57.7% between 2019 and 2024 to RMB257 billion and RMB6.7 billion in 2024, respectively, representing a huge market opportunity for us. We also expect our insurance technology and disease management solutions to continue to exhibit strong growth on the back of strong market penetration growth, coupled with our increasing presence

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in the market. For the seven months ended October 31, 2020, the revenue for the Health Management Platform and Solutions segment, which still predominantly consists of revenue from our insurance technology and disease management solutions, was RMB27 million.

Pricing

Big Data Platform and Solutions

Big Data Platform. The platforms include DPAP, Eywa and regional health platforms. Our big data platform fees include upfront platform deployment fees and maintenance fees. For upfront platform deployment fees, we adopted a penetration pricing strategy by initially providing our platform to our early customers for free. Since 2019, we started to charge our new customers and platform upgrades using a cost-plus approach. When determining our fees chargeable to our individual clients, we take into account various factors such as the scale and scope of data, number of features and models and level of service provided. We charge maintenance fees at a fixed percentage of the upfront platform deployment fees.

Solutions for Hospitals, Research Networks and Regulators and Policy Makers. The major solutions include medical research, clinical diagnosis and treatment, hospital operations management, public health monitoring, epidemic response and population health management. The fee model for our solutions includes one-off fee for implementation and license, of which, the revenue for term-based license is recognized over the term, as well as recurring fee for subscription and services. The type of fee model depends on the nature of the solution and the contracting policy of our customers. The fees we charge regulators and policy makers are set on a case-by-case basis and vary widely according to the scope and size of coverage and value of the outcome. In addition to the fees above, we also charge data processing service fee for ongoing data processing and analytics services for certain solutions. We charge annual fees based on the scope and scale of data being processed and analyzed for specific scenarios.

For bundled products and services, the revenue recognition methods include: (i) if bundled products and services are accounted for as a single performance obligation, revenue is generally recognized at a point in time when these products or services are delivered to the customer's designated place, inspected and accepted by the customer; or for certain contracts where the performance does not create an asset with an alternative use to us and we have an enforceable right to payment from the customer for its performance completed to date, the revenue is recognised over time. Based on the progress towards complete satisfaction of the contracts using input method which is determined as the proportion of the costs incurred for the work performed to date relative to the estimated total costs to complete the contract, to the extent that the amount can be measured reliably and its recovery is considered probable; and (ii) if bundled products and services consist of multiple applications and solutions to their customers and the multiple applications and solutions are regarded as a separate performance obligation, we allocate the transaction price to each application and solution based on their relative stand-alone selling prices. If the stand-alone selling price is not directly observable, we estimate the stand-alone selling price of each of the performance obligations based on the expected cost of satisfying each of the performance obligations plus an estimated margin for each of the performance obligations. The revenue is recognized upon the individual performance obligation is rendered to customers.

Life Sciences Solutions

The major solutions include analytics-driven clinical development, real-world evidence-based research and evidence-based digital commercialization. We predominantly charge per project on a time-and-material basis. The price range varies widely based on the type of the project, scope of project, the scale of the project and the difficulty of the project. We also have bundled contract that covers multiple services and multiple drugs.

Health Management Platform and Solutions

Health Management Platform and Services. We operate a platform that offers products and services to users. Our revenues consist of online consultation fees, health management service fees, sales of drugs procured from pharmaceutical companies to partnering pharmacies on our CausaHealth platform and take-rate of insurance premium.

InsurTech Solutions. We price on a project-by-project basis with reference to market dynamic and internal margin guideline.

Material Clauses and Terms of Agreements for Major Solutions

Below are a summary of the major clauses and terms of relevant agreements between us and our customers for major solutions.

Big Data Platform and Solutions***Solutions for Hospitals***

Set forth below are the typical terms and arrangements under which our main solutions for hospitals are offered.

For our platform development services, we provide platform implementation, data aggregation and processing and related training services to our hospital customers. We are provided with access to the data necessary for us to provide such services. We charge a one-off fee for the delivery of the big data platform and related services, which typically includes a warranty period that covers free customer services and training. For maintenance services beyond the warranty period, we charge hospitals recurring service fees. For our solutions, hospitals may either pay an annual subscription fee or obtain a software license and pay a recurring maintenance fee. We also charge data processing or analytics service fees as part of some of our bundled solutions.

For disease model development services, we offer data structuralization and standardization services and research tools that enable users to leverage our data analytics and AI capabilities. Hospitals are responsible for obtaining the relevant authorizations for accessing to the necessary medical data. Intellectual property rights from the co-developed models are typically shared by the hospitals and us. We typically charge hospitals a one-off design and implementation fee for the development of a disease model. We only provide platform and/or solutions development services and technical and maintenance services to help hospital customers conduct analysis based on data collected from their existing medical databases. In addition, our patient follow-up solution enables doctors to follow up with patients and collect patient data outside hospitals upon authorization of patients. We are not responsible for the authenticity and accuracy of the data collected from our partners and customers. We

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are not involved in the medical practice by the healthcare institutions and doctors and they will make their own judgments and analysis during the treatment process.

- *Agreements regarding Medical Research Solutions.* Under the service agreement, we help hospitals establish specific disease database platform based on hospital's specific request, integrate data from multiple information systems and help with data cleansing, de-identification, structuralization and standardization, which can facilitate hospital's medical research on specific disease areas, intelligent auxiliary patient diagnosis and treatment services, etc. Under the agreement, we charge one-off service fee for the delivery of the database platform, technology development service fee and service fee based on customary services, which typically includes a warranty period that covers free customer and maintenance services. It is customer's responsibility to provide legitimate research data and information resource. The hospital authorizes us to maintain and operate the database platform. When necessary, the hospital will help us obtain relevant authorization for data access. We ensure that integrating data does not affect the existing information system of the hospital. We also help establish information security system to protect data privacy per customer's request. Under the agreement, the patents jointly developed by us and the hospital customers and other intellectual property rights developed in the future belong to both parties. The patents and other intellectual property rights developed independently by either party belong to that party.
- *Agreements regarding Clinical Diagnosis and Treatment Solutions.* Under the service agreement, we provide hospitals and doctors with various solutions regarding clinical diagnosis and treatment and are responsible for the development and maintenance of the systems or platforms delivered and technical supports. We charge one-off service fee for the delivery of the solutions. The patents jointly developed by us and the customers and other intellectual property rights developed in the future belong to both parties. The patents and other intellectual property rights developed independently by either party belong to that party. For the raw data provided by the customers, we can only use for the purpose of delivery of services under the agreements. We can provide security technology support by helping with data cleansing, de-identification, structuralization and standardization per customer's request.

Solutions for Regulators and Policy Makers

Service arrangements for platform development with regulators and policy makers are similar to those with hospitals.

- *Agreements regarding Public Health Monitoring and Epidemic Response Solutions.* Under the service agreement, we provide local regulators or authorities with our comprehensive public health monitoring and epidemic response solutions to assist local authorities with tracking and monitoring the health conditions of the local population, predicting epidemic infection trends, planning medical resources, conducting multi-factor contact tracing, etc. We charge service fees based on service types, for example, platform development fees, IT infrastructure fees, solution implementation and operations fees, etc., which typically includes a warranty period that covers free customer services and maintenance. For maintenance or subscription service beyond the warranty period, we charge customers recurring service fees. The customers have the right to use the solutions that we develop and relevant licenses under the agreement without any additional cost. We retain the ownership

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and intellectual property rights of the work products designated as being owned by us under the agreement and our pre-existing properties, except that we shall grant a non-exclusive, world-wide, perpetual, irrevocable, non-transferable (except as permitted by the agreement), royalty-free license for customers under specific circumstance.

Life Sciences Solutions

Customers of our Life Sciences Solutions mainly include pharmaceutical, biotech and medical device companies and other companies involved in the clinical development process. Terms and arrangements of our services vary based on the type and nature of the solutions and services requested by our customers. For research and consultation services, we usually charge our customers a one-off service fee, which is usually payable in installments as we progress in providing the requested work products. For projects whose deliverables are platforms, digital tools or product development services, we usually charge a one-off design and implementation fee. If maintenance services are involved, we also charge our customers recurring service fees. Depending on the type of solutions and services that are being offered, we may be required to guarantee the accuracy of the data underlying our work products. For example, in clinical trials where we provide clinical site monitoring services, we may be required to guarantee the overall reliability of the trial data.

- *Agreements regarding Analytics-Driven Clinical Development Solutions.* Under the service agreement, we provide various analytics-driven clinical development solutions to customers to facilitate their medical research and development process. We charge service fee based on the progress and target of the project. We assign the rights, interests and titles related to the work products produced under the service agreement to the customers and provide necessary help for the customers to obtain the relevant intellectual property rights. When handling patient health information, medical information and other personal information, we shall comply with applicable laws and regulations as well as provisions in the agreements and use only for the purpose of performing the agreement. It is the customers' responsibility to obtain legitimate rights and necessary consents to entrust us to access and process the necessary data mass.
- *Agreements regarding Real-world Evidence (RWE)-based Research Solutions.* Under the service agreement, we provide customers with real-world study services based on customer's specific request. We charge project technology service fee and other miscellaneous fee occurred during the project. We ensure that data obtained from third party or hospitals entrusted has been de-identified and does not involve any individually identifiable information, and we have obtained authorization for the access of data required to perform service under the agreement. We and the third party or hospitals entrusted will comply with the applicable laws and regulations regarding personal information collection and data protection. The interests and ownership of all information and materials provided by the customers under the agreements belong to the customers. The intellectual property rights of all work products produced under the agreement belong to the customers.
- *Agreements regarding Evidence-based Digital Commercialization Solutions.* Under the service agreement, we provide strategic consulting service or help customers design, develop and maintain patient management platforms. We charge services fee based on services provided for specific projects, for example, platform development fees, maintenance service fees, promotion fees, etc. The intellectual property rights of all work products created under the agreement belong to the customers. The self-developed intellectual property of us still

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owned by us, including intellectual property related to software system architecture, data mining processing, text structuring, etc. When collecting, using or maintaining personal information, we will comply with applicable laws, regulations, industry rules, etc.

Health Management Platform and Solutions

We enter into cooperation agreement with doctors registered on the “CausaHealth” platform, under which they are required to, among other things, comply with rules and policies of our platform and our quality requirements, including the confidentiality obligation with respect to patients’ healthcare data and other personal information. The cooperation agreements typically provide that the doctors are rewarded based on the number of consultations and are paid monthly. The doctors on our platform charge consultation fees for online and follow-up consultations. We also purchase their services bundled as personalized service package for patients with chronic diseases. If any doctor materially violates the terms of the cooperation agreement, we have the right to unilaterally terminate the cooperation agreement. We are not responsible for the authenticity and accuracy of the data collected from our partners and customers. We are not involved in the medical practice by the doctors and they will make their own judgments and analysis during the treatment process. Pursuant to the Measures for the Administration of Internet Hospitals (for Trial Implementation) (互聯網醫院管理辦法 (試行)), the partner physical hospitals will bear liabilities for medical malpractice by doctors and medical activities of the internet hospital. However, we may be held liable as a platform operator for medical malpractice by doctors on our platform.

For insurance technology and disease management solutions under the brand of “CausaCloud”, we enter into collaboration agreements with insurance companies. Depending on the demand of customers, services offered under typical service agreements may include online health evaluation, innovative insurance product design services, intelligent insurance underwriting solutions, intelligent claim processing solutions, and health management services. We usually charge our customers a one-off design fee, which is typically payable in instalments as we progress in providing the services.

Except for the circulars on the self-examination and inspection of the clinical trials data promulgated by the National Medical Products Administration, which provide that, we, if acting as a contract research organization, may be liable for the data fabrication in the clinical trials with regard to the medicine specified in the foregoing circulars, there are not any PRC laws and regulations which explicitly provide any rules with regard to our liabilities for the authenticity and accuracy of the data. After reviewing the relevant sample agreements provided by us and based on our confirmation, our PRC Legal Advisor is of the view that, (i) in the Life Sciences Solutions business, we may be required to guarantee the accuracy of the data underlying our work products pursuant to the agreements entered into by and between us and our customers, and we could be liable under the relevant agreements if we breach our obligation above; (ii) in the other segments of our business, our PRC Legal Advisor is not aware of any agreement entered into by and between us and our customers which provide any liabilities for us for the authenticity and accuracy of the data.

Outsourcing Arrangements

We outsource certain non-core technical work to third parties, including software development services, due diligence services, research services, insurance promotion and claims assistance services.

For the outsourcing of software development services, the vendor provides technology development services and delivers work products as specified in the agreement. We pay the outsourcing service fee

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which is usually payable in installments. For the software developed under the agreement, the intellectual property rights usually belong to us. If the quality or quantity of the delivered products does not meet the requirements under the agreements, the vendor shall solve the problem promptly and undertake the loss and fees involved.

For the outsourcing of due diligence services, the vendor provides administration services for projects as specified in the agreement. We pay the outsourcing service fee which is usually payable in installments. The vendor shall keep record during work progress to evidence that the vendor fulfill the obligations under the agreement, and shall report to us detailed work progress and periodic plan. When handling patient health information, medical information and other personal information, the vendor shall comply with the researcher's instructions and all applicable laws and regulations, and shall not disclose these information in any way.

For the outsourcing of research services, the vendor provides research services as specified in the agreement. We pay the outsourcing service fee which is usually payable in installments. We have the rights to inspect, review and provide comments on the services and work products delivered by the vendor. The vendor shall amend the work products based on our comments. The intellectual property rights for all work products under the agreement belong to us.

For the outsourcing of insurance promotion services, the vendor provides promotion services for the insurance solutions. We usually pay the outsourcing service fee based on cost per action payment calculation method. The vendor shall ensure that the customers acquired through its promotion channel are real customers. We have the right to refuse to make the payments if any deceptive actions are found.

For the outsourcing of claims assistance services, the vendor provides auxiliary services during the insurance claims progress. The information of insurance claims provided to the vendor are de-identified. We pay the outsourcing service fee which is usually payable in installments. The intellectual property rights for all work products under the agreement belong to us.

Our Customers

We have a broad and diverse customer base, which has expanded rapidly since our inception. As of March 31, 2018, 2019 and 2020 and June 30, 2020, excluding the doctors and patients that use our CausaHealth platform, we had 15, 88, 216 and 261 customers who purchased our solutions (which did not include users of our CausaHealth platform), respectively. As of March 31, 2018, 2019 and 2020 and June 30, 2020, 6, 33, 114 and 140 of these customers were recurring customers with revenue contribution, respectively, contributing RMB4.8 million, RMB60.7 million, RMB394.7 million and RMB85.7 million in revenue, respectively. As of March 31, 2018, 2019 and 2020 and June 30, 2020, the number of new customers were 9, 55, 102 and 121, respectively, contributing RMB17.9 million, RMB41.3 million, RMB163.4 million and RMB84.7 million in revenue, respectively. Our top five customers accounted for 89.7%, 40.9%, 48.0% and 66.6% of our total revenues for each of the fiscal years ended March 31, 2018, 2019, 2020 and the three months ended June 30, 2020, respectively. Two, one, one and two customers represented more than 10% of our total revenues in the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2020, respectively. While most of our top five customers are in the healthcare industry or contractors engaged by local health authorities, we also provided big data infrastructure hardware and integrated healthcare technology solutions to certain customers who operate in diversified industry. We expect the revenue contribution from our top five customers to decrease in the future along with our business expansion and the

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increase in the number of solutions that we offer. The credit terms given to our trade customers are determined on an individual basis with normal credit period mainly around 180 days.

During the Track Record Period, all of our five largest customers were independent third parties of the Group, except that Sunshine Insurance Group is our Substantial Shareholder and Anhui Jiufang Pharmaceutical Co., Ltd is an associate of our Controlling Shareholder, and none of our Directors or, to their knowledge, their associates or any Shareholder who owned more than 5% of our issued share capital had any interest in any of our five largest customers.

We helped PRC and overseas regulators and policy makers aggregate and process multi-source heterogeneous data from healthcare institutions, so that these data are leveraged to generate insights and evidence for policy making and outcome evaluation, and implement population health management initiatives. Specifically, depending on the function of the corresponding platforms or solutions, such insights and evidence may vary widely, such as the prevalence of specific diseases, utilization of medical resources, capabilities of healthcare institutions and medical expenditure of different groups of people, which are helpful to healthcare policy-making to serve the public interest. See “– Our Offerings and Solutions –Big Data Platform and Solutions – Solutions for Regulators and Policy Makers ” for more details on the services that we provide to foreign regulators and policy makers. Our PRC Legal Adviser is of the view that such services do not violate the relevant laws and regulations, including national security, in any material respect, as such services do not involve any state secrets and we do not provide any personal information or data produced within the PRC to overseas regulators and policy makers.

The table below sets out the details of our top five customers during the Track Record Period:

<u>Customers</u>	<u>Revenue amount</u> <i>(RMB'000)</i>	<u>Percentage of our total revenue</u> <i>(%)</i>	<u>Principal business</u>	<u>Background</u>	<u>Services provided by us</u>	<u>Year of commencement of business relationship with us</u>	<u>Payment method</u>
Fiscal Year ended March 31, 2018							
Customer A	14,151	62.3	Government contractor	A company that focuses on the transfer, exchange and commercialization of domestic and overseas advanced technologies	Provision of big data solution	2017	bank transfer
Anhui Jiufang Pharmaceutical Co., Ltd.	2,599	11.4	Pharmaceutical company	A national level high-and-new-technology enterprise that engages in research, development, manufacturing and sale of Chinese herbal medicines	Provision of customized report	2017	bank transfer

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<u>Customers</u>	<u>Revenue amount</u> <i>(RMB'000)</i>	<u>Percentage of our total revenue</u> <i>(%)</i>	<u>Principal business</u>	<u>Background</u>	<u>Services provided by us</u>	<u>Year of commencement of business relationship with us</u>	<u>Payment method</u>
Customer C	1,449	6.4	University	A top-tier university of China	Provision of big data solution	2017	bank transfer
Customer D	1,321	5.8	Hospital	A national research-driven hematologic disease specialized medical institution	Provision of big data solution	2017	bank transfer
Customer E	861	3.8%	Pharmaceutical company	A PRC subsidiary of a multinational research-based biopharmaceutical company listed on the New York Stock Exchange	Provision of customized report	2017	bank transfer
Fiscal Year ended March 31, 2019							
Customer F	18,298	17.9	Healthcare Internet of Things company	A medical technology company that specializes in selling and providing maintenance services for medical devices	Provision of big data solution	2018	bank transfer
Customer G	8,730	8.6	Government contractor	An internet information company that specializes in online data processing, internet data center services and other technological services in China	Provision of big data infrastructure	2018	bank transfer
Customer H	7,356	7.2	Electronic payment service provider	Electronic payment service provider in China.	Provision of big data infrastructure	2018	bank transfer
Sunshine Insurance Group	3,774	3.7	Insurance company	An insurance company in China	Provision of Insurance Technology Solutions	2016	bank transfer

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<u>Customers</u>	<u>Revenue amount</u> <i>(RMB'000)</i>	<u>Percentage of our total revenue</u> <i>(%)</i>	<u>Principal business</u>	<u>Background</u>	<u>Services provided by us</u>	<u>Year of commencement of business relationship with us</u>	<u>Payment method</u>
Customer J	3,600	3.5	Medical technology company	A leading digital medical device company that specializes in clinical service digitalization and visualization	Provision of contract research organization services	2018	bank transfer
Fiscal Year ended March 31, 2020							
Customer K	121,366	21.7	Government contractor	A science and technology innovation development platform and professional operator of demonstration science and technology innovation carrier in South-east China, with total assets of about RMB7 billion. It is undertaking national Health and Medical Big data Center and Industrial Park pilot project.	Provision of big data solution	2018	bank transfer
Customer L	48,122	8.6	Government department	Foreign government department	Provision of big data solution ⁽²⁾ and sales of medical supplies	2020	bank transfer
Customer M	36,921	6.6	Government department	Foreign government department	Sales of medical supplies	2020	bank transfer
Customer N ⁽¹⁾	34,002	6.1	Internet Media and Services	Chinese multinational technology conglomerate holding company	Provision of big data solution, promotion service and data processing service for three subsidiaries, respectively	2019	bank transfer

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Customers	Revenue amount <i>(RMB'000)</i>	Percentage of our total revenue <i>(%)</i>	Principal business	Background	Services provided by us	Year of commencement of business relationship with us	Payment method
Customer O	27,575	4.9	System integrator	An integrated internet technology company in China	Provision of integrated hardware and healthcare technology solutions	2019	bank transfer
Three months ended June 30, 2020							
Customer M	63,321	37.2%	Government department	Foreign government department	Sales of medical supplies	2020	bank transfer
Customer L	30,468	17.9%	Government department	Foreign government department	Provision of big data solutions ⁽²⁾	2020	bank transfer
Customer R	7,916	4.6%	Cloud platform services	Cloud computing and big data services provider in China	Provision of hardware and software integrated solutions	2019	bank transfer
Customer S	7,696	4.5%	Trading company	A trading company in Germany	Sales of medical supplies	2020	bank transfer
Customer T	4,076	2.4%	Government affiliated company	A government affiliated company that focuses on big data technology industry	Provision of big data solutions	2019	bank transfer

Notes:

- (1) Customer N and Supplier Q belong to the same group.
- (2) Primarily our big data platform for regulators and policy makers, and the epidemic response solutions developed on top of it. Provision of these big data solutions do not involve the use of data collected in the PRC.

Customer Services

We believe that the quality of our solutions, which are constantly being updated and upgraded, and the concrete value we deliver to our customers are the core foundation for our customer relationship management. We design and develop our solutions in strict compliance with applicable laws and regulations and industry standards. All of our solutions must pass our internal quality assessment before being marketed to minimize any quality issues. In addition to ensuring that our solutions are continuously being used by our customers in their critical operations, we also strive to provide best-in-class customer service.

Our engagement with a customer typically starts during pre-sales, whereby our sales manager works with our product manager and solution architect to understand the customer needs, come up with a proposed solution and demonstrate and explain the solution to the customer. During the implementation period, a dedicated account manager works with a project manager to ensure smooth

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implementation of the solution and that the customer's feedback and questions are addressed timely. Our customers will test our solutions to confirm that they have met their quality standards before accepting them. Post implementation, the account manager remains the contact point for the customer and facilitates communication between the customer and our product and technical support personnel to ensure customer satisfaction. In addition, to mitigate our exposure to product liabilities, our agreements with customers typically do not provide for any damages for indirect or consequential losses.

The account manager also consistently gathers feedback from the customer on how to improve our solutions, seeks to expand the customer's usage of our solution and uncovers additional needs of the customer to propose additional solutions.

As we expand our CausaHealth operations, we are building a team of customer service representatives dedicated to the business to serve the doctors, patients as well as partners on our platform.

Customer Tender Process

Some of our customers select their suppliers through a tender process. These customers may publish information on the tender process on their official websites or local public tender websites. Published information typically includes details of the tender projects, the procurement cycle, basic conditions that the suppliers must meet and certain technical and product requirements. Throughout the tender process, we strictly follow the applicable laws and regulations as well as the requirements of the customers. The customers will invite experts in the relevant fields to review and evaluate the tendering suppliers. The winners will usually be publicized on the customers' official websites or local public tender websites. If we win the tender, we will enter into project agreements with the customers and duly discharge our obligations under these agreements. In the fiscal years ended March 31, 2018, 2019 and 2020 and the period from March 31, 2020 until November 30, 2020, we submitted 7, 25, 51 and 30 tenders, respectively, among which 6, 23, 48 and 26 tenders were awarded to us, respectively, representing tender success rate of approximately 86%, 92%, 94% and 87%, respectively.

Sales and Marketing

Sales

We sell our solutions through our experienced direct sales force. Our sales teams possess years of technology, medical and healthcare-related background and are able to communicate value by their in-depth understanding of the customer's business and industry. Our sales force is first organized by business segment, and then further organized into multiple regional teams covering different regions across China and other countries and regions.

We incentivize our sales teams by setting specific key performance goals for each team and by adopting a commission-based reward mechanism linked to the sales personnel's performance.

Our sales teams focus on expanding our customer base and increasing the spending by existing customers through seeking to drive purchases and subscriptions of additional functionalities and solutions. Due to the comprehensiveness and interconnectedness of our solutions, as well as our tremendous network effects, we offer an expanding range of solutions to our customers and attract more customers in additional segments.

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We also operate a customer management system comprising a number of functions, including customer management, prospect management, pre-sale management and contract management. Our sales teams use our customer management system to manage our customers, sales prospects, as well as the pre-sales and contracting process. Our management also uses the platform to evaluate the productivity and efficiency of the sales team and to access the value of each customer to support opportunity prioritization. We believe that our customer management system has been a key factor in enabling us to manage the rapid growth of our business to date and provides us with scalability going forward.

Marketing

We have a marketing team responsible for increasing the awareness of our brand, promoting our new and existing solutions, maintaining our relationship with business partners and managing public relations. We deploy comprehensive strategies for our marketing efforts, including:

- *Selective collaboration with media partners.* We have established collaboration with traditional and online media partners. From 2016 to 2020, we were quoted in approximately 16 articles, including “Yidu Cloud is making sense of the medical records of 1.3 billion people,” “AI brings new drive, reduced costs to Chinese healthcare sector,” “Yidu Cloud supports the establishment of China’s first medical data science secondary academy” and “The Future of Artificial Intelligence in Orthopedics.”
- *Events.* We host and participate in various events, such as industry conferences, forums and seminars, to increase our exposure and develop and maintain relationships with various industry participants. Events hosted by us include the “Decoding Data Intelligence to Build a Public Defense Line Conference.”
- *Online channels.* We also utilize online channels to deepen our interaction with industry participants, engage doctors and patients in our online communities and create more traffic for our follow-up marketing attempts. Specifically, we (i) work with industry experts through online seminars to jointly promote medical informatization and intelligentization; (ii) participate in online technical conferences such as AI conferences to discuss cutting-edge technology applications and trends with technical practitioners, and jointly promote the application of AI in various fields; and (iii) invite doctors to hold online public welfare consultations so that more users can obtain professional medical education and advices.
- *Online customer acquisition.* We conduct online targeted marketing for ourselves mainly in cooperation with our marketing partners. We held online events for targeted marketing and cooperated with media platforms and medical experts to organize online seminars to introduce solutions and successful cases such as “digital CRO” and “RWE-based research” to medical practitioners and customers under topics such as “digital transformation of medical enterprises.” Also, we have adopted online customer acquisition and sales methods in our Health Management Platform and Solutions business. Through online live broadcast and the promotion by opinion leaders, we promoted city-level inclusive medical insurance to reach more users and used internet channels to attract users to purchase medical insurance online. For example, we cooperate with media platforms and medical specialists to organize online academic seminars, such as the HLT-iCademy Innovation Academy live broadcasting series and the HLT-iExpert Live Class series, to increase our market exposure and enable our potential customers to locate us more easily.

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New markets that we currently plan to expand into include Southeast Asia. We plan to tap into these new markets through first providing our Big Data Platforms and Solutions to medical institutions and regulator and policy maker customers.

Please see “—Our Offerings and Solutions” for information relating to our pricing policy.

Research and Development

We invest substantial resources in research and development to improve our technology, develop new solutions that are complementary to existing ones and find ways to better support our customers. Our research and development activities aim to strengthen the core capabilities of YiduCore by investment in AI technologies and information security to develop and adopt frontier AI and data security technologies, leveraging YiduCore to improve services and solutions to serve the critical needs of our customers, and optimizing and enhancing our technology infrastructure. We incurred RMB153.6 million, RMB257.6 million, RMB263.7 million and RMB48.3 million of research and development expenses in the fiscal years ended March 31, 2018, 2019 and 2020 and in the three months ended June 30, 2020, respectively, accounting for 675.9%, 252.5%, 47.2% and 28.3% of our total revenues during the same periods, respectively. Research and development expenses decreased in the three months ended June 30, 2020 as we shifted our engineering teams to work on our epidemic response solutions for our regional customers due to the urgency of responding to the COVID-19 epidemic and we accounted the development cost associated with these solutions under cost of sales and services due to lower visibility of the ability to resell the solutions at that point of time. However, we have since been able to leverage a large proportion of the work done or features developed for our public health monitoring platform. Our total research and development personnel continues to grow and we expect our research and development expenses will continue to increase in absolute amount but decrease as a percentage of our total revenue.

We believe our ability to develop innovative solutions and enhance our existing service offerings is the key to maintaining our market leadership and we have an established process for the development, evaluation and validation of our new solution concepts. Firstly, there must be a clear demand or unmet need for the solutions. Our product, finance and strategy teams together analyze the size of the addressable market and the current competitive landscape to come up with a target penetration rate or market share. We then estimate our cost-to-develop and cost-to-serve with inputs from our technology and operations teams to calculate a return on investment ratio that is high enough to justify the investment. Sometimes, we also take into consideration potential synergies or other ancillary revenue contribution if the particular solution is deemed to be strategic. Our legal and security teams also evaluate the proposed solutions to ensure that they are compliant with our legal and security policies. Investments above a threshold value must be approved by our management committee, comprising of our senior management and heads of various business units. We typically identify a launch customer for our solutions before committing significant development resources beyond the concept phase. We then continuously monitor the developments in the market, our performance and rate of investment to ensure that we are on track with our initial target. We may decide to accelerate or slow down our rate of investment as necessary based on yearly and quarterly assessments.

Our research and development personnel primarily consist of data engineers, data scientists, software engineers, technology infrastructure architects, biostatisticians and healthcare specialists, who are primarily organized into 12 groups. Our chief technology officer has over ten years of experience in AI field and held various research and management roles in Microsoft Research Asia before joining us.

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We have a dedicated team of data engineers and scientists who focus on big data technology infrastructure and AI and maintain and upgrade our healthcare data processing capabilities. Their research and development directions include healthcare natural language processing, deep learning and healthcare big data mining and applications. As of June 30, 2020, we had (i) 95 data engineers and scientists with an average of approximately eight years of experience, of which 31 had master's degrees or above, (ii) 33 technology infrastructure architects with an average of approximately nine years of experience, of which four had master's degrees or above, and (iii) 412 other technical engineers with an average of approximately eight years of experience, of which 130 had master's degrees or above. Most of our research and development personnel are based in Beijing, and we also maintain research and development centers, which are jointly established with universities in Nanjing and Chongqing.

Our research and development expenses contributed to the enhancement of our technology capabilities. These enhancements include hiring research and development personnel and other talent, expanding our intellectual property portfolio both domestically and internationally, and constantly upgrading our current data processing technology and machine learning algorithms by introducing frontier research results into YiduCore. We also continue to increase our research investments on technologies such as federated learning, which trains algorithms across multiple devices and servers holding local data, without exchanging them and data security technologies. We intend to invest in several major research and development projects involving (i) data analytics, (ii) machine learning and (iii) disease knowledge graphs. The results of these research and development projects will be applied in the applications and solutions we provide to our customers in the future. Examples of new applications and solutions that we currently plan to continue to develop include intelligent epidemic response solutions and intelligent health management solutions. We plan to expand into additional segments along the value chain through expanding our intelligent health management platforms. We also plan to grow our research and development personnel by 10% to 15% in the fiscal year ending March 31, 2021.

In addition, we plan to cooperate with technology companies, universities and research centers that possess cutting-edge technologies such as machine learning, big data analytics and other technologies related to our business that would allow us to enhance our data intelligence infrastructure. For example, we have established a joint research center on intelligent medical service systems with Tsinghua University to promote innovation on intelligent clinical trials. Through this collaboration, we have accumulated promising research results with this partner in the areas of online remote monitoring for the clinical trial process. The remote monitoring technique allows different parties in a clinical trial to work online in terms of quality control without being affected by the COVID-19 pandemic. We are conducting further testing on these research results and plan to incorporate them into YiduCore so that they can help our hospital customers and other parties in clinical trials in connection with improving the efficiency and quality control of their clinical trials.

Intellectual Property

YiduCore, our data intelligence infrastructure represents our core capabilities that can be understood in terms of three layers. The first layer is our data processing capabilities which allow us to aggregate and convert the raw and scattered data on the information technology systems of hospitals in China into computable, structured and standardized data with speed, accuracy and cost-efficiency. The second layer consists of our medical knowledge, insights and disease models that are continuously reinforced and expanded as they are applied to drive our data-analytics driven solutions for our customers in the various use cases. The final layer is our scenario specific operations and service capabilities that we

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develop on top of our data processing capabilities and medical knowledge to help our customers better realize the value of our solutions and our ecosystem to achieve their target outcomes. See “—YiduCore” for more details on how YiduCore was designed and built.

We seek to protect our technology, including our proprietary healthcare data processing capabilities and core software system, through a combination of patent, copyright and trade secret laws in China and other jurisdictions, as well as license agreements and other contractual protections. We also rely on a number of registered and unregistered trademarks to protect our brand. In addition, we enter into confidentiality and non-disclosure agreements with our employees and major business partners. The agreements we enter into with our employees also provide that all software, inventions, developments, works of authorship and trade secrets created by them during the course of their employment are our property.

Our intellectual property rights are critical to our business. As of the Latest Practicable Date, in China, we had been issued 324 patents, which expire between June 28, 2028 and February 10, 2040, and had over 500 patent applications pending for examination, among which 310 issued patents and over 475 patent applications relate to YiduCore. As of such date, we had 184 computer software copyrights in China. As of such date, we also had one patent application pending for examination in other jurisdictions, which is related to our Chinese patents and patent applications. In addition, as of the Latest Practicable Date, we had 525 registered trademarks in China.

We have also registered 45 domain names in China, including *yiducoud.com.cn*, among others. We generally renew our domain name registrations once every year and applications for their renewal are usually approximately made one to three months prior to their expiration. Under normal circumstances, the domain name registrations take effect immediately after the payment of renewal fees. As of the Latest Practicable Date, all of our registered domain names are in effect. If any of our domain name registrations cannot be renewed for any reason, the domain name registrar may deregister the relevant domain name.

We protect our technology and proprietary rights vigorously. We have employed internal policies, confidentiality agreements, encryptions and data security measures to protect our proprietary rights. Specifically, we have established an intellectual property protection team composed of legal and compliance personnel and intellectual property engineers, who are responsible for coordinating intellectual property mining and strategy, timely registration of intellectual property and other intellectual property protection matters. We require all employees to submit marketing and other introduction materials containing technical information to the intellectual property protection team for review before external use to prevent unnecessary disclosure. We enter into a confidentiality agreement with each of our employees to protect our business secrets and know-how. We and our employees explicitly agree that any intellectual property developed during the course of employment belongs to us, and we reward employees who have made outstanding intellectual property contribution to motivate employees to develop more intellectual properties. In addition, all agreements between us and our business partners clearly specify our ownership of our intellectual property to prevent and protect our intellectual property from infringement. We closely monitor any attempts by others to register the same or similar intellectual property as ours and raise objections, invalidation or cancellation in time. We successfully identified a few attempts of third parties to register trademarks that are the same or similar to our trademarks and successfully applied to the China National Intellectual Property Administration to cancel them. During the Track Record Period, our measures to protect our intellectual property had been effective, and we did not find any material breaches of our

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intellectual property rights. However, there can be no assurance that our efforts will continue to be successful. Even if our efforts are successful, we may incur significant costs in defending our rights. From time to time, third parties may initiate litigation against us alleging infringement of their proprietary rights or declaring their non-infringement of our intellectual property rights. See “Risk Factors—Risks Relating to Our Business and Industry—We may not be able to prevent unauthorized use of our intellectual property, which could harm our business and competitive position.”

Moreover, we are aware of certain PRC and foreign patents and pending patent applications owned by third parties that cover similar application fields as ours. We are currently monitoring these patents and patent applications through: (i) using patent databases to search and monitor patent status, so that if there is a new patent disclosure in our industry, we can discover and analyze it in time; and (ii) analyzing and classifying all our own patents, designing a search method for each patent category and automatically searching the domestic patent database every week to actively monitor whether it faces potential patent risks. We may in the future pursue available proceedings in the PRC and foreign patent offices to challenge the validity of these patents and patent applications. In addition, or alternatively, we may consider to negotiate a license of rights to technology covered by one or more of such patents and patent applications. However, it is also possible that we have failed to identify relevant third-party patents or patent applications and our internal procedures and licensing practices may not be effective in completely preventing the unauthorized use of copyrighted materials or the infringement by us of other rights of third parties. The validity, enforceability and scope of protection of intellectual property rights in internet-related industries, particularly in China, is uncertain and still evolving. As we face increasing competition and as litigation becomes a more common way to resolve disputes in China, we face a higher risk of being the subject of intellectual property infringement claims. We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate patents, copyrights or other intellectual property rights held by third parties. We may from time to time in the future be subject to legal proceedings and claims relating to the intellectual property rights of others. See “Risk Factors—Risks Relating to Our Business and Industry—We may be subject to intellectual property infringement claims or other allegations, which could result in payment of substantial damages, penalties and fines and removal of data or technology from our system.”

We did not have any material disputes or any other pending legal proceedings of intellectual property rights with third parties during the Track Record Period and up to the Latest Practicable Date. Based on our PRC Legal Advisor’s review of certificates and licenses of the intellectual properties obtained by our Group in the PRC, our PRC Legal Advisor’s search on the website China Judgements Online (<https://wenshu.court.gov.cn/>) and our confirmation, our PRC Legal Advisor is not aware of any outstanding claim by third parties of the infringement of third parties’ intellectual property rights by us.

Please see “Appendix IV—Statutory and General Information—B. Further Information about Our Business —2. Intellectual property rights” for details of our material intellectual property rights.

Competition

We believe that we are positioned favorably against our competitors. See “Strengths.” However, the markets for the types of solutions we offer are rapidly evolving. Our competitors may compete with us in a variety of ways, including by launching competing products, expanding their product offerings or functionalities, conducting brand promotions and other marketing activities and making acquisitions. In addition, many of our competitors are large, incumbent companies who are better capitalized than we are.

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There are five types of service providers in China's healthcare big data solutions market, namely, traditional healthcare IT service companies, general technology companies, traditional CROs, healthcare consulting firms and emerging healthcare big data solution specialists. Emerging healthcare big data solution specialists, which our Company belongs to, are dedicated to the healthcare big data solutions market, with professional expertise to provide cutting-edge big data technologies and tailored services to clients covering all three sectors. Emerging healthcare big data solution specialists can integrate data science, commercial consulting and real-world evidence to generate practical and actionable data-driven solutions for multiple scenarios including clinical development, scientific monitoring and medical science research.

Large, broad and diversified databases are essential to leading healthcare big data solution providers and differentiate the leaders from other market players. Cutting-edge technologies such as machine learning, AI and cloud computing allow healthcare big data solution providers to continuously upgrade their data processing and analytics capabilities, leading to better value creation and more diversified service offerings and application scenarios.

The entry barriers to China's healthcare big data solution industry are comparatively high, which include: (i) proven track record endorsed by hospitals, regulators and policy makers or life sciences companies, (ii) expertise in innovative technology such as big data, AI, machine learning and cloud computing, and (iii) expertise in technology, business development and operation. Please see "Industry Overview—Competitive Landscape of China's Healthcare Big Data Solutions Market" for details. With a visionary management team and a deep pool of in-house talent with big data and healthcare expertise, we are differentiated from other healthcare big data solution providers by our data technologies that are capable of processing massive multi-source healthcare data with speed and accuracy, and our strong capabilities of generating deep insights and knowledge and developing analytics-driven healthcare solutions. As we strive to strengthen our advantages in data processing and analytic capabilities and accumulate deep insights and knowledge, we are able to better serve existing clients through long-term value creation and simultaneously attract new participants into our ecosystem, creating a virtuous cycle and powerful network effects. The self-reinforcing nature of our core technology capabilities has fueled our rapid expansion and the network effects have enabled us to achieve significant revenue growth during the Track Record Period. Among the top five emerging healthcare big data solution specialists, we are the only company that has a significant business footprint in all three sectors of China's healthcare big data solutions market, namely the hospital sector, the regulator and policy maker sector and the life sciences sector. Looking forward, we believe that we are well positioned to serve as a leading player in the rapidly evolving healthcare big data solutions market to introduce innovative and analytics-driven applications and solutions and capture the massive market opportunities in China and globally.

As we introduce new solutions, as our existing solutions continue to evolve or as other companies introduce new products and services, we may become subject to additional competition. See "Risk Factors—Risks Relating to Our Business and Industry—We may not be able to compete successfully with our current or future competitors."

Our Suppliers

Our top suppliers are primarily providers of servers and cloud servers and medical equipment suppliers (suppliers of our epidemic prevention supplies, including N95 respirators, non-medical disposable masks and other medical instruments). We purchase servers (i) to build our own IT infrastructure or

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(ii) to include such servers as part of our integrated software and hardware solutions. We choose our server vendors based on a variety of factors, including research and development capabilities, service reliability and quality, history of cooperation and price. The servers we choose to use are selected by our computer scientists after rigorous testing to evaluate capacity and quality. We typically enter into a separate contract with respect to each batch of server purchase. We primarily pay a fixed fee as set forth in the relevant contract. The supplier is typically responsible for the delivery of the servers and provides a warranty for a certain period of time. We typically make the payment within 30 business days after receipt of each invoice. Besides our own servers, we also utilize cloud servers provided by third-party suppliers.

In the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2020, purchases from our largest five suppliers in aggregate accounted for 45.3%, 23.6%, 36.9% and 45.0% of our total purchases, respectively, and purchases from our largest supplier accounted for 19.1%, 6.7%, 19.0% and 17.7% of our total purchases, respectively. All of these suppliers are located in China. As of June 30, 2020, we had maintained business relationships with our five largest suppliers for one to two years. The bulk of our cost of revenue and operating expenses consists of employee compensation and related expenses. Suppliers of our cost of goods sold are relatively small. Hence, suppliers of operation items such as rental, travel expenses and profession legal services became relatively bigger and made it into the top five list.

All of our five largest suppliers are independent third parties. None of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) has any interest in any of our five largest suppliers during the Track Record Period that is required to be disclosed under the Listing Rules. We usually paid our trade payables with suppliers within 180 days of recognition.

The table below sets out the details of our top five suppliers during the Track Record Period:

<u>Suppliers</u>	<u>Amount of total purchase incurred</u> <i>(RMB'000)</i>	<u>Percentage of total purchase incurred</u> <i>(%)</i>	<u>Principal business</u>	<u>Background</u>	<u>Services provided to us</u>	<u>Year of commencement of business relationship with us</u>	<u>Payment method</u>
Fiscal Year ended March 31, 2018							
Supplier A	12,199	19.1	Hardware and software service	A private company in the PRC	Hardware and software equipment	2017	bank transfer
Supplier B	6,912	10.8	Asset management	A private company in the PRC	Property rental service	2016	bank transfer
Supplier C	4,103	6.4	Business travel service	A private company in the PRC	Business travel service	2016	bank transfer
Supplier D	2,930	4.6	Professional legal services	A law firm in the PRC	Professional legal services	2016	bank transfer
Supplier E	2,830	4.4	Technical consulting services	A private company in the PRC	Technical consulting services	2017	bank transfer

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Suppliers	Amount of total purchase incurred <i>(RMB'000)</i>	Percentage of total purchase incurred <i>(%)</i>	Principal business	Background	Services provided to us	Year of commencement of business relationship with us	Payment method
Fiscal Year ended March 31, 2019							
Supplier B	11,920	6.7	Asset management	A private company in the PRC	Property rental service	2016	bank transfer
Supplier G	9,084	5.1	Software and hardware development and sales of information products	A public company in the PRC	Equipment procurement	2018	bank transfer
Supplier C	7,607	4.3	Business travel service	A private company in the PRC	Business travel service	2016	bank transfer
Supplier I	7,195	4.1	Data and technology	A public company in the PRC	Equipment procurement	2018	bank transfer
Supplier J	6,021	3.4	Medical apparatus and instruments	A PRC subsidiary of a public company	Medical device procurement	2018	bank transfer
Fiscal Year ended March 31, 2020							
Supplier K	87,005	19.0	Medical apparatus and instruments	A private company in the PRC	Medical device procurement	2020	bank transfer
Supplier L	31,373	6.8	Data processing	A private company in the PRC	Equipment procurement	2019	bank transfer
Supplier M	18,927	4.1	Software and hardware development, consulting and technical services	A public company in the PRC	Equipment procurement	2018	bank transfer
Supplier N	17,788	3.9	Medical equipment, medical technology	A private company in the PRC	Medical equipment	2019	bank transfer
Supplier O	14,172	3.1	Hardware system integration	A private company in the PRC	Equipment procurement	2018	bank transfer

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<u>Suppliers</u>	<u>Amount of total purchase incurred</u> <i>(RMB '000)</i>	<u>Percentage of total purchase incurred</u> <i>(%)</i>	<u>Principal business</u>	<u>Background</u>	<u>Services provided to us</u>	<u>Year of commencement of business relationship with us</u>	<u>Payment method</u>
Three months ended June 30, 2020							
Supplier K	15,755	17.7%	Medical devices	A private company in the PRC	Medical device Procurement	2020	bank transfer
Supplier Q	7,249	8.1%	Computer technical services and information services	A PRC subsidiary of a public company	Equipment and software service procurement	2019	bank transfer
Supplier R	7,099	8.0%	Hardware and software services	A private company in the PRC	Equipment procurement	2020	bank transfer
Supplier S	6,298	7.1%	Medical devices	A private company in the PRC	Medical supplies procurement	2020	bank transfer
Supplier T	3,657	4.1%	Technical services and information service	A private company in the PRC	Information service	2019	bank transfer

Employees

We had a total of 407, 718, 914, 990 and 1,122 employees as of March 31, 2018, 2019 and 2020, June 30, 2020 and the Latest Practicable Date, respectively. The following table gives a breakdown of our employees as of the Latest Practicable Date, by function:

<u>Function</u>	<u>Number</u>	<u>% of Total</u>
Product Development and Technology	615	54.8%
Medical Team ⁽¹⁾	226	20.1%
Sales and Marketing	114	10.2%
General and Administrative	167	14.9%
Total	<u>1,122</u>	<u>100.0%</u>

Note:

(1) Medical team refers to medical researchers who worked at hospitals or graduated from medical schools before joining us, medical quality control personnel and employees focusing on clinical research business with medical expertise.

As of the Latest Practicable Date, we had 785 employees based in Beijing, 128 employees in Shanghai and 209 employees in other offices in China and overseas.

More than 50 full-time employees are in data security-related departments, namely, information security department, infrastructure department and business support department. These departments include experts in areas such as data security, information security management system construction, application security, security testing and IT infrastructure design and security.

Our employees drive the rapid growth of our business. We primarily recruit our employees through recruitment agencies, on-campus job fairs and online channels, including our corporate website and

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social networking accounts. We devote management and organizational focus and resources to ensure that our culture and brand remain highly attractive to potential and existing employees. As part of our recruiting and retention strategy, we have established comprehensive training programs that cover topics such as our corporate culture, employee rights and responsibilities, team-building, professional behavior and job performance.

Under PRC regulations, we are required to participate in and make contributions to housing funds and various employee social security plans that are organized by applicable local municipal and provincial governments, including pension, medical, work-related injury, maternity and unemployment benefit plans. See “Risk Factors—Risks Relating to Our Business and Industry—Failure to make adequate contributions to various government-sponsored employee benefit plans as required by PRC regulations may subject us to penalties.” Bonuses are generally discretionary and based in part on employee performance and in part on the overall performance of our business. We have granted, and plan to continue to grant, share-based incentive awards to our employees in the future to incentivize their contributions to our growth and development.

We enter into standard labor contracts and confidentiality agreements that contain non-compete restrictions with our employees.

None of our employees are currently represented by labor unions. We believe that we maintain a good working relationship with our employees, and we have not experienced any major labor disputes.

Our Social Responsibilities

Our achievements and initiatives in the area of corporate social responsibility include the following:

- *Healthcare industry.* We empower the participants in the healthcare industry with access to our data intelligence infrastructure and addressing the significant inefficiencies and waste that are gripping the industry.
- *Patients.* We help to improve the quality of patient care by addressing major inefficiencies in the industry and improving the accuracy of diagnosis by leveraging our data intelligence infrastructure.
- *Data privacy and protection.* We are committed to protecting patients’ personal information and privacy. We do not collect or store personal information and data from patients in our servers in our Big Data platform and Solutions business. We have established and implemented a strict company-wide policy on data aggregation and processing.

Health, Safety and Environmental Matters

We do not believe that we are subject to significant health, work safety or environmental risks. To ensure compliance with applicable laws and regulations, from time to time, our human resources department would, if necessary, adjust our human resources policies to accommodate material changes to relevant labor and work safety laws and regulations.

During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any fines or other penalties due to non-compliance in relation to health, work safety or environmental regulations and have not had any accident, or claim for personal or property damage made by our employees which had materially and adversely affected our financial condition or business operations.

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Properties and Facilities

We do not own any properties. We mainly operate in Beijing, China, where we lease and occupy our office space with an aggregate floor area of approximately 6,262 square meters as of the Latest Practicable Date. A substantial majority of our employees are based in Beijing. As of the Latest Practicable Date, we also lease and occupy office buildings in Shanghai and Nanjing with an aggregate floor area of approximately 1,600 and 1,500 square meters, respectively. These leases have expiration dates ranging from January 2021 to December 2028. Leases covering an aggregate floor area of approximately 3,698 square meters used as office space will expire in 2021, while the others will remain effective. We will renew our lease for a certain property only if such property: (i) is compliant with all environment, health and safety laws and regulations, (ii) is not subject to any dispute, lawsuit or other factors that may affect our use, (iii) offers quality property management service, and (iv) is located at a place with sufficient substitute properties in case we cannot renew our lease. To ensure a certain property satisfies all these requirements, we do a background check on whether the property or the landlord is subject to any investigation, dispute or lawsuit or has any enforcement record and routinely evaluate the service quality of the property management company. These properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules.

Our servers are hosted in different cities of China, including Beijing, Guangzhou and Guizhou. These data centers are owned and maintained by third-party data center operators. We believe that our existing facilities are sufficient for our current needs, and we will obtain additional facilities, principally through leasing, to accommodate our future expansion plans as needed.

As of the Latest Practicable Date, 21 lessors of our leased properties in China had not provided us with valid title certificates or relevant authorization documents evidencing their rights to lease the properties to us. As a result, these leases may not be valid, and there are risks that we may not be able to continue to use such properties.

Pursuant to the applicable PRC laws and regulations, property lease contracts must be registered with the local branch of the Ministry of Housing and Urban-Rural Development of the PRC. As of the Latest Practicable Date, we had not obtained any lease registration for 38 properties we leased in China, primarily due to the difficulty of procuring our lessors' cooperation to register such leases. Such properties had an aggregate floor area of approximately 22,613 square meters that were used as offices or staff dormitory. The registration of such leases will require the cooperation of our lessors. We will take all practicable and reasonable steps to ensure that the unregistered leases are registered. Our PRC Legal Advisor has advised us that the lack of registration of the lease contracts will not affect the validity of the lease agreements under PRC laws, and has also advised us that a maximum penalty of RMB10,000 may be imposed for non-registration of each lease. The estimated total maximum penalty is RMB380,000.

As of June 30, 2020, none of the properties held or leased by us had a carrying amount of 15% or more of our consolidated total assets. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap. 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which requires a valuation report with respect to all our interests in land or buildings.

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Insurance

We consider our insurance coverage to be adequate as we have in place all the mandatory insurance policies required by Chinese laws and regulations and in accordance with the commercial practices in our industry. Our employee-related insurance consists of pension insurance, maternity insurance, unemployment insurance, work-related injury insurance, medical insurance and housing funds, as required by Chinese laws and regulations. We also purchase supplemental commercial medical insurance and accident insurance for our employees.

We do not maintain insurance policies covering damages to our network infrastructures or information technology systems. We also do not maintain business interruption insurance or general third-party liability insurance, nor do we maintain product liability insurance or key-man insurance. See “Risk Factors—Risks Relating to Our Business and Industry—We have limited business insurance coverage which could expose us to significant costs and business disruption.” During the Track Record Period, we did not make any material insurance claims in relation to our business.

Legal Proceedings and Compliance

We are currently not a party to any material legal or administrative proceedings. We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management’s time and attention.

During the Track Record Period and up to the Latest Practicable Date, we have had no incidents of non-compliance having a material adverse effect on our business, financial condition or results of operations.

Certain of our business practices during the Track Record Period may constitute historical noncompliance incidents. For example, historically, our contributions to social insurance and housing fund for our employees may be found inadequate under PRC law, but we have remediated this issue since July 2019. We estimate that the total amount of historical shortfall was approximately RMB69.8 million as of June 30, 2020, and we have accrued this shortfall amount into our financial statements. As of the date of this document, we have not received any notice of warning or been subject to any administrative penalties or other disciplinary actions from the relevant governmental authorities for our historical shortfall in social insurance and housing fund contribution. Our PRC Legal Advisors has advised us that we may be ordered by the relevant government authorities to pay the historical shortfall amount within a prescribed period and the historical shortfall in social insurance contributions shall be subject to a late fee of 0.05% per day from the due date. If we fail to make a payment within the prescribed period, we may face an additional fine ranging between one to three times the historical shortfall in social insurance contributions. Our PRC Legal Advisor is of the opinion that the risk of us being subject to such fine is low provided that we make the payment within the prescribed period. See “Risk Factors—Risks Relating to Our Business and Industry—Failure to make adequate contributions to various government-sponsored employee benefits plans as required by PRC regulations may subject us to penalties” for more details. Based on the foregoing, our Directors are of the view that none of the historical noncompliance incidents as described above could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

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Risk Management and Internal Control

We have devoted ourselves to establishing and maintaining risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations, and we are dedicated to continuously improving these systems.

We have adopted and implemented comprehensive risk management policies in various aspects of our business operations, such as financial reporting, information system, internal control, human resources and investment management.

Financial reporting risk management

We have in place a set of accounting policies in connection with our financial reporting risk management, such as financial reporting management policy, budget management policy, treasury management policy, financial statements preparation policy and finance department and staff management policy. We have various procedures and IT systems in place to implement our accounting policies, and our finance department reviews our management accounts based on such procedures. We also provide regular training to our finance department employees to ensure that they understand our financial management and accounting policies and implement them in our daily operations.

Information system risk management

Certain types of healthcare data that we gain access to may be considered as personal information under the applicable laws and regulations. Sufficient protection of healthcare data is critical to our success. We have implemented relevant internal procedures and controls to ensure the security of our IT infrastructure, that any healthcare data that we gain access to is protected and that leakage and loss of such data is avoided. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material system failure in our IT infrastructure, or any material leakage or loss of healthcare data.

Our IT system security department are responsible for ensuring the security of our IT infrastructure and ensuring that the usage, maintenance and protection of healthcare data are in compliance with our internal rules and the applicable laws and regulations. We provide regular trainings to our information technology teams.

Compliance and Intellectual Property risk management

We have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations, as well as the protection of our intellectual property rights.

In accordance with these procedures, our in-house legal department performs the basic function of reviewing and updating the form of contracts we enter into with our customers and suppliers. Our legal department examines the contract terms and reviews all relevant documents for our business operations, including licenses and permits obtained by the counterparties or us to perform contractual obligations and all the necessary underlying due diligence materials, before we enter into any contract or business arrangements.

We also have in place detailed internal procedures to ensure that our in-house legal department reviews our products and services, including upgrades to existing products, for regulatory compliance before

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they are made available to the general public. Our in-house legal department is responsible for obtaining any requisite governmental pre-approvals or consent, including preparing and submitting all necessary documents for filing with relevant government authorities within the prescribed regulatory timelines and ensuring all necessary application, renewals or filings for trademark, copyright and patent registration have been timely made to the competent authorities.

Human resources risk management

We provide regular and specialized training tailored to the needs of our employees in different departments. Our human resource department regularly organizes internal training sessions conducted by senior employees or outside consultants on topics of interest. Our human resource department schedules online trainings, reviews the content of the trainings, follows up with employees to evaluate the impact of such training and rewards lecturers for positive feedback. Through these trainings, we ensure that our staff's skill sets remain up-to-date, enabling them to better discover and meet consumers' needs.

We have in place an employee handbook and a code of conduct approved by our management and have distributed them to all our employees. The handbook contains internal rules and guidelines regarding work ethics, fraud prevention mechanisms, negligence and corruption. We provide employees with regular training, as well as resources to explain the guidelines contained in the employee handbook.

We have in place an anti-bribery and corruption policy to safeguard against any corruption within our Company. The policy explains potential bribery and corruption conduct and our anti-bribery and corruption measures. Improper payments prohibited by the policy include bribes, kickbacks, excessive gifts or facilitation payment, or any other payment made or offered to obtain an undue business advantage. We keep accurate books and records that reflect the substance of transactions and asset dispositions in reasonable detail. We specifically require that the employees submit all reimbursement requests related to entertainment related fee or gifts presented to third parties on behalf of the company in accordance with our expense expenditure policy, and specifically record the reason for the expenditure. These expenses should be recorded in the financial system and marked as promotional gift expenses or entertainment expenses as appropriate. In addition, we require our employees to report and keep clear written record of all gifts received with a value of more than RMB200 or equivalent for our review and supervision. We will not approve the transactions or payment if the books and records do not reflect the substance of transactions. We also require that the payment must not be used for any purpose other than those described in the supporting document. Misleading or incomplete entries in our books and records are not acceptable. The payment made in violation of the expense approval process, cash management system or reimbursement system is strictly prohibited. Our internal audit and compliance department regularly monitors the effectiveness and supervises the implementation of the policy, and report to our board of directors the applicability, appropriateness and effectiveness of the policy periodically. Any improvement measures determined by our board of directors should be implemented as soon as possible. Our legal and finance departments perform internal audit periodically, where they review relevant agreements, invoices, reimbursement materials, etc., audit whether there are any suspicious transactions and whether internal approval procedures comply with our decision-making and approval process and financial system, and report to the management promptly if any unusual issues are identified. We make our internal reporting channel open and available for our staff to report any bribery and corruption acts, and our staff can also make anonymous reports to our anti-fraud department. Our anti-fraud department is responsible for investigating the

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reported incidents and taking appropriate measures. We conduct sufficient risk-based due diligence before hiring any third party and ensure that the hiring procedure is implemented fully in accordance with the anti-bribery and corruption policy. We also have regular trainings for employees regarding anti-bribery and corruption policy to facilitate better implementation. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any anti-bribery incident by our employees in relation to all of our customers.

Investment risk management

Our investment strategy is to invest in or acquire businesses that are complementary to our business. We set up investment plans in line with our business strategies with inputs from various business departments.

We generally intend to hold our investments for the long term. Our investments are generally made in the form of preferred shares or ordinary shares with preference rights. In order to manage the potential risks associated with investments, we generally require our investee companies to grant us customary minority investor protective rights.

Our investment department is responsible for investment project sourcing, screening, execution and post-investment risk management. The department sources investment projects in accordance with our investment strategy and preliminarily assesses the risks and potential of the investment projects. We employ different levels of approval and due diligence mechanisms corresponding to the specific circumstances involved in an investment project.

In addition, our investment department is responsible for monitoring the performance of each investment on a regular basis. The department is also responsible for preparing analysis reports and providing recommendations on measures to reduce any risks involved in each investment project and must report to the head of the department and then to our investment committee if there is any material change to the financial position of an investment.

Audit committee experience and qualification and board oversight

We have established an audit committee to monitor the implementation of our risk management policies across our company on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. The audit committee consists of three members, namely Dr. Ma Wei-Ying, Ms. Pan Rongrong and Prof. Zhang Linqi, all of whom are independent non-executive Directors. Ms. Pan Rongrong is the chairman of the audit committee. For the professional qualifications and experiences of the members of our audit committee, see the section headed “Directors and Senior Management” in this document.

We also maintain an internal audit department which is responsible for reviewing the effectiveness of internal controls and reporting to the audit committee and senior management on any issues identified. Our internal audit department members are required to report to management to discuss any internal control issues we face and the corresponding measures to implement toward resolving such issues. The internal audit department reports to the audit committee to ensure that any major issues identified are channeled to the committee on a timely basis. The audit committee then discusses the issues and reports to the board of directors, if necessary.

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Ongoing measures to monitor the implementation of risk management policies

Our audit committee, internal audit department and senior management together monitor the implementation of our risk management policies on an ongoing basis to ensure our policies and implementation are effective and sufficient.

Licenses and Permits

Throughout the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from relevant authorities that are material to our operations in China.

<u>No.</u>	<u>Holder</u>	<u>Name of the License</u>	<u>Expiration Date</u>	<u>Description of the License</u>
1.	Yidu Cloud Guizhou	Value-added Telecommunication Business License	December 25, 2024	License for providing internet resource collaborative services
2.	Yidu Cloud Guizhou	Class II Medical Device Operation Filing Record	N/A	Filing requirement for operation of Class II medical device
3.	Yidu Cloud Guizhou	Graded Protection of Information System Security Filing Record	N/A	Filing requirement for graded protection of information system security
4.	Yidu Cloud Guizhou	Online Drug Information Offering License	October 25, 2025	License for providing drugs information on the internet
5.	Yidu Cloud Guizhou	Value-added Telecommunication Business License	December 17, 2025	License for providing internet information services
6.	Yidu Cloud Nanjing	Value-added Telecommunication Business License	June 24, 2025	License for providing internet information services
7.	Yidu Cloud Beijing	Graded Protection of Information System Security Filing Record	N/A	Filing requirement for graded protection of information system security
8.	Yidu Cloud Beijing	Value-added Telecommunication Business License	November 28, 2023	License for providing internet resource collaborative services
9.	Yidu Cloud Beijing	Value-added Telecommunication Business License	February 27, 2024	License for providing internet information services
10.	Yidu Cloud Beijing	Medical Device Operation License	December 5, 2024	License for operation of Class III medical device
11.	Yidu Cloud Beijing	Class II Medical Device Operation Filing Record	N/A	Filing requirement for operation of Class II medical device

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<u>No.</u>	<u>Holder</u>	<u>Name of the License</u>	<u>Expiration Date</u>	<u>Description of the License</u>
12.	Yidu Cloud Beijing	Radioactive Safety Permit	May 18, 2025	Sales of class II and III radiation devices
13.	Yidu Cloud Chongqing	Value-added Telecommunication Business License	September 2, 2025	License for providing internet information services
14.	Yidu Cloud Xiamen	Value-added Telecommunication Business License	September 27, 2025	License for providing internet information services
15.	Yidu Cloud Guangzhou	Value-added Telecommunication Business License	November 24, 2025	License for providing internet information services
16.	Beijing Causa Health	Value-Added Telecommunication Business License	July 15, 2025	License for providing internet information services and online data processing and transaction processing business
17.	Beijing Causa Health	Online Drug Information Offering License	October 29, 2024	License for providing drugs information on the internet
18.	Xinhexin	Class II Medical Device Operation Filing Record	N/A	Filing requirement for operation of Class II medical device
19.	Xinhexin	Value-added Telecommunication Business License	August 12, 2025	License for providing internet information services
20.	Century Kangtai Insurance	Operating Insurance Brokerage Business License	June 26, 2021	License for providing insurance brokerage business
21.	Century Kangtai Insurance	Value-added Telecommunication Business License	September 26, 2025	License for providing internet information services
22.	Jiangxi Zhengyuan	Pharmaceutical Operation License	August 13, 2024	License for operation of pharmaceutical wholesale
23.	Jiangxi Zhengyuan	Certificate of Good Operation Practice for Pharmaceutical Products	October 13, 2024	Certificate for good practice for pharmaceutical operation
24.	Tianjin Happy Life	Value-added Telecommunication Business License	August 31, 2025	License for providing internet information services
25.	Jiangsu Causa Pharmacy	Pharmaceutical Operation License	November 25, 2025	2025 License for operation of pharmaceutical retail

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Awards and Recognition

During the Track Record Period, we have received recognition for the quality and popularity of our products and services. Some of the significant awards and recognition we or our senior management have received are set forth below.

<u>No.</u>	<u>Award/Recognition</u>	<u>Award Year</u>	<u>Awarding Institution/ Authority</u>	<u>Entity/Product/Person</u>
1.	Young Global Leaders	2019	The World Economic Forum	Ms. Gong Yingying, Founder and Chairlady
2.	No. 1 in the Medical Big Data Enterprise Ranking	2019	China Internet Week	Yidu Cloud
3.	No. 1 in the Top 20 Chinese Emerging Internet Enterprises Ranking	2019	Internet Society of China Ministry of Industry and Information Technology	Yidu Cloud
4.	No. 2 in the Top 100 Chinese Digital Healthcare Enterprises Ranking	2019	Future Medical VB 100	Yidu Cloud

CONTRACTUAL ARRANGEMENTS

BACKGROUND

Our Consolidated Affiliated Entities are currently the Onshore Holdcos and their respective subsidiaries, which were all established under the PRC laws. As described below, investment in certain areas of the industries in which we currently operate and may operate are subject to restrictions under current PRC laws and regulations. After consultation with our PRC Legal Advisor, we determined that it was not viable for our Company to hold our Consolidated Affiliated Entities directly through equity ownership. Instead, we decided that, in line with common practice in the PRC for industries subject to foreign investment restrictions, we would gain effective control over, and receive all the economic benefits generated by the businesses currently operated by our Consolidated Affiliated Entities through the Contractual Arrangements between the WFOEs, on the one hand, and our Consolidated Affiliated Entities and the Registered Shareholders, on the other hand.

In order to comply with the relevant PRC laws and regulations, while availing ourselves of international capital markets and maintaining effective control over all of our operations, we commenced a series of reorganization activities. The Contractual Arrangements currently in effect were entered into on August 18, 2020 (in replacement of the previous contractual arrangements), whereby the WFOEs acquired effective control over the financial and operational policies of our Consolidated Affiliated Entities and have become entitled to all the economic benefits derived from their operations. As a result, we do not directly own any equity interest in our Consolidated Affiliated Entities.

Our Directors believe that the Contractual Arrangements are fair and reasonable because: (i) the Contractual Arrangements were freely negotiated and entered into between the WFOEs and our Consolidated Affiliated Entities; (ii) by entering into exclusive business cooperation agreements with the WFOEs, being subsidiaries of our Company, our Consolidated Affiliated Entities will enjoy better economic and technical support from us, as well as a better market reputation after Listing; and (iii) a number of other companies in the same or similar industries to those in which we operate use similar arrangements to accomplish the same purpose. The Contractual Arrangements, through which we are able to exercise control over and derive the economic benefits from our Consolidated Affiliated Entities, have been narrowly tailored to achieve our business purpose and minimize the potential for conflict with relevant PRC laws and regulations.

During the fiscal years ended March 31, 2018, 2019 and 2020, the revenue contribution of the Consolidated Affiliated Entities accounted for 100.0%, 67.9% and 77.7% of our Group's total revenue, respectively.

PRC LAWS AND REGULATIONS RELATING TO FOREIGN OWNERSHIP RESTRICTIONS

Foreign investment activities in the PRC are mainly governed by the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2020 Version) (the “**Negative List**”) and the Catalogue of Industries for Encouraging Foreign Investment (2019 Version) (the “**Encouraging Catalogue**”), which were promulgated and are amended from time to time jointly by the MOFCOM and the NDRC. The Negative List and the Encouraging Catalog divide industries into four categories in terms of foreign investment, namely, “encouraged”, “restricted”, “prohibited” and “permitted” (the last category of which includes all industries not listed under the “encourage”, “restricted” and “prohibited” categories).

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As confirmed by our PRC Legal Advisor, our Consolidated Affiliated Entities conduct value-added telecommunication businesses involving provision of Internet information services and operation of Internet data centers which are considered “restricted”, meaning that foreign investors are restricted from holding more than 50% equity interests in companies providing such services and shall meet certain qualification requirements. We currently operate these restricted businesses under the Contractual Arrangements and are of the view that the Contractual Arrangements are narrowly tailored for the reasons below.

Our Big Data, Life Sciences and Health Management Businesses

The provision of Internet information services and Internet data center services in the PRC is mainly regulated by Telecommunications Regulations of the PRC (中華人民共和國電信條例) (the “**Telecommunications Regulations**”). The provision of Internet information services is also regulated by the Administrative Measures on Internet Information Services (the “**Internet Measures**”), according to which “Internet information services” are categorized into (i) “Commercial Internet Information Services”, which are defined as services involving the provision of information or website-design services through the Internet to Internet-users for a fee; and (ii) “Non-commercial Internet Information Services”, which are defined as services involving the provision of public and sharable information through the Internet to Internet-users free of charge. Pursuant to the Internet Measures, a provider of Commercial Internet Information Services is required to obtain an ICP License. According to the Negative List, the percentage of a foreign investor’s shareholding in a PRC enterprise conducting value-added telecommunication business (excluding e-commerce, domestic multiparty communication services, store-and-forward services and call center services) shall not exceed 50%.

We provide Big Data Platform and Solutions to hospitals, other healthcare institutions, regulators and policy makers through Yidu Cloud Guizhou and our other Consolidated Affiliated Entities held by it, and derive revenue primarily from implementation of big data platforms, provisions of services such as data processing and maintenance and sales of software applications and subscription of ongoing solutions and services. With respect to our Life Sciences Solutions business, we provide pharmaceutical, biotech, medical device companies with clinical research, development and analytical services and we plan to expand our service offerings via Internet platforms through Tianjin Happy Life. We derive revenue from this business segment primarily from service contracts with our customers. We also conduct our Health Management Platform and Solutions business through Beijing Causa Health and our other Consolidated Affiliated Entity held by Beijing Zhongshi Hanming which entails operation of a platform to improve doctors’ efficiency and patient management, as well as provision of insurance technology and disease management solutions to insurance companies and agencies. We derive revenue in this business segment in the form of services fees and implementation, consulting and processing fees or commissions.

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As confirmed by our PRC Legal Advisor, the services described above fall within the category of “Commercial Internet Information Services” and hence an ICP License is required to carry out these businesses. The types of our Company’s business activities that fall under such category, the consolidated affiliated entities operating these businesses and the respective licenses required are summarized in the table below:

<u>Consolidated Affiliated Entities</u>	<u>Type of restricted / prohibited business</u>	<u>License(s) required and status as at date of this document</u>
<i>Big Data Platform and Solutions</i>		
Yidu Cloud Guizhou	Provision of Big Data Platform and Solutions services—Such services fall under Internet resource collaboration services and internet information service, both of which are value-added telecommunication services that are “restricted” under the Negative List.	ICP License (<i>obtained</i>) IDC License (<i>obtained</i>)
Yidu Cloud Beijing	Provision of Big Data Platform and Solutions services—Such services fall under Internet resource collaboration services and internet information service, both of which are value-added telecommunication services that are “restricted” under the Negative List.	ICP License (<i>obtained</i>) IDC License (<i>obtained</i>)
Yidu Cloud (Chongqing) Technology Co., Ltd.	Provision of Big Data Platform and Solutions services for specific projects—Such services fall under Internet information service, which is one of the value-added telecommunication services that are “restricted” under the Negative List.	ICP License (<i>obtained</i>)
Yidu Cloud (Guangzhou) Technology Co., Ltd.	Provision of Big Data Platform and Solutions services for a specific project—Such services fall under Internet information service, which is one of the value-added telecommunication services that are “restricted” under the Negative List.	ICP License (<i>obtained</i>)
Xinhexin Technology (Beijing) Co., Ltd.	Development of an “intelligent ring” health tracker and provision of related health management information services (including operating an online app complementary to the intelligent ring)—Such services fall under Internet information service, which is one of the value-added telecommunication services that are “restricted” under the Negative List.	ICP License (<i>obtained</i>)
Nanjing Yidu Cloud Medical Technology Co., Ltd.	No substantive business yet but intends to provide Big Data Platform and Solutions services for specific projects—Such services fall under Internet information service, which is one of the value-added telecommunication services that are “restricted” under the Negative List.	ICP License (<i>obtained</i>)
Yidu Cloud (Xiamen) Medical Technology Co., Ltd.	No substantive business yet but intends to provide Big Data Platform and Solutions services for specific projects. Such services fall under Internet information service, which is one of the value-added telecommunication services that are “restricted” under the Negative List.	ICP License (<i>obtained</i>)

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<u>Consolidated Affiliated Entities</u>	<u>Type of restricted / prohibited business</u>	<u>License(s) required and status as at date of this document</u>
Yidu Cloud (Hainan) Technology Co., Ltd.	No substantive business yet or expected to commence any substantive business before Listing	—
Beijing Yiling Technology Co., Ltd.	No substantive business yet or expected to commence any substantive business before Listing	—
<i>Life Sciences Solutions</i>		
Tianjin Happy Life	Provision of online trial data interaction platform and solutions services—Such services fall under Internet information service, which is one of the value-added telecommunication services that are “restricted” under the Negative List.	ICP License (<i>obtained</i>)
Happy Life (Guangzhou) Technology Co., Ltd.	No substantive business yet or expected to commence any substantive business before Listing	—
Guizhou Gelin Meida Medical Research Co., Ltd.	No substantive business yet or expected to commence any substantive business before Listing	—
<i>Health Management Platform and Solutions—CausaHealth</i>		
Beijing Causa Health	The operation of online platforms for Internet hospital related services, under the personal health management platform business—Such services fall under Internet information service, which is one of the value-added telecommunication services that are “restricted” under the Negative List.	ICP License (<i>obtained</i>)
<i>Health Management Platform and Solutions—CausaCloud</i>		
Beijing Zhongshi Hanming	No substantive business yet or expected to commence any substantive business before Listing	—
Century Kangtai Insurance	Development and operation of online apps and platforms for the insurance technology and disease management solutions business—Such services fall under Internet information service, which is one of the value-added telecommunication services that are “restricted” under the Negative List.	ICP License (<i>obtained</i>)

With the assistance of our PRC Legal Advisor, we interviewed a director of the information and communication development department (信息通信發展司) of the national Ministry of Industry and Information Technology (the “MIIT”) in May and July 2020 and the MIIT officer confirmed that, based on the current regulatory review practice, we would not be granted an ICP License through any Sino-foreign equity joint venture (of which the Company holds 50% or less equity interest, 50% being the maximum equity interest permissible to be held by a foreign investor under the Negative List) or wholly-owned foreign investment entity even if we meet the Qualification Requirements (as defined below).

In conducting our Big Data Platform and Solutions business, we also provide Internet resource collaboration services to our customers as part of our multi-center hospital solutions. The provision of these services are regarded as the business of providing Internet data center services under the Telecommunication Business Catalog 2015 and are regarded as value-added telecommunication

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services. Conducting these businesses requires a Value-added Telecommunication Business Operation Permit with Internet Data Center Services (“**IDC License**”). As we provide the said services through Yidu Cloud Guizhou and Yidu Cloud Beijing, each of them is required to hold an IDC License. The MIIT officer confirmed that based on the current regulatory review practice, we would not be granted an IDC License through any Sino-foreign equity joint venture (of which the Company holds 50% or less equity interest, 50% being the maximum equity interest permissible to be held by a foreign investor under the Negative List) or wholly-owned foreign investment entity even if we meet the Qualification Requirements (as defined below).

As confirmed by our PRC Legal Advisor, as the officer we interviewed is a senior officer of the information and communication development department of the MIIT, and such department is responsible for approving applications from foreign investors for the permits in connection with operation of Internet Information Services and Internet data centers, such department is the competent authority to provide the confirmation stated above. On the basis of the above, we are of the view that the Contractual Arrangements are narrowly tailored because it is currently not feasible for us to apply for or maintain an ICP License or an IDC License through a Sino-foreign equity joint venture or wholly-owned foreign investment entity structure and we are therefore required to carry out our value-added telecommunication services through the Contractual Arrangements.

Certain of our Consolidated Affiliated Entities, namely Yidu Cloud Hainan, Beijing Yiling Technology Co., Ltd., Happy Life (Guangzhou) Technology Co., Ltd., Guizhou Gelin Meida Medical Research Co., Ltd. and Beijing Zhongshi Hanming have not yet commenced substantive business operations and are not expected to have commenced any substantive business operations by the time of the Listing. The Company has undertaken to the Stock Exchange that it will not conduct any businesses within their respective business segments that are not subject to foreign investment restrictions or prohibitions through these entities or, to the extent that it does, it will transfer such entities outside of the Contractual Arrangements structure prior to engaging in any unrestricted businesses. The Company has further undertaken that the Onshore Holdcos and the Consolidated Affiliated Entities held by each of them will only conduct the restricted businesses in the respective business segment stated above.

Segmentation of Consolidated Affiliated Entities

The businesses conducted by our Consolidated Affiliated Entities are segregated and operated under separate Onshore Holdcos for a number of commercial and regulatory reasons, including:

- to segregate operational, regulatory, financial and other risks that are specific to one business from other businesses;
- to manage various business lines more effectively from operational and financial perspectives. The Company allocates different management and professional teams to work under different PRC Holdcos and consolidated affiliated entities such that each team can focus on the specific business in which it specializes. Segregation of the business lines also provides the Company with flexibility to (where appropriate and necessary) restructure its businesses in the future by reorganizing only the relevant WFOE and Onshore Holdco and/or that Onshore Holdco’s subsidiaries; and
- from a regulatory perspective, the Big Data Platform and Services business under Yidu Cloud Guizhou and the Life Sciences Solutions business under Tianjin Happy Life are required to be segregated to ensure compliance with regulatory requirements on the avoidance of conflicts of interest. In particular, as advised by our PRC Legal Advisor,

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pursuant to the Standard for Quality Management of Clinical Trials of Drugs (2020 No. 57) (《藥物臨床試驗質量管理規範》(2020年第57號)) which took effect on July 1, 2020, the conduct of clinical trials must comply with the principle of avoidance of conflict of interests. Yidu Cloud Guizhou (and its subsidiaries) provide big data infrastructure services for hospitals during clinical trials and may be required to cooperate with site management organization (“SMO”) or even assume the functions of SMOs. On the other hand, Tianjin Happy Life is engaged by CROs to provide clinical research and analytical services that are related to the design of clinical trials. As the clinical research associates from the CROs normally review the work of the clinical research coordinators from the SMOs, conflict of interests would arise if the CRO and SMO functions were assumed by the same entity. As such, the businesses of Yidu Cloud Guizhou and Tianjin Happy Life need to be segregated to avoid any potential conflict of interests in clinical trials in compliance with PRC laws.

Each of the Onshore Holdcos has different Registered Shareholders and we consider this arrangement appropriate for the following rationale:

- a. **Governance considerations:** Members of the senior management of the Group and the core responsible persons for each business line act as the Registered Shareholders of the Onshore Holdco operating the corresponding business line so that their legal responsibilities (as the Registered Shareholders and also parties to the Contractual Arrangements) are commensurate with their level of responsibility in the operations of the Group and the relevant business line:
- The Big Data Platforms and Solutions business, operated by Yidu Cloud Guizhou and its subsidiaries, is the Group’s current core business. The Registered Shareholders of Yidu Cloud Guizhou are therefore Ms. Gong, the Founder and the Controlling Shareholder, and Ms. Zhang Shi, the Senior Vice President in charge of the Big Data Platforms and Solutions business, holding 99% and 1% of its equity interest respectively.
 - The Life Sciences Solutions business is operated by Tianjin Happy Life and its subsidiaries. The Registered Shareholders of Tianjin Happy Life are therefore Mr. Xu Jiming, the Senior Vice President in charge of the Life Sciences Solutions business and a Co-founder, and Mr. Hao Yiming, Vice President of Life Sciences Solutions, holding 99% and 1% of its equity interest respectively.
 - The personal health management platform business (under the Health Management Platform and Solutions business) is operated by Beijing Causa Health. The Registered Shareholders of Beijing Causa Health are therefore Mr. He Zhi, the Chief Innovation Officer and a Co-founder, and Mr. Liang Yupeng, Vice President of Health Management Platform and Solutions, holding 51% and 49% of its equity interest respectively.
 - The insurance technology and disease management solutions business (under the Health Management Platform and Solutions business) is operated by Beijing Zhongshi Hanming and its subsidiary. The Registered Shareholders of Beijing Zhongshi Hanming are therefore Mr. Li Wei and Mr. Guo Xiaoyu, the Vice President and the Senior Data Scientist of the Health Management Platform and Solutions business, holding 51% and 49% of its equity interest respectively.

To align the Registered Shareholders’ management and legal responsibilities is also intended to enhance their accountability and incentivize them to manage the business with due care and diligence, which is beneficial to the Company and its Shareholders as a whole. The Company had duly assessed

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the suitability of the relevant persons to be the Registered Shareholders prior to finalizing the Contractual Arrangements, including their competence, length of service with and loyalty to the Group and stability and future plans to stay with the Group, and considered them suitable candidates to be the Registered Shareholders.

- b. **Risk management:** If the Onshore Holdcos share the same Registered Shareholders, in the event that a Registered Shareholder becomes unable to act as the registered shareholder for any reason, all four Onshore Holdcos (including their subsidiaries) and hence the business operations of the Group would be affected as the contractual arrangements would not be able to be implemented until replacement of such Registered Shareholder. As such, the Company considers having different Registered Shareholders for the different Onshore Holdcos to be beneficial as it can contain the risks associated with the Contractual Arrangements within each set of the Onshore Holdcos (including their respective subsidiaries) and the corresponding business line.

QUALIFICATION REQUIREMENTS UNDER THE FITE REGULATIONS

On December 11, 2001, the State Council promulgated the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (the “**FITE Regulations**”), which were amended on September 10, 2008 and February 6, 2016. According to the FITE Regulations, foreign investors are not allowed to hold more than 50% of the equity interests in a company providing value-added telecommunications services, including Internet content provision services. In addition, the main foreign investor who invests in a value-added telecommunications business in the PRC must possess prior experience and a proven good track record in operating value-added telecommunications businesses (the “**Qualification Requirements**”). Currently none of the applicable PRC laws, regulations or rules provides clear guidance or interpretation on the Qualification Requirements. According to our consultation with the MIIT in May 2020, the MIIT confirmed that there is no clear guidance on how a foreign investor could meet the Qualification Requirements and they will assess the applications on a case-by-case basis based on the materials provided.

Despite the lack of clear guidance or interpretation on the Qualification Requirements, we have been gradually building up our track record of overseas telecommunications business operations for the purposes of being qualified, as early as possible, to acquire the equity interests in the Onshore Holdcos or any of our Consolidated Affiliated Entities when the relevant PRC laws allow foreign investors to invest and to hold a majority equity interests in enterprises which engage in the value-added telecommunications business. For the purposes of meeting the Qualification Requirements, we are in the process of establishing and accumulating overseas operation experience as described below.

- (i) We have, through our subsidiaries, registered and submitted for registration a number of trademarks and patents in various jurisdictions, including Hong Kong and Singapore, for the purpose of establishing our presence and expanding our operations overseas.
- (ii) For the purposes of establishing and expanding our operations overseas, we incorporated the following offshore entities for the purposes of investment holding and provision of technology services overseas:
 - (a) EVYD Technology Limited in the BVI on June 8, 2020;
 - (b) Golden Panda Limited in Hong Kong on December 23, 2014;
 - (c) Happy Med Limited in the BVI on May 22, 2020;

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- (d) Bright Panda Limited in the BVI on May 22, 2020;
 - (e) EVYD Research Private Limited in Singapore on October 9, 2019;
 - (f) EVYD Technology Sdn Bhd in Brunei on April 27, 2020;
 - (g) Causa Med Technology Limited in Hong Kong on June 19, 2020; and
 - (h) Causa Life Technology Limited in Hong Kong on June 19, 2020.
- (iii) We are in the process of constructing our overseas website which is expected to be launched before Listing, primarily for the purposes of introducing our businesses to users and for investor relations purpose. Through this overseas website, we aim to help our overseas investors better understand our services and business, and to capture and analyze overseas website operation data to provide insight into our overseas market in order to assist in our overseas expansion plans.

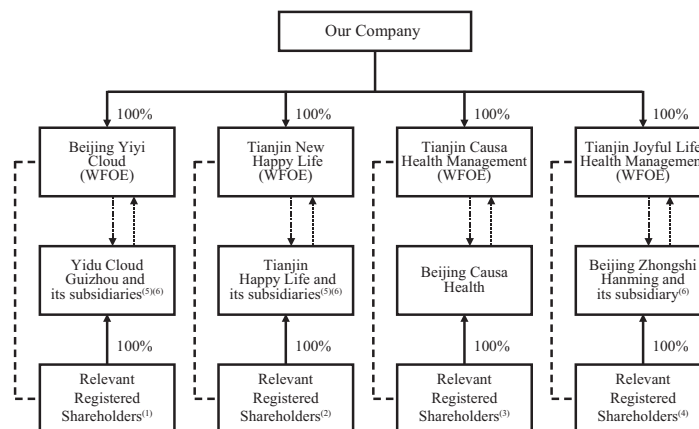
In our consultation with the MIIT, the MIIT officer confirmed that we may establish overseas companies to gradually building up our track record of overseas telecommunications business operations and accumulate the experience in providing value-added telecommunications services in overseas markets. The MIIT officer also confirmed that the steps undertaken by us as described above are helpful to fulfill the Qualification Requirements. Hence, subject to the discretion of the competent authority, our PRC Legal Advisor takes the view that the above steps are reasonable and appropriate in relation to the Qualification Requirements as we will be able to gain experience in providing value-added telecommunication services in overseas markets.

The aggregate expenditures incurred by us for taking the steps mentioned through to the Latest Practicable Date were approximately RMB820,000.

We will, as applicable and when necessary, disclose the progress of our overseas business plans and any updates to the Qualification Requirements in our annual and interim reports to inform Shareholders and other investors after Listing. We will also make periodic inquiries to relevant PRC authorities to understand any new regulatory development and assess whether our level of overseas experience is sufficient to meet the Qualification Requirements.

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The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to our Group under the Contractual Arrangements:



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Notes:

- (1) Yidu Cloud Guizhou is owned by Ms. Gong Yingying as to 99% and Ms. Zhang Shi as to 1%.
- (2) Tianjin Happy Life is owned by Mr. Xu Jiming as to 99% and Mr. Hao Yiming as to 1%.
- (3) Beijing Causa Health is owned by Mr. He Zhi as to 51% and Mr. Liang Yupeng as to 49%. Mr. Liang Yupeng is Vice President of our Health Management Platform and Solutions business. We consider Mr. Liang Yupeng suitable to act as a Registered Shareholder of Beijing Causa Health because of, among other considerations, his leadership of and contribution to our personal health management platform business (“**CausaHealth**”) operated by Beijing Causa Health, his competence and his length of service and loyalty to our Group.
- (4) Beijing Zhongshi Hanming is owned by Mr. Li Wei as to 51% and Mr. Guo Xiaoyu as to 49%. Mr. Li Wei and Mr. Guo Xiaoyu are Vice President and Senior Data Scientist of our Health Management Platform and Solutions business, respectively. We consider Mr. Li Wei and Mr. Guo Xiaoyu suitable to act as Registered Shareholders of Beijing Zhongshi Hanming because of, among other considerations, their leadership of and contribution to our insurance technology and disease management solutions business (“**CausaCloud**”) operated by Beijing Zhongshi Hanming, their competence and their length of service and loyalty to our Group.
- (5) These include certain companies which do not currently carry out any business operations but intend to carry out businesses which are subject to foreign investment restrictions in accordance with the Negative List.
- (6) For details of the subsidiaries of the Onshore Holdcos, see “History, reorganization and corporate structure”.
- (7) “—>” denotes direct legal ownership in the equity interest.
- (8) “--->” denotes contractual relationship.
- (9) “----” denotes provision of technical and consultation series
- (10) “-----” denotes payment of service fees
- (11) “-----” denotes the control by WFOEs over the Registered Shareholders and the Onshore Holdcos through (i) powers of attorney to exercise all shareholders’ rights in the Onshore Holdcos; (ii) exclusive call options to acquire all or part of the equity interests in the Onshore Holdcos; and (iii) equity pledges over the equity interests in the Onshore Holdcos.

Summary of the material terms of the Contractual Arrangements

Exclusive Business Cooperation Agreements

Under the exclusive business cooperation agreements dated August 18, 2020 between the Onshore Holdcos and the WFOEs (the “**Exclusive Business Cooperation Agreements**”), pursuant to which, in exchange for a monthly service fee, the Onshore Holdcos agreed to engage the WFOEs as its exclusive provider of technical and consulting services, including software development, maintenance and update, network design, installation, maintenance and update, training services, and market and promotion services.

Under the Exclusive Business Cooperation Agreements, the service fee shall consist of 100% of the total consolidated profit of the Onshore Holdcos, after the deduction of any accumulated deficit of the Consolidated Affiliated Entities in respect of the preceding financial year(s), operating costs, expenses, taxes and other statutory contributions. Notwithstanding the foregoing, the WFOEs may adjust the scope and amount of services fees according to the PRC tax law and tax practices, and the Onshore Holdcos will accept such adjustments. The WFOEs shall calculate the service fee on a monthly basis and issue a corresponding invoice to the Onshore Holdcos. Notwithstanding the payment arrangements

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in the Exclusive Business Cooperation Agreements, the WFOEs may adjust the payment time and payment method, and the Onshore Holdcos will accept any such adjustment.

In addition, absent the prior written consent of the WFOEs, during the term of the Exclusive Business Cooperation Agreements, with respect to the services subject to the Exclusive Business Cooperation Agreements and other matters, the Onshore Holdcos shall not directly or indirectly accept the same or any similar services provided by any third party and shall not establish cooperation relationships similar to that formed by the Exclusive Business Cooperation Agreements with any third party. In addition, without the prior written consent of the WFOEs, the Onshore Holdcos shall not enter into any agreements or arrangements that would contradict the Exclusive Business Cooperation Agreements or otherwise harm the WFOEs' interest under the Exclusive Business Cooperation Agreements. The WFOEs may appoint other parties, who may enter into certain agreements with the Onshore Holdcos, to provide the Onshore Holdcos with the services under the Exclusive Business Cooperation Agreements.

The Exclusive Business Cooperation Agreements also provide that the WFOEs have the exclusive proprietary rights to and interests in any and all intellectual property rights developed or created by the Onshore Holdcos during the performance of the Exclusive Business Cooperation Agreements.

The Exclusive Business Cooperation Agreements shall remain effective unless terminated (a) in accordance with the provisions of the Exclusive Business Cooperation Agreements; (b) in writing by the WFOEs; or (c) renewal of the expired business period of either the WFOE or the Onshore Holdcos is denied by relevant government authorities, at which time the Exclusive Business Cooperation Agreements will terminate upon termination of that business period.

Exclusive Call Option Agreements

Under the exclusive call option agreements dated August 18, 2020 among the Onshore Holdcos, the WFOEs and the Registered Shareholders (the "**Exclusive Call Option Agreements**"), the WFOEs have the rights to require the Registered Shareholders to transfer any or all their equity interests in the Onshore Holdcos to the WFOEs and/or a third party designated by it, in whole or in part at any time and from time to time, for a nominal price of RMB10, unless the relevant government authorities or the PRC laws request that another amount be used as the purchase price, in which case the purchase price shall be the lowest amount under such request.

The Onshore Holdcos and the Registered Shareholders, among other things, have covenanted that:

- (i) without the prior written consent of the WFOEs, they shall not in any manner supplement, change or amend the constitutional documents of the Onshore Holdcos, increase or decrease their registered capital, or change the structure of their registered capital in other manner;
- (ii) they shall maintain the Onshore Holdcos' corporate existence in accordance with good financial and business standards and practices or extend or adjust their terms of operation as requested by the WFOEs, obtain and maintain all necessary government licenses and permits by prudently and effectively operating their business and handling their affairs;
- (iii) without the prior written consent of the WFOEs, they shall not at any time following the signing of the Exclusive Call Option Agreements sell, transfer, pledge or dispose of in any manner any legal or beneficial interest in any assets (including intellectual properties) business or revenues of the Onshore Holdcos, or allow the encumbrance thereon of any security interest;

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- (iv) without the prior written consent of the WFOEs, the Onshore Holdcos shall not incur, inherit, guarantee or assume any debt, except for debts incurred in the ordinary course of business other than payables incurred by a loan;
- (v) the Onshore Holdcos shall always operate all of their businesses during the ordinary course of business to maintain their asset value and ensure their compliance and legal operations, and refrain from any action/omission that may adversely affect the Onshore Holdcos' operating status and asset value, and inform the WFOEs promptly of any circumstances that could materially and adversely affect the existence, business operations, financial condition, assets or reputation of the Onshore Holdcos, and take all measures endorsed by the WFOEs or any effective remedial measures to eliminate such adverse effects
- (vi) without the prior written consent of the WFOEs, they shall not cause the Onshore Holdcos to execute any material contract with a value above RMB500,000, except the contracts executed in the ordinary course of business;
- (vii) without the prior written consent of the WFOEs, they shall not cause the Onshore Holdcos to provide any person with any loan or credit, provide guarantee or create any other form of security interest, or undertake any substantive liabilities arising out of ordinary course of business;
- (viii) they shall provide the WFOEs with information on the Onshore Holdcos' business operations and financial condition at the request of the WFOEs;
- (ix) if requested by the WFOEs, they shall procure and maintain insurance in respect of the Onshore Holdcos' assets and business from an insurance carrier acceptable to the WFOE, at an amount and type of coverage typical for companies that operate similar businesses;
- (x) without the prior written consent of the WFOEs, they shall not cause or permit the Onshore Holdcos to merge, consolidate with, acquire or invest in any person;
- (xi) they shall immediately notify the WFOEs of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to the Onshore Holdcos' assets, business or revenue;
- (xii) to maintain the ownership by the Onshore Holdcos of all of its assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defenses against all claims;
- (xiii) without the prior written consent of the WFOEs, the Onshore Holdcos shall not in any manner distribute dividends to their shareholders, provided that upon the written request of the WFOEs, the Onshore Holdcos shall immediately distribute all distributable profits to their shareholders;
- (xiv) at the request of the WFOEs, they shall appoint any persons designated by the WFOEs as the directors and/or senior management of the Onshore Holdcos;
- (xv) without the written consent of the WFOEs, they shall not engage in any business in competition with the WFOEs or its affiliates; and
- (xvi) unless otherwise mandatorily required by the PRC laws, the Onshore Holdcos shall not be dissolved or liquidated without prior written consent by the WFOEs.

In addition, the Registered Shareholders, among other things, have covenanted that:

- (i) without the written consent of the WFOEs, they shall not sell, transfer, pledge or dispose of in any other manner the legal or beneficial interest in the Onshore Holdcos, or allow the

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- encumbrance thereon of any security interest, except for the Equity Pledge Agreements and the interests prescribed in the Powers of Attorney, and procure the shareholders' meeting and the board of directors of the Onshore Holdcos not to approve such matters;
- (ii) for each exercise of the equity purchase option, to cause the shareholders' meeting of the Onshore Holdcos to vote on the approval of the transfer of equity interests and any other action requested by the WFOEs;
 - (iii) they shall relinquish the pre-emptive right (if any) he/she is entitled to in relation to the transfer of equity interest by any other shareholders to the Onshore Holdcos and give consent to the execution by each other shareholder of the Onshore Holdcos with the WFOEs and the Onshore Holdcos exclusive call option agreements, equity interest pledge agreements and powers of attorney similar to the Exclusive Call Option Agreements, the Equity Pledge Agreements and the Powers of Attorney, and accept not to take any action in conflict with such documents executed by the other shareholders (if any); and
 - (iv) each of the Registered Shareholders will transfer to the WFOEs or its appointee(s) by way of gift any profit, dividend or proceeds obtained from the liquidation of the Onshore Holdcos in accordance with the PRC law.

The Registered Shareholders have also undertaken that, subject to the relevant laws and regulations, they will return to the WFOEs any consideration they receive in the event that the WFOEs exercise the options under the Exclusive Call Option Agreements to acquire the equity interests in the Onshore Holdcos.

The Exclusive Call Option Agreements shall remain effective unless terminated in the event that the entire equity interests held by the Registered Shareholders in the Onshore Holdcos have been transferred to the WFOEs or their appointee(s).

Equity Pledge Agreements

Under the equity pledge agreements dated August 18, 2020 entered into between the WFOEs, the Registered Shareholders and the Onshore Holdcos (the "**Equity Pledge Agreements**"), the Registered Shareholders agreed to pledge all their respective equity interests in the Onshore Holdcos that they own, including any interest or dividend paid for the shares, to the WFOEs as a security interest to guarantee the performance of contractual obligations and the payment of outstanding debts.

The pledge in respect of the Onshore Holdcos takes effect upon the completion of registration with the relevant administration for market regulation and shall remain valid until after all the contractual obligations of the Registered Shareholders and the Onshore Holdcos under the relevant Contractual Arrangements have been fully performed and all the outstanding debts of the Registered Shareholders and the Onshore Holdcos under the relevant Contractual Arrangements have been fully paid.

Upon the occurrence and during the continuance of an event of default (as defined in the Equity Pledge Agreements), the WFOEs shall have the right to require the Onshore Holdcos' shareholders (i.e. the Registered Shareholders) to immediately pay any amount payable by the Onshore Holdcos under the Exclusive Business Cooperation Agreements, repay any loans and pay any other due payments, and the WFOEs shall have the right to exercise all such rights as a secured party under any applicable PRC law and the Equity Pledge Agreements, including without limitations, being paid in priority with the equity interests based on the monetary valuation that such equity interests are converted into or from the proceeds from auction or sale of the equity interest upon written notice to the Registered Shareholders.

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The Equity Pledge Agreement in respect of each of the pledge of equity interest in Yidu Cloud Guizhou, Beijing Causa Health, Beijing Zhongshi Hanming and Tianjin Happy Life by their respective Registered Shareholders was registered as required by the relevant laws and regulations of the PRC on October 9, 2020, September 29, 2020, September 29, 2020 and September 30, 2020, respectively.

Powers of Attorney

The Registered Shareholders have executed powers of attorney dated August 18, 2020 (the “**Powers of Attorney**”). Under the Powers of Attorney, the Registered Shareholders irrevocably and exclusively appointed the WFOEs and their designated persons (including but not limited to Directors and their successors and liquidators replacing the Directors but excluding those non-independent or who may give rise to conflict of interests) as their attorneys-in-fact to exercise on their behalf, and agreed and undertook not to exercise without such attorneys-in-fact’s prior written consent, any and all right that they have in respect of their equity interests in the Onshore Holdcos, including:

- (i) to convene and attend shareholders’ meetings of the Onshore Holdcos;
- (ii) to file documents with the relevant companies registry;
- (iii) to exercise all shareholder’s rights and shareholder’s voting rights in accordance with law and the constitutional documents of the Onshore Holdcos, including but not limited to the sale, transfer, pledge or disposal of any or all of the equity interests in the Onshore Holdcos;
- (iv) to execute any and all written resolutions and meeting minutes and to approve the amendments to the articles of associations in the name and on behalf of such shareholder; and
- (v) to nominate or appoint the legal representatives, directors, supervisors, general manager and other senior management of the Onshore Holdcos.

The Powers of Attorney do not impose any conditions on granting the foregoing powers of attorney. Further, the Powers of Attorney shall remain effective for so long as each shareholder holds equity interest in the Onshore Holdcos.

Dispute Resolution

Each of the agreements under the Contractual Arrangements contains a dispute resolution provision. Pursuant to such provision, in the event of any dispute arising from the performance of or relating to the Contractual Arrangements, any party has the right to submit the relevant dispute to the Beijing Arbitration Commission for arbitration, in accordance with the then effective arbitration rules. The arbitration shall be confidential and the language used during arbitration shall be Chinese. The arbitration award shall be final and binding on all parties. The dispute resolution provisions also provide that the arbitral tribunal may award remedies over the shares or assets of our Onshore Holdcos or injunctive relief (e.g. limiting the conduct of business, limiting or restricting transfer or sale of shares or assets) or order the winding up of our Onshore Holdcos; any party may apply to the courts of Hong Kong, the Cayman Islands (being the place of incorporation of our Company), the PRC and the places where the principal assets of the WFOEs or our Onshore Holdcos are located for interim remedies or injunctive relief.

However, our PRC Legal Advisor has advised that the above provisions may not be enforceable under the PRC laws. For instance, the arbitral tribunal has no power to grant such injunctive relief, nor will it

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be able to order the winding up of our Consolidated Affiliated Entities pursuant to the current PRC laws. In addition, interim remedies or enforcement order granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC.

As a result of the above, in the event that the Onshore Holdcos or the Registered Shareholders breach any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over our Consolidated Affiliated Entities and conduct our business could be materially and adversely affected. See the section headed “Risk Factors—Risks Relating to our Contractual Arrangements” in this document for further details.

Confirmations from the Registered Shareholders

Each of the Registered Shareholders has confirmed to the effect that (i) his/her spouse does not have the right to claim any interests in the respective Onshore Holdcos (together with any other interests therein) or exert influence on the day-to-day management and voting matters of the respective Onshore Holdcos; and (ii) in the event of his/her death, incapacity, bankruptcy, divorce or any other event which causes his/her inability to exercise his/her rights as a shareholder of the respective Onshore Holdcos, he/her will take necessary actions to safeguard his/her interests in the respective Onshore Holdcos (together with any other interests therein) and his/her successors (including his/her spouse) will not claim any interests in the respective Onshore Holdcos (together with any other interests therein) to the effect that the Registered Shareholder’s interests in the Onshore Holdcos shall not be affected.

Spouse undertakings

The spouse of each of the Registered Shareholders, where applicable, has signed an undertaking (the “**Spouse Undertakings**”) to the effect that (i) the respective Registered Shareholder’s interests in the respective Onshore Holdcos (together with any other interests therein) do not fall within the scope of communal properties, and (ii) he/she has no right to or control over such interests of the respective Registered Shareholder and will not have any claim on such interests.

Conflict of Interests

Each of the Registered Shareholders has given his/her irrevocable undertakings in the Powers of Attorney which address potential conflict of interests that may arise in connection with the Contractual Arrangements. See “Powers of Attorney” above.

Loss Sharing

Under the relevant PRC laws and regulations, none of our Company and the WFOEs is legally required to share the losses of, or provide financial support to, our Consolidated Affiliated Entities. Further, our Consolidated Affiliated Entities are limited liability companies and shall be solely liable for their own debts and losses with assets and properties owned by them. The WFOEs intend to continuously provide to or assist our Consolidated Affiliated Entities in obtaining financial support when deemed necessary. In addition, given that our Group conducts a substantial portion of its business operations in the PRC through our Consolidated Affiliated Entities, which hold the requisite the PRC operational licenses and approvals, and that their financial position and results of operations are consolidated into our Group’s financial statements under the applicable accounting principles, our Company’s business, financial position and results of operations would be adversely affected if our Consolidated Affiliated Entities suffer losses.

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However, as provided in the Exclusive Call Option Agreements, without the prior written consent of the WFOEs, the Onshore Holdcos shall not, among others:

- (i) sell, transfer, pledge or dispose of in any manner any of its assets;
- (ii) execute any material contract with a value above RMB500,000, except those entered into in the ordinary course of business;
- (iii) provide any loan, credit or guarantees in any form to any third party, or allow any third party create any other security interest on its assets or equity;
- (iv) incur, inherit, guarantee or allow any debt that is not incurred in the ordinary course of business;
- (v) enter into any consolidation or merger with any third party, or being acquired by or invest in any third party; and
- (vi) increase or reduce its registered capital, or alter the structure of the registered capital in any other way.

Therefore, due to the relevant restrictive provisions in the agreements, the potential adverse effect on the WFOEs and our Company in the event of any loss suffered from the Onshore Holdcos can be limited to a certain extent.

Liquidation

Pursuant to the Exclusive Call Option Agreements, in the event of a mandatory liquidation required by the PRC laws, the shareholders of our Consolidated Affiliated Entities shall give the proceeds they received from liquidation as a gift to the WFOEs or its designee(s) to the extent permitted by the PRC laws.

Insurance

Our Company does not maintain an insurance policy to cover the risks relating to the Contractual Arrangements.

Our confirmation

Our Directors confirm that, as of the Latest Practicable Date, we had not encountered any interference or encumbrance from any PRC governing bodies in operating its businesses through our Consolidated Affiliated Entities under the Contractual Arrangements.

LEGALITY OF THE CONTRACTUAL ARRANGEMENTS

According to our consultation with the MIIT, which is responsible for approving foreign investment in telecommunication business as well as nationwide supervision and administration of telecommunications industry, on May 19, 2020, the Contractual Arrangements do not fall under supervision of the MIIT and are not subject to the approval of the MIIT. Based on the above, our PRC Legal Advisor is of the opinion that the Contractual Arrangements are narrowly tailored to minimize the potential conflict with relevant PRC laws and regulations and that:

- (i) parties to each of the Contractual Arrangements have obtained all necessary corporate approvals and authorisations to execute and perform the Contractual Arrangements;

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- (ii) parties to each of the agreements are entitled to execute the agreements and perform their respective obligations thereunder. Each of the agreements is binding on the parties thereto and none of them would be deemed as “concealment of illegal intentions with a lawful form” and void under Contract Law of the People’s Republic of China;
- (iii) none of the Contractual Arrangements violates any provisions of the articles of association of our Onshore Holdcos or our WFOEs;
- (iv) the parties to each of the Contractual Arrangements are not required to obtain any approvals or authorisations from the PRC governmental authorities, except that:
 - (a) the exercise of the option by our WFOEs of their rights under the Exclusive Call Option Agreements to acquire all or part of the equity interests in our Onshore Holdcos are subject to the approvals of, consent of, filing with and/or registrations with the PRC governmental authorities;
 - (b) any share pledge contemplated under the Equity Pledge Agreements are subject to the registration with competent administration bureau for market regulation;
 - (c) the arbitration awards/interim remedies provided under the dispute resolution provision of the Contractual Arrangements shall be recognized by the PRC courts before compulsory enforcement.
- (v) Each of the Contractual Arrangements is valid, legal and binding under the PRC laws, except for the following provisions regarding dispute resolution:
 - (a) the Contractual Arrangements provide that any dispute shall be submitted to the Beijing Arbitration Commission for arbitration, in accordance with the then effective arbitration rules. The arbitration shall be conducted in Beijing. They also provide that the arbitrator may award interim remedies over the shares or assets of our Onshore Holdcos or injunctive relief (e.g. for the conduct of business or to compel the transfer of assets) or order the winding up of our Consolidated Affiliated Entities; and the courts of Hong Kong, the Cayman Islands (being the place of incorporation of our Company) and the PRC (being the place of incorporation of our Onshore Holdcos) also have jurisdiction for the grant and/or enforcement of the arbitral award and the interim remedies against the shares or properties of our Onshore Holdcos. However, our PRC Legal Advisor has advised that an arbitration tribunal has no power to grant injunctive relief or winding up order of companies under the PRC laws, and that the interim remedies or enforcement order granted by overseas courts such as those of Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC; and
 - (b) the Contractual Arrangements provide that the shareholders of our Onshore Holdcos grant our WFOEs or their designees the right to consist the liquidation committee upon the winding up of our Onshore Holdcos to manage their assets. However, in the event of a mandatory liquidation required by the PRC laws or bankruptcy liquidation, these provisions may not be enforceable under the PRC laws.

Our PRC Legal Advisor also advised us that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws and regulations and accordingly, there can be no assurance that the PRC regulatory authorities will not in the future take a view that is contrary to or otherwise different from the above opinion.

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Based on the above analysis and advice from our PRC Legal Advisor, the Directors are of the view that the adoption of the Contractual Arrangements is unlikely to be deemed ineffective or invalid under the applicable PRC laws and regulations. See the section headed “Risk Factors—Risks Relating to Our Contractual Arrangements—If the PRC government finds that the agreements that establish the structure for operating our operations in China do not comply with applicable PRC regulations, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe consequences, including the nullification of the contractual arrangements and being forced to relinquish our interests in those operations.”.

ACCOUNTING ASPECTS OF THE CONTRACTUAL ARRANGEMENTS

According to IFRS 10—Consolidated Financial Statements, a subsidiary is an entity that is controlled by another entity (known as the parent). An investor controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Although our Company does not directly or indirectly own the Consolidated Affiliated Entities, the Contractual Arrangements enable our Company to exercise control over the Consolidated Affiliated Entities.

Under the Exclusive Business Cooperation Agreements, it was agreed that, in consideration of the services provided by WFOEs, each of our Onshore Holdcos will pay services fees to the WFOEs. The services fees, subject to the WFOEs’ adjustment, are equal to the entirety of the total consolidated profit of our Onshore Holdcos (net of accumulated deficit of the Consolidated Affiliated Entities in the previous financial years (if any), costs, expenses, taxes and payments required by the relevant laws and regulations to be reserved or withheld). The WFOEs may adjust the services scopes and fees at its discretion in accordance with PRC tax law and practice as well as the needs of the working capital of our Consolidated Affiliated Entities. The WFOEs also have the right to periodically receive or inspect the accounts of our Consolidated Affiliated Entities. Accordingly, the WFOEs have the ability, at their sole discretion, to extract all of the economic benefit of our Onshore Holdcos through the Exclusive Business Cooperation Agreements.

In addition, under the Exclusive Business Cooperation Agreements and the Exclusive Call Option Agreements, the WFOEs have absolute contractual control over the distribution of dividends or any other amounts to the equity holders of our Consolidated Affiliated Entities as the WFOEs’ prior written consent is required before any distribution can be made. In the event that the Registered Shareholders receive any profit distribution or dividend from our Consolidated Affiliated Entities, the Registered Shareholders must immediately pay or transfer such amount (subject to the relevant tax payment being made under the relevant laws and regulations) to our Company.

As a result of these Contractual Arrangements, our Company has obtained control of our Consolidated Affiliated Entities through the WFOEs and, at our Company’s sole discretion, can receive all of the economic interest returns generated by our Consolidated Affiliated Entities. Accordingly, our Consolidated Affiliated Entities’ results of operations, assets and liabilities, and cash flows are consolidated into our Company’s financial statements. The basis of consolidating the results of our Consolidated Affiliated Entities is disclosed in note 1 to the Accountant’s Report in Appendix I to this document.

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COMPLIANCE WITH THE CONTRACTUAL ARRANGEMENTS

Our Group has adopted the following measures to ensure the effective operation of our Group with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements:

- (i) major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;
- (ii) our Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;
- (iii) our Company will disclose the overall performance of and compliance with the Contractual Arrangements in our annual reports; and
- (iv) our Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, review the legal compliance of the WFOEs and our Consolidated Affiliated Entities to deal with specific issues or matters arising from the Contractual Arrangements.

DEVELOPMENT IN PRC LEGISLATION ON FOREIGN INVESTMENT

Background of the Foreign Investment Law

On March 15, 2019, the National People's Congress approved the Foreign Investment Law which became effective on January 1, 2020. On December 26, 2019, the State Council promulgated the Regulations on the Implementation of the Foreign Investment Law, which came into effect on January 1, 2020. The Foreign Investment Law replaced the Sino-Foreign Equity Joint Venture Enterprise Law, the Sino-Foreign Cooperative Joint Ventures Enterprise Law and the Wholly Foreign-Invested Enterprises Law to become the legal foundation for foreign investment in the PRC. The Foreign Investment Law stipulates certain forms of foreign investment, but does not explicitly stipulate contractual arrangements as a form of foreign investment. The Implementation Regulations on the Foreign Investment Law are also silent on whether foreign investment includes contractual arrangements.

Impact and consequences of the Foreign Investment Law

Conducting operations through contractual arrangements has been adopted by many PRC-based companies, including our Group. We use the Contractual Arrangements to establish control of our consolidated Affiliated Entities, by the WFOEs, through which we operate our business in the PRC. As advised by our PRC Legal Advisor, since contractual arrangements are not specified as foreign investment under the Foreign Investment Law and if future laws, regulations and provisions prescribed by the State Council do not incorporate contractual arrangements as a form of foreign investment, our Contractual Arrangements as a whole and each of the agreements comprising the Contractual Arrangements will not be affected and will continue to be legal, valid and binding on the parties with an exception, for which, see "Contractual Arrangements—Legality of the Contractual Arrangements".

Notwithstanding the above, the Foreign Investment Law stipulates that foreign investment includes "foreign investors invest in China through any other methods under laws, administrative regulations or provisions prescribed by the State Council" without elaboration on the meaning of "other methods". There are possibilities that future laws, administrative regulations or provisions prescribed by the State

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Council may regard contractual arrangements as a form of foreign investment, at which time it will be uncertain whether the Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and how the above-mentioned Contractual Arrangements will be handled. Therefore, there is no guarantee that the Contractual Arrangements and the business of our Consolidated Affiliated Entities will not be materially and adversely affected in the future due to changes in PRC laws and regulations. See “Risk Factors—Risks relating to our Contractual Arrangements—Our current corporate structure and business operations may be affected by the Foreign Investment Law”.

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REGULATIONS ON CORPORATION AND FOREIGN INVESTMENT

The establishment, operation and management of corporate entities in the PRC is governed by the Company Law of the PRC (中華人民共和國公司法), which was promulgated by the Standing Committee of the National People's Congress of the PRC (全國人民代表大會常務委員會) (the “SCNPC”) on December 29, 1993 and came into effect on July 1, 1994. The Company Law of the PRC was subsequently amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013 and October 26, 2018 (the latest revision became effective on October 26, 2018). The Company Law of the PRC generally governs two types of companies, namely limited liability companies and joint stock limited companies. Both types of companies have the status of legal persons, and the liability of shareholders of a limited liability company or a joint stock limited company is limited to the amount of registered capital they have contributed. The Company Law of the PRC shall also apply to foreign-invested companies in form of limited liability company or joint stock limited company. Where laws on foreign investment have other stipulations, such stipulations shall apply.

On January 1, 2020, the Foreign Investment Law of the PRC (中華人民共和國外商投資法) (the “FIL”) and the Regulations on the Implementation of the Foreign Investment Law of the PRC (中華人民共和國外商投資法實施條例) became effective and simultaneously replaced the trio of prior laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law of the PRC (中華人民共和國中外合資經營企業法), the Sino-foreign Cooperative Joint Venture Enterprise Law of the PRC (中華人民共和國中外合作經營企業法) and the Wholly Foreign-invested Enterprise Law of the PRC (中華人民共和國外資企業法), together with their implementation rules and ancillary regulations. The FIL sets out the definition of foreign investment and the framework for promotion, protection and administration of foreign investment activities. The FIL does not explicitly classify whether variable interest entities that are controlled through contractual arrangements would be deemed as foreign invested enterprises if they are ultimately “controlled” by foreign investors. However, it has a catch-all provision under definition of “foreign investment” that includes investments made by foreign investors in China through other means as provided by laws, administrative regulations or the State Council. Therefore it still leaves leeway for future laws, administrative regulations or provisions of the State Council to provide for contractual arrangements as a form of foreign investment. See “Risk Factors—Risks Relating to Our Contractual Arrangements—Our current corporate structure and business operations may be affected by the Foreign Investment Law.” On December 30, 2019, the Ministry of Commerce of the PRC (中華人民共和國商務部) (the “MOFCOM”) and the State Administration for Market Regulation (國家市場監督管理總局) (the “SAMR”) jointly promulgated the Measures for Reporting of Information on Foreign Investment (外商投資信息報告辦法), which came into effect on January 1, 2020 and pursuant to which, the establishment of the foreign invested enterprises, including establishment through purchasing the equities of a domestic enterprise or subscribing to the increased capital of a domestic enterprise, and its subsequent changes are required to submit an initial or change report through the Enterprise Registration System.

Pursuant to the FIL, China has adopted a system of national treatment which includes a negative list with respect to foreign investment administration. The negative list will be issued by, amended or released upon approval by the State Council, from time to time. The negative list will set forth industries in which foreign investments are prohibited and industries in which foreign investments are restricted. Foreign investment in prohibited industries is not allowed, while foreign investment in restricted industries must satisfy certain conditions stipulated in the negative list. Foreign investments and domestic investments in industries outside the scope of the prohibited industries and restricted industries stipulated in the negative list will be treated equally. The Special Administrative Measures

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(Negative List) for the Access of Foreign Investment (2020 Version) (外商投資准入特別管理措施 (負面清單) (2020年版)) (the “**Negative List**”), which were promulgated by the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會) (the “**NDRC**”) and the MOFCOM on June 23, 2020 and became effective on July 23, 2020, and the Catalog of Industries for Encouraging Foreign Investment (2019 Version) (鼓勵外商投資產業目錄 (2019年版)) (the “**Encouraging Catalog**”), which was promulgated by the NDRC and the MOFCOM on June 30, 2019 and became effective on July 30, 2019, replaced previous negative list and encouraging catalog and list the categories of encouraged, restricted, and prohibited industries. Those not listed are permitted industries. Pursuant to the Negative List, value-added telecommunication services are restricted industries, while other businesses operated by us in China do not fall into the restricted or prohibited categories.

REGULATIONS ON VALUE-ADDED TELECOMMUNICATION SERVICES

Pursuant to the Telecommunications Regulations of the PRC (中華人民共和國電信條例) (the “**Telecommunications Regulations**”) promulgated by the State Council on September 25, 2000, amended on July 29, 2014 and February 6, 2016, which provides a regulatory framework for telecommunications services providers in the PRC, telecommunications services are categorized into basic telecommunications services and value-added telecommunications services and the telecommunications services providers are required to obtain operating licenses prior to the commencement of their operations. Pursuant to the Catalog of Telecommunications Business (2015 version) (電信業務分類目錄(2015年版)), Internet data center business and information services we provided are classified as value-added telecommunications services.

The Administrative Measures on Internet Information Services (互聯網信息服務管理辦法) (the “**Internet Measures**”) which was promulgated by the State Council on September 25, 2000 and amended on January 8, 2011, set out guidelines on the provision of Internet information services. The Internet Measures classified Internet information services into commercial Internet information services and non-commercial Internet information services and a commercial Internet information services provider must obtain a value-added telecommunications business operating license from the appropriate telecommunications authorities. The content of the Internet information is highly regulated in the PRC and pursuant to the Internet Measures, the Internet information services operators are required to monitor their websites. They may not produce, reproduce, disseminate or broadcast Internet content that contains content that is prohibited by laws or administrative regulations and must stop providing any such content on their websites. The PRC government may order the ICP License holders that violate the content restrictions to correct those violations and revoke their ICP Licenses.

Pursuant to the Regulations for the Administrative of Foreign-Invested Telecommunications Enterprises (revised in 2016) (外商投資電信企業管理規定 (2016修訂)), which was promulgated by the State Council on December 11, 2001 and amended on September 10, 2008 and February 6, 2016, the foreign-invested value-added telecommunications enterprises in the PRC are required to be established as sino-foreign equity joint ventures, which the foreign investors may acquire up to 50% of the equity interests of such enterprise. In addition, the main foreign investor who invests in a foreign-invested value-added telecommunications enterprise operating the value-added telecommunications business in the PRC must demonstrate a good track record and experience in operating a value-added telecommunications business. Moreover, foreign invested enterprises that meet these requirements must obtain approvals from the Ministry of Industry and Information Technology of the PRC (the “**MIIT**”) for its commencement of value-added telecommunications business in the PRC.

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On July 13, 2006, the Ministry of Information Industry of the PRC (the “**MIIT**”, which is the predecessor of MIIT) promulgated the Circular on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business (關於加強外商投資經營增值電信業務管理的通知) (the “**MIIT Circular**”), pursuant to which, a domestic company that holds a value-added telecommunications business operation licenses is prohibited from leasing, transferring or selling the license to foreign investors in any form, and from providing any assistance, including providing resources, sites or facilities, to foreign investors that conduct value-added telecommunications business illegally in China. In addition, under the MIIT Circular, the Internet domain names and registered trademarks used by a foreign-invested value-added telecommunications service operator shall be legally owned by that operator or its shareholders.

One of our Consolidated Affiliated Entities, Yidu Cloud Guizhou, has obtained value-added telecommunication business operation license for internet resource collaborative services, or IDC License. One of our Consolidated Affiliated Entities, Yidu Cloud Beijing, has obtained IDC License and value-added telecommunication business operation license for provision of internet information services, or ICP License. One of our Consolidated Affiliated Entities, Yidu Cloud Nanjing, has obtained value-added telecommunication business operation license for providing internet information services. One of our Consolidated Affiliated Entities, Beijing Causa Health has obtained value-added telecommunication business operation license for providing internet information services and online data processing and transaction processing business.

REGULATIONS RELATING TO MEDICAL AND PHARMACEUTICAL INDUSTRY

Regulations on Internet Hospitals

Pursuant to the Measures for the Administration of Internet Hospitals (for Trial Implementation) (互聯網醫院管理辦法(試行)) promulgated and effective on July 17, 2018 and partly amended on September 28, 2018 (the “**Internet Hospital Rules**”), the state will grant medical institution practicing licenses to internet hospitals in accordance with the Administrative Regulations on Medical Institutions (醫療機構管理條例) promulgated by the State Council on February 26, 1994, effective on September 1, 1994 and amended on February 6, 2016, and the Implementing Rules for the Administrative Regulations on Medical Institutions (醫療機構管理條例實施細則) promulgated on August 29, 1994, effective on September 1, 1994 and amended on November 1, 2006, June 24, 2008, April 1, 2017 (collectively the “**Medical Institution Rules**”). The health administrative department and competent department of traditional Chinese medicine under the State Council are responsible for supervision and administration of Internet hospitals nationwide. Pursuant to the Internet Hospital Rules, there are two types of internet hospitals, i.e. physical hospitals with internet hospital as their secondary name and internet hospitals set up independently based on physical hospitals. A physical hospital, after obtaining approval for adding internet hospital as its secondary name in its medical institution practicing license, may set up online platform by itself or with third parties and use doctors registered within itself or other medical institutions to provide online consultation and diagnosis service. If the physical hospital cooperates with third parties to set up the online platform, cooperation agreement with such third parties shall be provided for the secondary name application. For this type of internet hospitals, the physical hospitals will be legally liable for medical activities and the cooperating third parties will take responsibilities in accordance with the cooperation agreements. The other type of internet hospitals, i.e. internet hospitals set up independently based on physical hospitals, refer to institutions applied for and obtained a separate medical institution practicing license for internet hospital. Such institutions must cooperate with a physical hospital to apply for the separate practicing license and will be a medical

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institution independently liable for medical activities after obtaining the practicing license. Internet hospitals shall adopt information security protection measures for Level 3 information system in accordance with relevant information security laws and regulations, including completion of filings with local public security authorities. Doctors can only offer diagnosis services through internet hospitals for patients that have been diagnosed with certain common or chronic diseases, unless the patients are in physical hospitals and the doctors in the physical hospital invites other doctors to offer diagnosis services through internet hospital. The Medical Institution Rules set out the regulatory framework for the management and operation of the medical institutions. The operation of Internet hospitals shall comply with Medical Institution Rules.

We have been cooperating with a physical hospital in Guiyang city, Guiyang Wudang Innovation Community Health Service Centre (貴陽烏當創新社區衛生服務中心), for internet hospital business. It is a local hospital established in 2018 and a designated hospital of basic medical insurance in Guizhou province with basic healthcare and public health functions. It provides medical treatment, disease prevention, health management, rehabilitation and health education services within the community. It has added internet hospital as its secondary name since it started cooperation with us in establishing the internet hospital. We entered into a cooperation agreement with the hospital in October 2019. Pursuant to this agreement, we obtained government approval and established an internet hospital in December 2019. We were solely responsible for the development and daily maintenance of the technology platform, and we authorized the internet hospital to use the intellectual properties developed by us. The partnering physical hospital does not bear the cost. We operate the internet hospital under our own “CausaHealth” brand. We do not pay any fee or compensation to the partnering physical hospital until the internet hospital becomes profitable. In the first year when the internet hospital becomes profitable, we will discuss the revenue and cost sharing scheme with the partnering physical hospital. The agreement does not limit us from cooperating with other physical hospitals to establish more internet hospitals, and we plan to explore other opportunities to expand our internet hospital business.

Regulations on Drugs Research Services

Pursuant to the Drug Administration Law of the PRC (中華人民共和國藥品管理法) (the “**Drug Administration Law**”) promulgated by the SCNPC on September 20, 1984 and effective on July 1, 1985, amended on December 1, 2001, December 28, 2013, April 24, 2015 and December 1, 2019, institutions and persons that are engaged in drug development activities shall abide by the good practices for non-clinical drug research and for clinical drug trials, and ensure that drug development complies with statutory requirements throughout the whole process. Institutions and persons that carry out a clinical drug trial shall comply with ethical principles and develop a clinical trial scheme for approval upon review by the relevant ethics committee. Pursuant to the Good Clinical Practice for Drug Trials (藥物臨床試驗質量管理規範) (the “**GCP**”) promulgated by the China Food and Drug Administration (the “**CFDA**”, part of which has been replaced by the National Medical Products Administration (the “**NMPA**”)) on August 6, 2003 and effective from September 1, 2003, and amended on July 1, 2020 by the NMPA and the National Health Commission (the “**NHC**”), which is a quality standard for the whole process of clinical drug trials involving protocol design, organization, implementation, monitoring, auditing, recording, analysis, summary and reporting, and shall be complied with during clinical drug trial, a sponsor shall clarify each party’s responsibilities before such party participates in the clinical trial and indicate such responsibilities in the contract executed with such party.

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On April 3, 2019, the NHC promulgated the Notice on Implementing Drug Use Monitoring and Comprehensive Clinical Evaluation (關於開展藥品使用監測和臨床綜合評價工作的通知), pursuant to which, the state intends to build up the network of drug use monitoring with the functions of collection, statistics analysis and sharing of drug use information, and also to promote the implementation of comprehensive clinical evaluation in a scientific method, using the real world healthcare data, among others, to organize the data and conduct the quantitative and qualitative analysis.

Regulations on Pharmaceutical Operation

Pursuant to the Drug Administration Law, enterprises that are engaged in drug wholesale activities shall obtain a pharmaceutical operation permit from the competent medical products administration at the provincial level. Enterprises that are engaged in drug retail activities shall obtain a pharmaceutical operation permit from the competent medical products administration at or above the county level. The Implementation Regulations for the Drug Administration Law of the PRC (中華人民共和國藥品管理法實施條例) was promulgated by the State Council on August 4, 2002, amended on February 6, 2016 and March 2, 2019, which emphasized the rules of the Drug Administration Law and provides the detailed implementation rules of drugs administration. The CFDA promulgated the Administrative Measures for Pharmaceutical Operation Permit (藥品經營許可證管理辦法) on February 4, 2004 and amended on November 17, 2017, which provides the procedures and the qualifications for the application of pharmaceutical operation permits. An indirect wholly-owned subsidiary of our Company, Jiangxi Zhengyuan, has obtained a pharmaceutical operation permit.

Pursuant to the Administrative Measures on Drug Information Service over the Internet (互聯網藥品信息服務管理辦法) promulgated by CFDA on July 8, 2004 and amended on November 17, 2017, the Internet drug information service, i.e. provision of information of drugs and medical devices through the Internet, is classified into commercial Internet drug information services and non-commercial Internet drug information services. If any entity intends to provide Internet drug information services, it shall, prior to applying for ICP license or filing, file an application with the drug administration department at provincial level, and obtain an Internet drug information services operation license. One of our Consolidated Affiliated Entities, Beijing Causa Health, has obtained an Internet drug information services operation license.

Regulations on Medical Devices

The Measures on the Supervision and Administration of the Business Operations of Medical Devices (revised in 2017) (醫療器械經營監督管理辦法(2017年修正)) (the “**Measures on Medical Devices**”), which was promulgated on July 30, 2014 and amended on November 17, 2017, apply to any business activities of medical devices as well as the supervision and administration thereof conducted within the territory of the PRC. Pursuant to the Measures on Medical Devices, CFDA shall be responsible for the supervision and administration of nationwide business operations concerning medical devices. Medical devices are divided into three classes depending on the degree of risks of medical devices. Entities engaged in distribution of Class III medical devices shall obtain a medical device operating license and entities engaged in distribution of Class II medical devices shall complete filings with the competent local NMPA, while entities engaged in distribution of Class I medical devices are not required to conduct any filing or obtain any license. In addition, Class II and Class III medical devices shall be registered with the NMPA or its local counterpart, while Class I devices shall be filed with the competent local NMPA. Certain subsidiaries and Consolidated Affiliated Entities of us have obtained a medical device operating license or completed filing for sales of Class II medical devices.

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REGULATIONS ON INSURANCE BROKERAGE

The legal framework for monitoring and administering insuring activities within the territory of the PRC is underpinned by laws and regulations including the Insurance Law of the PRC (中華人民共和國保險法) (the “**Insurance Law**”) promulgated by the SCNPC on June 30, 1995, effective on October 1, 1995 and last amended on April 24, 2015, and administrative regulations, departmental provisions and other regulatory documents stipulated in accordance with the Insurance Law.

Regulations on Insurance Brokerage Business

The Insurance Law provides that an insurance broker is a company that provide intermediary services to insurance policyholders in consideration of commissions in the process of insurance contract formation with insurance companies.

The Provisions on the Regulation of Insurance Brokers (保險經紀人監管規定) (the “**Insurance Brokers Provisions**”), which was promulgated by China Insurance Regulatory Commission (the “**CIRC**”, which has been merged into China Banking and Insurance Regulatory Commission (the “**CBIRC**”)) on February 1, 2018 and became effective on May 1, 2018, specify provisions regarding market access, operation rules, exit from market, industry self-discipline, monitoring and inspection and legal obligations for insurance brokers.

Pursuant to the Insurance Law and the Insurance Brokers Provisions, to operate insurance brokerage business within the territory of the PRC, an insurance broker shall satisfy the requirements stipulated by the CIRC and obtain a license to operate insurance brokerage business. The minimum paid-in registered capital of an insurance broker that conducts business within the province it is registered is RMB10 million, while the minimum paid-in registered capital of a cross-province insurance broker is RMB50 million. The registered capital of an insurance broker must be fully paid in cash by shareholders using their self-owned, true and lawful funds instead of bank loans or other funds not owned by shareholders. In addition, an insurance broker shall set up a designated account book to record the income and expenditure of the insurance brokerage business. An insurance broker shall open an independent designated account for client funds. The following funds shall only be deposited in the designated account for client funds: (i) insurance premiums paid by policyholders to insurance companies; and (ii) surrender value and pay-outs collected on behalf of policyholders, insured and beneficiaries. An insurance broker shall also open an independent account for commissions it collects.

In February 2013, the CIRC issued the Opinions of the China Insurance Regulatory Commission on Further Exerting the Role of Insurance Brokerage Companies on Promoting the Insurance Innovation (中國保監會關於進一步發揮保險經紀公司促進保險創新作用的意見), pursuant to which the insurance companies and insurance brokerage companies are encouraged to cooperate with each other in development and innovation of insurance products.

One of our Consolidated Affiliated Entities, Century Kangtai Insurance, has obtained an insurance brokerage operation license.

Regulation on Internet Insurance Business

In July 2015, the CIRC issued the Interim Measures for the Regulation of Internet Insurance Business (互聯網保險業務監管暫行辦法) (the “**Internet Insurance Interim Measures**”), pursuant to which no institutions or individuals other than insurance institutions (namely, insurance companies, insurance

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agency companies, insurance brokerage companies and other qualified insurance intermediaries) may engage in the internet insurance business. Under the Internet Insurance Interim Measures, insurance institutions are allowed to conduct internet insurance business through both self-operated online platforms and third-party online platforms. Self-operated online platforms refer to online platforms set up by insurance institutions. Third-party online platforms refer to online platforms providing network supporting services for internet insurance business activities of insurance consumers and insurance institutions. Both self-operated online platforms and third-party online platforms are required to meet certain conditions and are subject to certain requirements. For example, both platforms must obtain relevant value-added telecommunication licenses or complete internet content provider filings, as applicable, and have network access within the territory of the PRC; and insurance institutions are prohibited from cooperating with third-party online platforms that do not meet those conditions. Both types of online platforms shall accurately disclose the information of insurance products required by laws and regulations, and shall not make any false representations, exaggerate previous achievements, illegally promise earnings or undertake to bear losses, or provide other misleading descriptions. In addition, several rules exist especially for third-party online platforms. For example, third-party online platforms, which have not obtained the insurance business license, are only allowed to provide network supporting services, and shall not provide any internet insurance business such as sales, underwriting, settlement of claims, and cancelation of insurance, complaints and customer services. Also, third-party online platforms are not allowed to collect premiums on behalf of the insurance institutions; the premiums paid by insurance customers are required to be directly transferred to the special account designated for the premium income of the insurance institutions.

REGULATIONS ON HEALTH BIG DATA AND INFORMATION SECURITY AND DATA PRIVACY

Regulations on Health Big Data

On June 21, 2016, the General Office of the State Council promulgated the Guiding Opinions on Promoting and Regulating the Application and Development of Healthcare Big Data (國務院辦公廳關於促進和規範健康醫療大數據應用發展的指導意見), which stipulates that the big data on health and medical treatment is a significant fundamental strategic resource and the State is to promote the sharing and disclosure of big data resources on health and medical treatment, encourage medical and health institutions to promote the collection and storage of big data on health and medical treatment, enhance application support and technical support for operation and maintenance, unblock the data resource sharing channels, accelerate the construction and perfection of an underlying database focusing on electronic health records, electronic medical records, and electronic prescriptions of residents, deepen the application of big data on health and medical treatment in all respects, and a mechanism for sharing healthcare big data among various governmental authorities, including health authorities, shall be established.

On April 25, 2018, the General Office of the State Council promulgated the Opinions on Promoting the Development of “Internet + Healthcare” (國務院辦公廳關於促進“互聯網+醫療健康”發展的意見), which stipulates that (i) all regions and all relevant departments shall coordinate and push forward the construction of a unified, authoritative and interconnected all-citizen health information platform, gradually connect it with the national data sharing and exchange platform, strengthen the collection of population, public health, medical services, medical security, drug supply, comprehensive management and other data, smooth out data sharing channels among departments, regions and industries, and promote the sharing and application of the health information of all citizens; (ii) the State shall speed

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up the establishment of basic resources information databases and improve total population, electronic health records, electronic medical records and other databases, shall vigorously raise the level of information technology application in medical institutions, and all hospitals at or above the second level shall improve the functions of their hospital information platforms, integrate their various system resources, and improve the efficiency of hospital management. Level-three hospitals must realize the exchange and sharing of their medical service information within the hospital by 2020, and hospitals with the right conditions may realize this goal as early as possible.

The NHC promulgated the Notice on Issuance of Evaluation and Criteria for the Application Level of Electronic Medical Record System (Trial Implementation) (關於印發電子病歷系統應用水平分級評價管理辦法(試行)及評價標準(試行)的通知) on December 3, 2018 to promote the information construction of electronic medical records system, which stipulates the authorities, principles, procedures and criteria of the evaluation for the application level of electronic medical record system of the medical institutions.

Regulations on Information Security and Data Privacy

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

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

On November 7, 2016, the SCNPC promulgated the Cyber Security Law of the PRC (中華人民共和國網絡安全法) (the “**Cyber Security Law**”), which became effective on June 1, 2017. The Cyber Security Law requires network operators to perform certain functions related to cyber security protection and strengthen the network information management. For instance, under the Cyber Security Law, network operators of key information infrastructure generally shall, during their operations in the PRC, store the personal information and important data collected and produced within the territory of the PRC. When collecting and using personal information, in accordance with the Cyber Security Law, network operators shall abide by the “lawful, justifiable and necessary” principles. The network operator shall collect and use personal information by announcing rules for collection and use, expressly notify the purpose, methods and scope of such collection and use, and obtain the consent of the person whose personal information is to be collected. The network operator shall neither collect the personal information unrelated to the services they provide, nor collect or use personal information in violation of the provisions of laws and administrative regulations or the agreements with such persons, and shall process the personal information they store in accordance with the provisions of laws and

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administrative regulations and agreements reached with such persons. Network operator shall not disclose, tamper with or destroy personal information that it has collected, or disclose such information to others without prior consent of the person whose personal information has been collected, unless such information has been processed to prevent specific person from being identified and such information from being restored. Each individual is entitled to require a network operator to delete his or her personal information if he or she finds that collection and use of such information by such operator violate the laws, administrative regulations or the agreement by and between such operator and such individual; and is entitled to require any network operator to make corrections if he or she finds errors in such information collected and stored by such operator. Such operator shall take measures to delete the information or correct the error. Any individual or organization may neither acquire personal information by stealing or through other illegal ways, nor illegally sell or provide personal information to others.

On July 12, 2018, the National Health Commission promulgated the Administrative Measures on Standards, Security and Services of National Healthcare Big Data (for Trial Implementation) (國家健康醫療大數據標準、安全和服務管理辦法(試行)) (the “**Measures on Healthcare Big Data**”), which became effective on the same day. The Measures on Healthcare Big Data set out the guidelines and principles for standards management, security management and services management of healthcare big data. Pursuant to the Measures on Healthcare Big Data, the healthcare data produced by the PRC citizens in the PRC can be managed and used by the state for the purposes of the state strategic safety and the benefits of the life and health of the PRC citizens, provided that the state guarantees the PRC citizens their respective right of information, usage and personal privacy. The National Health Commission (including National Administration of Traditional Chinese Medicine) shall establish mechanism for healthcare big data sharing, promote healthcare big data sharing and exchange, and lead the establishment of platform for the submission of the healthcare data, the catalog system of information resources and the system for information exchange. The National Health Commission with other relevant authorities shall be responsible for administration of healthcare big data nationwide together and each health authority above county level together with other relevant authorities shall be responsible for administration of healthcare big data within its jurisdiction. Medical institutions and relevant enterprises, including those entrusted by medical institutions to storage or operate healthcare big data, shall, among other things, take measures such as data classification, data backup and encryption to ensure data security, and provide secured channels for information inquiries and copying. Medical institutions and relevant enterprises shall also comply with laws and regulation on classified protection of cyber security and cybersecurity reviews. When selecting a service provider of healthcare big data, the medical institution shall ensure that the provider complies with national and industrial regulations and rules such as Cyber Security Law, Measures on Healthcare Big Data, Measures for Cybersecurity Review (網絡安全審查辦法), and Administrative Measures for the Graded Protection of Information Security (信息安全等級保護管理辦法), is competent in carrying out the relevant regulations, systems and standards such as Information Security Technology—Personal Information Security Guidelines (信息安全技術-個人信息安全規範), Information Security Technology—Guide for De-Identifying Personal Information (信息安全技術個人-信息去標識化指南), and the National Standard on Information Technology—Evaluation Indicators for Data Quality (GB/T 36344-2018) (信息技術-資料品質評價指標), and guaranteeing data security, and has established systems for data security management, personal privacy protection and emergency response management.

On April 13, 2020, the Cyberspace Administration of China, NDRC and several other administrations jointly promulgated the Measures for Cybersecurity Review (網絡安全審查辦法) (the “**Review Measures**”), which became effective on June 1, 2020. The Review Measures establish the basic

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framework for national security reviews of network products and services, and provide the principle provisions for undertaking cyber security reviews.

On June 22, 2007, the Ministry of Public Security, the National Administration of State Secrets Protection, the State Cipher Code Administration and the Information Office of the State Council (repealed) promulgated the Administrative Measures for the Graded Protection of Information Security (信息安全等級保護管理辦法) (the “**Measures for the Graded Protection**”), effective from June 22, 2017, pursuant to which, graded protection of the state information security shall follow the principle of “independent grading and independent protection”. The entities operating the information systems shall determine the security protection grade of the information system pursuant to the Measures for the Graded Protection and the Guidelines for Grading of Classified Protection of Cyber Security (網絡安全等級保護定級指南) (the “**Guidelines for Grading**”), and report the grade to the relevant department for examination and approval. For an information system determined to be Grade II or above, its operator shall make the record filing with relevant public security departments. Pursuant to the Guidelines for Grading, the grading of the classified protection of the information systems are determined based on two elements, namely what can be affected and how serious the consequences would be, if the information systems are damaged. The Guidelines for Grading stipulate the procedures of the grading and specify the methods to grade the information system, including how to determine what can be affected and the degree of impact. In consistent with the provisions set out in the Guidelines for Grading, the Measures for the Graded Protection stipulate that the security protection grade of an information system shall be determined according to such factors as its level of importance in national security, economic development and social livelihood as well as its level of damage to national security, social order, public interests and the legitimate rights and interests of citizens, legal persons and other organizations in case it is destroyed, according to which, the security protection grade of an information system may be classified into the following five grades: (i) the Grade I information system, the destruction of which will cause damage to the legitimate rights and interests of citizens, legal persons and other organizations, but will cause no damage to national security, social order or public interests; (ii) the Grade II information system, the destruction of which will cause material damage to the legitimate rights and interests of citizens, legal persons and other organizations or cause damage to social order and public interests, but will not cause damage to national security; (iii) the Grade III information system, the destruction of which will cause material damage to social order and public interests or will cause damage to national security; (iv) the Grade IV information system, the destruction of which will cause particularly material damage to social order and public interests or will cause material damage to national security; and (v) the Grade V information system, the destruction of which will cause particularly material damage to national security. The entities operating information systems shall protect information systems pursuant to the Measures for the Graded Protection and the relevant technical standards and the state departments in charge of the supervision and administration of information security shall supervise and administer the graded protection work conducted by such entities. After the security protection grade of an information system is determined, its operator shall, in accordance with the norms for the administration of the graded protection of state information security and the relevant technical standards, use information technology products that conform to the relevant state provisions and satisfy the requirements on the protection grade for the security construction or reconstruction of the information system. In the process of constructing an information system, its operator shall synchronously construct the information security facilities that satisfy the requirements of the protection grade of the information system pursuant to certain technical standards. The entities operating an information system shall also formulate a security management system satisfying the requirements of the protection grade of the

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information system. After the information system is completed, the operators shall choose an assessment agency to conduct assessment on the security grade status of the information system on a regular basis and also shall conduct self-inspections on the security status of the information system and the implementation of the security protection system and relevant measures on a regular basis. Our Consolidated Affiliated Entities, Yidu Cloud Guizhou and Yidu Cloud Beijing, have obtained information system security graded protection filing records for their respective information system.

On December 29, 2017, the General Administration of Quality Supervision, Inspection and Quarantine of the PRC (the “**QSIQ**”, part of which has been incorporated to form the SAMR) and the PRC Standardization Administration jointly promulgated the Information Security Technology—Personal Information Security Guidelines (信息安全技術-個人信息安全規範) (the “**Personal Information Security Guidelines**”), which became effective on May 1, 2018. The Personal Information Security Guidelines are not laws but voluntary national standards widely cited by regulatory authorities as reference in their enforcement activities. Pursuant to the Personal Information Security Guidelines, after collecting the personal information, the controller of the personal information shall immediately conduct the data de-identification, implement the technical and administrative measures to store separately the de-identified data and the data which may be used to recover the identity of the persons and make sure not to identify the persons in the subsequent process of processing the personal information data.

On August 30, 2019, the SAMR and the PRC Standardization Administration jointly promulgated On Information Security Technology—Guide for De-Identifying Personal Information (信息安全技術-個人信息去標識化指南) (the “**De-Identifying Guidelines**”), which became effective on March 1, 2020. The De-Identifying Guidelines are not laws but voluntary national standards widely cited by regulatory authorities as reference in their enforcement activities. The De-Identifying Guidelines set forth the goals and principles of de-identifying and elaborate the methods and process of de-identifying from the technical perspective.

On June 7, 2018, the SAMR and the PRC Standardization Administration jointly promulgated the National Standard on Information Technology - Evaluation Indicators for Data Quality (GB/T 36344-2018) (信息技術-資料品質評價指標) (the “**Standard on Evaluation Indicators**”), which became effective on January 1, 2019. The Standard on Evaluation Indicators are not laws but voluntary national standards widely cited by regulatory authorities as reference in their enforcement activities. Pursuant to the Standard on Evaluation Indicators, the evaluation for data quality shall be made based on several indicators, including without limitation (i) to what extent the data is in compliance with data standard, data model, operating rules, metadata, data from the authorities or securities rules; (ii) to what extent the data is complete; (iii) how accurate the data is; (iv) how consistent the data is with other data used in different places or by different users; (v) number and frequency of records of the data based on time periods; and (vi) to what extent the data can be accessed. The Standard on Evaluation Indicators also elaborate the detailed technical standards for the foregoing evaluation indicators.

Besides the foregoing national standards, there are some other national standards, which are not laws but voluntary national standards widely cited by regulatory authorities as reference in their enforcement activities, including without limitations, (i) Classified Criteria for Security Protection of Computer Information System (計算機信息系統安全保護等級劃分准則) (GB17859-1999) , which specifies requirements on access control, labelling, identity verification, audit, object reuse, data integrity, covert channel analysis, trusted path and trusted recovery of information systems of different

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grades, (ii) Computer information system Information Security Technology—Grading of Classified Protection of Information Systems and the Information Security Technology Guidelines for Grading of Classified Protection of Cyber Security (信息安全技術-網絡安全等級保護定級指南) (GB/T 22240-2020), which specifies grading standards, methods and work flows with respect to classification of information systems, (iii) Information Security Technology—Implementation Guide for Classified Protection of Cybersecurity (信息安全技術-網絡安全等級保護實施指南) (GB/T 25058-2019), which provides the implementing principles with respect to the grading, overall security planning, security design and implementation, security operation and maintenance, and operation termination of information systems and the tasks and roles of system operators, cybersecurity service providers, cybersecurity products suppliers and the inspection and testing institutions in the aforementioned steps, (iv) Information Security Technology—Baseline for Classified Protection of Cybersecurity (信息安全技術-網絡安全等級保護基本要求) (GB/T 22239-2019), which provides requirements on the physical environment, communication network, security border control, security computing environment, security management center, security management regimes, security management department and personnel, security system construction and security operation and maintenance of information systems of different grades, (v) Information Security Technology—Technical Requirements of Security Design for Classified Protection of Cybersecurity (信息安全技術-網絡安全等級保護安全設計技術要求) (GB/T 25070-2019), which provides the security design requirements for information systems of different grades, (vi) Information Security Technology—Technical Requirements of Security Design for Classified Protection of Cybersecurity (信息安全技術-資訊系統安全管理要求) (GB/T 20269-2006), which specifies the requirements on the security strategy and regimes, institution and personnel, risk management, environment and resources, operation and maintenance, business continuity management, supervision and inspection and lifecycle management of information systems of different grades, (vii) Information Security Technology—Evaluation Requirement for Classified Protection of Cybersecurity (信息安全技術-網絡安全等級保護測評要求) (GB/T 28448-2019), which specifies the evaluation principles, evaluation content, evaluation intensity, evaluation unit, and production of evaluation result and overall evaluation requirements on information systems of different grades, (viii) Information Security Technology—Security Capability Requirements for Big Data Services (信息安全技術-大數據服務安全能力要求) (GB/T 35274-2017), which specifies basic security requirements on the data assets, system assets, organization and personnel, strategic planning and management, data supply chains and compliance managements of big data service providers and the requirements for big data services with respect to the collection, transmission, storage, processing, exchange and destroy of data, and (ix) Information Security Technology—Guide for Health Information Security (信息安全技術-健康醫療資訊安全指南) (Draft for Public Comments), which specifies the data protection requirements for medical and health data throughout data lifecycle and under different usage contexts.

On May 8, 2017, the Supreme People’s Court and the Supreme People’s Procuratorate released the Interpretations of the Supreme People’s Court and the Supreme People’s Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens’ Personal Information (最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋) (the “**Interpretations**”), effective from June 1, 2017. The Interpretations clarify several concepts regarding the crime of “infringement of citizens’ personal information” stipulated by Article 253A of the Criminal Law of the PRC (中華人民共和國刑法), including “citizens’ personal information”, “violation of relevant national provisions”, “provision of citizens’ personal information” and “illegally obtaining any citizen’s personal information by other methods”. In addition, the Interpretations specify the standards for determining “serious circumstances” and “particularly serious circumstances” of this crime.

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Pursuant to the Regulations for Medical Institutions on Medical Records Management (醫療機構病歷管理規定) promulgated on November 20, 2013, and effective from January 1, 2014, the medical institutions and medical practitioners shall strictly protect the privacy information of patients, and any leakage of patients' medical records for non-medical, non-teaching or non-research purposes is prohibited. Pursuant to the Standards for the Management of Electronic Medical Records (for Trial Implementations) (電子病歷應用管理規範(試行)) promulgated on February 15, 2017 and effective from April 1, 2017, outpatient or emergency medical records shall be kept for no less than 15 years from the date when patients see a doctor for the last time if such electronic medical records are kept by the medical institutions; and medical records for hospitalized patients shall be kept for no less than 30 years from the date when patients are discharged from hospital for the last time.

Pursuant to the Law of the PRC on Guarding State Secrets (Revised in 2010) (中華人民共和國保守國家秘密法 (2010修訂)), the regulators and policy makers shall mark state secret on all the media that carry information related to state secrets, while the information does not involve state secrets, it shall not be marked as state secrets. When engaged in the aforementioned business, the Company did not see any state secret mark on the media.

REGULATIONS ON M&A RULES AND OVERSEAS LISTING

On August 8, 2006, six PRC regulatory agencies, including the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the STA, the SAMR, China Securities Regulatory Commission (the “CSRC”) and the State Administration of Foreign Exchange (the “SAFE”), issued the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (關於外國投資者並購境內企業的規定)(the “M&A Rules”), which took into effect on September 8, 2006 and was amended by the MOFCOM on June 22, 2009. The M&A Rules, among other things, require that if an overseas company established or controlled by PRC companies or individuals intends to acquire equity interests or assets of any other PRC domestic company affiliated with such PRC companies or individuals, such acquisition must be submitted to MOFCOM for approval. The M&A Rules also require offshore special purpose vehicles formed for overseas listing purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals, to obtain the approval of CSRC prior to publicly listing their securities on an overseas stock exchange. After the FIL and its implementation regulations became effective on January 1, 2020, the provisions of the M&A Rules remain effective to the extent they are not inconsistent with the FIL and its implementation regulations.

On August 30, 2007, the SCNPC promulgated the Anti-monopoly Law of the PRC (中華人民共和國反壟斷法) (the “Anti-monopoly Law”), which came into effect on August 1, 2008. Pursuant to the Anti-monopoly Law, where a foreign investor participates in the concentration of undertakings by merging and acquiring a domestic enterprise or by any other means, which involves national security, the matter shall be subject to review on national security as is required by the relevant state regulations, in addition to the merger clearance on the concentration of undertakings in accordance with the provisions of the Anti-monopoly Law.

On February 3, 2011, the General Office of the State Council promulgated the Notice of the General Office of State Council on Establishment of Security Review System Pertaining to Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (國務院辦公廳關於建立外國投資者並購境內企業安全審查制度的通知), which came into effect on March 4, 2011. On August 25, the MOFCOM promulgated the Rules of Ministry of Commerce on Implementation of Security Review System of

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Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (商務部實施外國投資者並購境內企業安全審查制度的規定), which became into effect on September 1, 2011. The foregoing notice or rules stipulate the scope, content, mechanism and procedures of the security review for mergers and acquisitions by foreign investors of domestic enterprises involved in the military or supporting industry, located near key and sensitive military facilities, related to national defence and security, or involved in key agricultural products, key energy and resources, vital infrastructure, important transportation services, core technologies, significant equipment manufacturing, etc which are related to national security.

REGULATIONS RELATING TO FOREIGN EXCHANGE CONTROL

Regulations on Foreign Currency Exchange

Pursuant to the Foreign Exchange Administrative Regulations of the PRC (中華人民共和國外匯管理條例) promulgated by the State Council on January 29, 1996, became effective on April 1, 1996 and last amended on August 5, 2008, Renminbi is freely convertible for payments of current account items such as trade and service-related foreign exchange transactions and dividend payments after the relevant financial institutions have reasonably examined the authenticity of the transactions and their consistency with foreign exchange receipts and payments, but are not freely convertible for capital expenditure items such as direct investment, loans or investments in securities outside the PRC unless the approval of the SAFE or its local counterparts is obtained in advance.

Pursuant to the Foreign Exchange Administrative Regulations of the PRC (中華人民共和國外匯管理條例) and the Circular of the State Administration of Foreign Exchange on Distributing the Administrative Measures for Registration of Foreign Debts (國家外匯管理局關於發佈《外債登記管理辦法》的通知) promulgated by the SAFE on April 28, 2013 and becoming effective on May 13, 2013, the state exercises scale management on the administration of foreign debts and foreign currency borrowings shall be handled in accordance with relevant provisions of the state and registered as foreign debts with the SAFE or its local counterparts. Pursuant to the Circular of the National Development and Reform Commission on Promoting the Administrative Reform of the Record-filing and Registration System for the Issuance of Foreign Debts by Enterprises (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知) promulgated by the NDRC on September 14, 2015, before the issuance of foreign debts with a term of more than one year, the enterprises shall first apply to the NDRC for the handling of the record-filing and registration procedures and shall report the information on the issuance to the NDRC within 10 business days of completion of each issuance.

On March 30, 2015, the SAFE promulgated the Circular on Reforming the Administration Measures on Conversion of Foreign Exchange Registered Capital of Foreign-invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知) (the “**SAFE Circular 19**”), which took into effect on June 1, 2015 and replaced the Circular on Issues Relating to the Improvement of Business Operations with Respect to the Administration of Foreign Exchange Capital Payment and Settlement of Foreign-invested Enterprises (國家外匯管理局關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知) (the “**SAFE Circular 142**”). The SAFE further promulgated the Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) (the “**SAFE Circular 16**”) on June 9, 2016, which, among other things, amended certain provisions of the SAFE Circular 19. SAFE Circular 19 and SAFE Circular 16 removed certain restrictions previously provided under SAFE Circular 142 on the conversion by a foreign-invested

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enterprise of its capital denominated in foreign currency into Renminbi and the use of such Renminbi and allowed foreign invested enterprises to settle their foreign currency-denominated capital at their discretion based on actual needs of their business operations. According to the SAFE Circular 19 and the SAFE Circular 16, the flow and use of the Renminbi capital converted from foreign currency denominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope. Violations of the SAFE Circular 19 or the SAFE Circular 16 could result in administrative penalties.

On January 26, 2017, the SAFE promulgated the Notice on Improving the Check of Authenticity and Compliance to Further Promote Foreign Exchange Control (關於進一步推進外匯管理改革完善真實合規性審核的通知) (the “**SAFE Circular 3**”), which stipulates several capital control measures with respect to the outbound remittance of profit from domestic entities to offshore entities, including (i) under the principle of genuine transaction, banks shall check board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements; and (ii) domestic entities shall hold income to account for previous years’ losses before remitting the profits. Moreover, pursuant to the SAFE Circular 3, domestic entities shall make detailed explanations of the sources of capital and utilization arrangements, and provide board resolutions, contracts and other proof when completing the registration procedures in connection with an outbound investment.

On October 23, 2019, the SAFE promulgated the Circular of the State Administration of Foreign Exchange on Further Promoting Cross-border Trade and Investment Facilitation (國家外匯管理局關於進一步促進跨境貿易投資便利化的通知) (the “**SAFE Circular 28**”), which expressly allows foreign-invested enterprises that do not have equity investments in their approved business scope to use their capital obtained from foreign exchange settlement to make domestic equity investments as long as there is a truthful investment and such investment is in compliance with the foreign investment-related laws and regulations.

Regulations on Foreign Exchange Registration of Overseas Investment by PRC Residents

On July 4, 2014, the SAFE promulgated the Notice on Relevant Issues Relating to Domestic Residents’ Investment and Financing and Round-Trip Investment through Special Purpose Vehicles (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) (the “Circular 37”) for the purpose of simplifying the approval process, and for the promotion of the cross-border investment. Under the Circular 37, (1) before the PRC residents or entities conducting investment in offshore special purpose vehicles with their legitimate onshore and offshore assets or equities, they must register with local SAFE branches with respect to their investments; and (2) following the initial registration, they must update their SAFE registrations when the offshore special purpose vehicle undergoes material events relating to any change of basic information (including change of such PRC citizens or residents, name and operation term, increases or decreases in investment amount, transfers or exchanges of shares, or mergers or divisions).

The SAFE further promulgated the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Policies of Foreign Exchange Administration Applicable to Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知) (the “**SAFE Circular 13**”) on February 13, 2015, which came into effect on June 1, 2015 and allows PRC residents or entities to register with qualified banks in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. The SAFE and its branches shall perform indirect regulation over the foreign exchange registration via qualified banks.

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Failure to comply with the registration procedures set forth in the Circular 37 may result in restrictions being imposed on the foreign exchange activities of the relevant onshore company, including the payment of dividends and other distributions to its offshore parent or affiliate, and may also subject relevant PRC residents to penalties under PRC foreign exchange administration regulations. PRC residents who control the company from time to time are required to register with the SAFE in connection with their investments in the company. Moreover, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls.

Pursuant to the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知) promulgated by the SAFE on February 15, 2012, PRC citizens and non-PRC citizens residing in China for a continuous period of not less than one year with the exception of foreign diplomats in China and the representatives of any international organization in China, who participate in any stock incentive plan of an overseas publicly listed company, are required to register with SAFE through a domestic qualified agent and complete certain other procedures, unless certain exceptions are available. In addition, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests.

REGULATION ON INTELLECTUAL PROPERTY

Trademarks

Trademarks are protected by the PRC Trademark Law (中華人民共和國商標法) promulgated by the SCNPC on August 23, 1982 and subsequently amended on February 22, 1993, October 27, 2001 and August 30, 2013 as well as the Implementation Regulation of the PRC Trademark Law (中華人民共和國商標法實施條例) promulgated by the State Council on August 3, 2002 and amended on April 29, 2014. The Trademark Office of National Intellectual Property Administration (國家知識產權局商標局) (the “**Trademark Office**”) handles trademark registrations and grants a term of ten years to registered trademarks and another ten years if requested upon expiry of the first or any renewed ten-year term. Trademark registrant may license its registered trademark to another party by entering into a trademark license agreement. Trademark license agreements must be filed with the Trademark Office to be recorded, while the non-filing of the licensing of a trademark shall not be contested against a good faith third-party. The licensor shall supervise the quality of the commodities on which the trademark is used, and the licensee shall guarantee the quality of such commodities.

The PRC Trademark Law has adopted a “first-to-file” principle with respect to trademark registration. Where a trademark for which a registration has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a “sufficient degree of reputation” through such party’s use.

Domain Names

Internet domain name registration and related matters are primarily regulated by the Measures on Administration of Domain Names for the Chinese Internet (中國互聯網絡域名管理辦法) promulgated by the MII on November 5, 2004 and took into effect on December 20, 2004, which was superseded by

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the Measures on Administration of Internet Domain Names (互聯網域名管理辦法) promulgated by the MIIT on August 24, 2017 and took into effect on November 1, 2017, and the Implementing Rules on Registration of Domain Names (中國互聯網絡信息中心域名註冊實施細則) promulgated by China Internet Network Information Center and took into effect on May 29, 2012. Domain name owners are required to register their domain names and the MIIT is in charge of the administration of PRC Internet domain names. The domain name services follow a “first come, first file” principle. Applicants for registration of domain names shall provide their true, accurate and complete information of such domain names to and enter into registration agreements with domain name registration service institutions. The applicants will become the holders of such domain names upon the completion of the registration procedure.

Patents

According to the Patent Law of the PRC (Revision 2008) (中華人民共和國專利法 (2008年修訂)) promulgated by the SCNPC on December 27, 2008 and took into effect on October 1, 2009, and its Implementation Rules (Revision 2010) (中華人民共和國專利法實施細則 (2010年修訂)) promulgated by the State Council on January 9, 2010 and took into effect on February 1, 2010, the National Intellectual Property Administration is responsible for administering patents in the PRC. The patent administration departments of provincial or autonomous regions or municipal governments are responsible for administering patents within their respective jurisdictions. The Patent Law of the PRC and its implementation rules provide for three types of patents, “invention”, “utility model” and “design”. Invention patents are valid for twenty years, while design patents and utility model patents are valid for ten years, from the date of application. The Chinese patent system adopts a “first come, first file” principle, which means that where more than one person files a patent application for the same invention, a patent will be granted to the person who files the application first. To be patentable, invention or utility models must meet three criteria: novelty, inventiveness and practicability. A third party must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the use constitutes an infringement of the patent rights.

Copyright

Pursuant to the Copyright Law of the PRC (中華人民共和國著作權法) promulgated by the SCNPC on September 7, 1990, implemented on June 1, 1991 and amended on October 27, 2001 and February 26, 2010 (the latest revision became effective on April 1, 2010) and the Implementing Regulations of the Copyright Law of the PRC (中華人民共和國著作權法實施條例) promulgated by the State Council on August 2, 2002, amended on January 8, 2011 and January 30, 2013 (the latest revision became effective on March 1, 2013), the PRC nationals, legal persons, and other organizations shall, enjoy copyright in their works, whether published or not, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. The copyright owner enjoys various kinds of rights, including right of publication, right of authorship and right of reproduction.

Any work of a foreigner or stateless person which acquires copyright under an agreement concluded between the PRC and the country to which the author belongs or in which the author permanently resides, or under an international treaty to which both countries are parties, shall be protected by this Law. Any work of a foreigner or stateless person published for the first time and within the territory of the PRC shall acquire copyright in accordance with the relevant rules.

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REGULATIONS ON TAXATION

Enterprise Income Tax

According to the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法) (the “**EIT Law**”), which was promulgated by the SCNPC on March 16, 2007 and became effective on January 1, 2008 and amended on February 24, 2017 and December 29, 2018, and the Enterprise Income Tax Implementation Regulations of the PRC (中華人民共和國企業所得稅法實施條例) (the “**EITIR**”), which was promulgated by the State Council on December 6, 2007, became effective on January 1, 2008 and was amended on April 23, 2019, the enterprise income tax of both domestic and foreign-invested enterprises is unified at 25%. According to the EIT Law, enterprises are classified as “resident enterprises” and “non-resident enterprises”. Pursuant to the EIT Law and the EITIR, PRC resident enterprises typically pay an enterprise income tax at the rate of 25% while non-PRC resident enterprises without any branches in the PRC should pay an enterprise income tax in connection with their income from the PRC at the tax rate of 10% and enterprises established under the laws of foreign countries or regions whose “de facto management bodies” are located in the PRC are considered as PRC tax resident enterprises, and will generally be subject to enterprise income tax at the rate of 25% of their global income. The EITIR defines “de facto management bodies” as “establishments that carry out substantial and overall management and control over production and operations, personnel, accounting, and properties” of the enterprise.

Pursuant to the EIT Law, Enterprises qualified as “High and New Technology Enterprises” are entitled to a 15% enterprise income tax rate rather than the 25% uniform statutory tax rate. The preferential tax treatment continues as long as an enterprise can retain its “High and New Technology Enterprise” status. According to the Announcement of the State Taxation Administration on Issuing the Revised Measures for Handling Enterprise Income Tax Preferences (revised in 2018) (企業所得稅優惠政策事項辦理辦法 (2018修訂)), which was promulgated by the STA and came into effect on April 25, 2018, enterprises enjoying enterprise income tax preferences shall adopt the handling methods of “making independent judgment, declaring for enjoyment and retaining the relevant materials for future reference”. An enterprise shall, according to its operating condition and related tax provisions, independently determine whether it satisfies the conditions required for enterprise income tax preferences. Those who meet the conditions may independently calculate the tax deductions or exemptions according to the time listed in the Catalog for the Administration of Enterprise Income Tax Preferences (Revision 2017) (企業所得稅優惠事項管理目錄 (2017年版)), and enjoy tax incentives by filing enterprise income tax returns. Meanwhile, they shall, in accordance with the relevant provisions, collect and retain the relevant materials for future reference.

Dividends Withholding Tax

According to the EIT Law, dividends paid by foreign-invested companies to their foreign investors that are non-resident enterprises as defined under the law are subject to withholding tax at a rate of 10%, unless otherwise provided in the relevant tax agreements entered into with the central government of the PRC. Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) (the “**Double Tax Avoidance Arrangement**”) promulgated on August 21, 2006, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement, the withholding tax rate on the dividends the Hong Kong resident enterprise receives

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from a PRC resident enterprise may be reduced to 5% from 10% applicable under the EIT Law and the EITIR.

However, based on the Notice of the State Taxation Administration on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (國家稅務總局關於執行稅收協議股息條款有關問題的通知) promulgated and took into effect on February 20, 2009 by the STA, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment.

Based on the Notice of the State Taxation Administration on the Recognition of Beneficial Owners in Tax Treaties (國家稅務總局關於認定稅收協定中“受益所有人”有關問題的公告), which was promulgated by STA on February 3, 2018 and came into effect on April 1, 2018, a comprehensive analysis will be used to determine beneficial ownership based on the actual situation of a specific case combined with certain principles, and if an applicant was obliged to pay more than 50% of its income to a third country (region) resident within 12 months of the receipt of the income, or the business activities undertaken by an applicant did not constitute substantive business activities including substantive manufacturing, distribution, management and other activities, the applicant was unlikely to be recognized as an beneficial owner to enjoy tax treaty benefits.

Individual Income Tax

According to the PRC Individual Income Tax Law (Revised in 2018) (中華人民共和國個人所得稅法(2018年修訂)), which was promulgated by the SCNPC on August 31, 2018 and became effective on January 1, 2019 and the Implementing Regulations of the Individual Income Tax Law of the PRC (Revised in 2018) (中華人民共和國個人所得稅法實施條例(2018年修訂)), which was promulgated by the State Council on December 18, 2018 and became effective on January 1, 2019, dividends from sources within China paid to foreign individual investors who are not PRC residents are generally subject to a PRC individual income tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to 20% PRC individual income tax.

Value-added Tax and Business Tax

According to Provisional Regulations on Value-added Tax of the PRC (中華人民共和國增值稅暫行條例), which was promulgated by the State Council on December 13, 1993, came into effect on January 1, 1994, and was amended on November 5, 2008, February 6, 2016, November 19, 2017, and the Implementing Rules for the Interim Regulations on Value-added Tax of the PRC (中華人民共和國增值稅暫行條例實施細則) promulgated by Ministry of Finance (the “MOF”) on December 25, 1993 and amended on January 1, 2009 and November 1, 2011, organizations and individuals engaging in sale of goods or processing, repair and assembly services, sale of services, intangible assets, immovable and importation of goods in the PRC shall be taxpayers of Value-added Tax (the “VAT”), all enterprises and individuals that engage in the sale of goods, the provision of processing, repair and replacement services, the sale of services, intangible assets or immovable properties and the importation of goods within the territory of the PRC must pay value-added tax.

Since January 1, 2012, the MOF and the STA have implemented the Pilot Plan for Imposition of Value-Added Tax to Replace Business Tax (營業稅改征增值稅試點方案), which imposes VAT in lieu of business tax for certain “modern service industries” in certain regions and eventually expanded to

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nationwide application in 2013. In accordance with the Notice on Fully Launch of the Pilot Scheme for the Conversion of Business Tax to Value-Added Tax (關於全面推開營業稅改征增值稅試點的通知) which was issued by the MOF and the STA on March 23, 2016 and came into effect on May 1, 2016, the state started to fully implement the pilot change from business tax to value-added tax on May 1, 2016. All taxpayers of business tax in construction industry, real estate industry, financial industry and living service industry have been included in the scope of the pilot and should pay value-added tax instead of business tax.

Enterprise Income Tax on Indirect Transfer of Non-Resident Enterprises

On December 10, 2009, the STA issued the Notice on Strengthening the Administration of Enterprise Income Tax Concerning Proceeds from Equity Transfers by Non-Resident Enterprises (國家稅務總局關於加強非居民企業股權轉讓所得企業所得稅管理的通知) (the “**STA Circular 698**”). By promulgating and implementing the STA Circular 698, the PRC tax authorities have enhanced their scrutiny over the indirect transfer of equity interests in a PRC resident enterprise by a non-resident enterprise. The STA further issued the Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (國家稅務總局關於非居民企業間接轉讓財產企業所得稅若干問題的公告) (the “**STA Circular 7**”) on February 3, 2015, to supersede existing provisions in relation to the indirect transfer as set forth in the STA Circular 698. The STA Circular 7 introduces a new tax regime that is significantly different from that under the STA Circular 698. The STA Circular 7 extends its tax jurisdiction to capture not only indirect transfer as set forth under the STA Circular 698 but also transactions involving transfer of immovable property in China and assets held under the establishment and place, in China of a foreign company through the offshore transfer of a foreign intermediate holding company. The STA Circular 7 also provides clearer criteria than the STA Circular 698 on how to assess reasonable commercial purposes and introduces safe harbor scenarios applicable to internal group restructurings. Where a non-resident enterprise indirectly transfers equity interests or other assets of a PRC resident enterprise by implementing arrangements that are not for reasonable commercial purposes to avoid its obligation to pay enterprise income tax, such an indirect transfer shall, in accordance with the EIT Law, be recognized by the competent PRC tax authorities as a direct transfer of equity interests or other assets by the PRC resident enterprise.

On October 17, 2017, the STA promulgated the Announcement on Matters Concerning Withholding and Payment of Income Tax of Non-resident Enterprises from Source (國家稅務總局關於非居民企業所得稅源泉扣繳有關問題的公告) (the “**STA Circular 37**”), which came into force and replace the STA Circular 698 and certain other regulations on December 1, 2017 and partly amended on June 15, 2018. The STA Circular 37 does, among other things, simplify procedures of withholding and payment of income tax levied on non-resident enterprises.

REGULATIONS RELATING TO EMPLOYMENT AND SOCIAL WELFARE

The Labor Contract Law

Pursuant to the Labor Law of the PRC (中華人民共和國勞動法) promulgated by the SCNPC on July 5, 1994, becoming effective on January 1, 1995 and amended on August 27, 2009 and on December 29, 2018, the Labor Contract Law of the PRC (中華人民共和國勞動合同法) promulgated by the SCNPC on June 29, 2007, becoming effective on January 1, 2008 and amended on December 28, 2012 and effective from July 1, 2013, and the Regulations on the Implementation of the Labor Contract Law (中華人民共和國勞動合同法實施條例) promulgated by the State Council and came into effect on September 18, 2008, labor relationships between employers and employees must be executed in

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written form. Where a labor relationship has already been established but no formal contract has been made, a written labor contract shall be entered into within one month from the date when the employee begins to work. Wages may not be lower than the local minimum wage. Employers must establish a system for labor safety and sanitation, strictly abide by state standards and provide relevant training to its employees. Employees are also required to work in safe and sanitary conditions.

Labor Dispatch

According to Interim Provisions on Labor Dispatch (勞務派遣暫行規定) promulgated by the Ministry of Human Resources and Social Security of the PRC on January 24, 2014 and came into effect since March 1, 2014, employers may employ dispatched workers in temporary, auxiliary or substitutable positions only, and shall strictly control the number of dispatched workers which shall not exceed 10% of the total number of its employees.

Social Insurance and Housing Fund

Enterprises in China are required by the PRC laws and regulations to participate in certain employee benefit plans, including social insurance funds, namely a pension plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan and a maternity insurance plan, and a housing provident fund.

According to the Social Security Law of the PRC (中華人民共和國社會保險法), which was promulgated by the SCNPC on October 28, 2010 and came into effect on July 1, 2011 and amended on December 29, 2018, and other relevant PRC laws and regulations such as the Interim Regulations on the Collection and Payment of Social Insurance Premiums (社會保險費征繳暫行條例) came into effect on January 22, 1999 and amended on March 24, 2019, Regulations on Work Injury Insurance (工傷保險條例) implemented on January 1, 2004 and amended on December 20, 2010, Regulations on Unemployment Insurance (失業保險條例) promulgated on January 22, 1999 and Trial Measures on Employee Maternity Insurance of Enterprises (企業職工生育保險試行辦法) implemented on January 1, 1995, the employer shall contribute to social insurance plans covering basic pensions insurance, basic medical insurance, maternity insurance, work injury insurance and unemployment insurance. Basic pension, medical and unemployment insurance contributions shall be paid by both employers and employees, while work injury insurance and maternity insurance contributions shall be paid only by employers, and employers who failed to promptly contribute social security premiums in full amount shall be ordered by the social security premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times the historical shortfall in social insurance contributions in arrears.

According to the Regulations on the Administration of Housing Fund (住房公積金管理條例), which was promulgated by the State Council and became effective on April 3, 1999, and was amended on March 24, 2002 and March 24, 2019, enterprises in the PRC must register with the competent managing center for housing funds and upon the examination by such center, these enterprises shall complete procedures for opening an account at the relevant bank for the deposit of employees' housing funds. Enterprises are also required to pay and deposit housing funds on behalf of their employees in full and in a timely manner. Employers that violate these regulations and fail to process housing fund payments or deposit registrations with the housing fund administration center within a designated period are subject to a fine ranging from RMB10,000 to RMB50,000.

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Pursuant to the Reform Plan of the State Tax and Local Tax Collection Administration System (國稅地稅徵管體制改革方案), which was promulgated by the General Office of the Communist Party of China and the General Office of the State Council of the PRC on July 20, 2018, from January 1, 2019, all the social insurance premiums including the premiums of the basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance will be collected by the tax authorities. According to the Notice by the General Office of the State Taxation Administration on Conducting the Relevant Work Concerning the Administration of Collection of Social Insurance Premiums in a Steady, Orderly and Effective Manner (國家稅務總局辦公廳關於穩妥有序做好社會保險費徵管有關工作的通知) promulgated on September 13, 2018 and the Urgent Notice of the General Office of the Ministry of Human Resources and Social Security on Implementing the Spirit of the Executive Meeting of the State Council in Stabilizing the Collection of Social Security Contributions (人力資源和社會保障部辦公廳關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知) promulgated on September 21, 2018, all the local authorities responsible for the collection of social insurance are strictly forbidden to conduct self-collection of historical unpaid social insurance contributions from enterprises. Notice of the State Administration of Taxation on Implementing Measures on Further Support and Serve the Development of Private Economy (國家稅務總局關於實施進一步支援和服務民營經濟發展若干措施的通知) promulgated on November 16, 2018 repeats that tax authorities at all levels may not organize self-collection of arrears of taxpayers including private enterprises in the previous years.

REGULATIONS RELATING TO JURISDICTION

Pursuant to the Arrangement between the Courts of the Mainland and Courts of the Hong Kong Special Administrative Region on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters Where the Parties Involved Have an Choice of Court Agreement (最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排)(the “**Arrangement**”) promulgated by the Supreme People’s Court and becoming effective on August 1, 2008, a final judgment on civil or commercial matters entered by Hong Kong courts can be recognized and enforced in the mainland by application to a competent court of the mainland if the judgment awards monetary payment and the parties thereto have agreed in writing to submit the matter exclusively to Hong Kong courts for resolution, subject to other conditions and procedures provided under the Arrangement. Similarly, a final judgment entered by courts of the mainland on civil or commercial matters are enforceable in Hong Kong if the judgment awards monetary payment and the parties thereto have agreed in writing to submit the matter exclusively to courts of the mainland for resolution, subject to other conditions and procedures provided under the Arrangement.

Pursuant to Article 177 of the PRC Securities Law (中華人民共和國證券法) promulgated by the SCNPC, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC, and without the consent by the PRC securities regulatory authorities and the other competent governmental agencies, no entity or individual may provide documents or materials related to securities business to any foreign party. Article 177 also provides that PRC securities regulatory authorities may establish a regulatory cooperation mechanism with overseas securities regulatory authorities to implement cross-border supervision and administration.

REGULATIONS ON ANTI-CORRUPTION AND ANTI-BRIBERY

Pursuant to the Anti-Unfair Competition Law of the PRC (中華人民共和國反不正當競爭法) promulgated by the SCNPC on April 23, 2019, a business operator shall not resort to bribery to seek a

REGULATIONS

transaction opportunity or competitive advantage by offering money or goods or by any other means, to (i) any employee of the counterparty in a transaction, (ii) any entity or individual entrusted by the counterparty in a transaction to handle relevant affairs, or (iii) any other entity or individual that takes advantage of powers or influence to influence a transaction. A business operator may expressly offer a discount to the counterparty or pay commissions to the intermediaries of a transaction in the course of transaction activities, which shall be properly recorded at both parties' accounting books. Any commercial bribery committed by an employee of a given operator will be deemed as conduct of such operator unless such operator has evidence that such act is not related to such operator's efforts in seeking a transaction opportunity or competitive advantage.

LAWS AND REGULATIONS OF BRUNEI RELATING TO OUR BUSINESS

We conducted a pilot program in Brunei with a single customer that is a government department of Brunei and therefore include the following summary of the principal Brunei laws and regulations to which we are subject.

Regulation of Data Protection

There are no legislations governing issues in regard to data protection in Brunei. Private companies are instead encouraged to implement their own data protection policy. Guidance can be found at Brunei Data Protection Policy by the E-Government National Centre (the "**Data Protection Policy**"). The Data Protection Policy is only applicable to civil servants employed by the Government of Brunei. Where a company has entered into a material contract or agreement with a Government entity, an authorization from the Ministry of Transport and Info-communications of Brunei, being the relevant authority, issued by the Chairman of the Advisory Committee should be obtained by the Government entity involved. Upon obtaining the authorization, such company and the Government entity will be exempted from the requirements of the Data Protection Policy and shall be deemed to be in compliance with the Data Protection Policy. Our customer in Brunei has obtained the said authorization. Out of an abundance of caution, we have also obtained the same authorization.

Taxation

Any material contract or agreement including employment agreements and tenancy agreements must be officially stamped by the Revenue Division of the Ministry of Finance, Brunei in accordance to the Stamp Act, Chapter 34 of Brunei's laws. The stamp duties are payable to the Stamp Duty Collector at the Revenue Division of the Ministry of Finance.

Under section 35(4) of the Income Tax Act, Chapter 35 of Brunei's laws, the current rate for corporate income tax in Brunei is at the rate of 18.5%. The said corporate income tax is only applicable to companies whose turnover assets are above 1,000,000.00 Brunei dollars. A completed income tax return form/application should be submitted to the office of Collector of Income Tax, Ministry of Finance, Brunei.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

OUR CONTROLLING SHAREHOLDER

Immediately after completion of the Global Offering, Ms. Gong, our Founder, executive Director, Chief Executive Officer and Chairlady of the Board, will be interested in and control 44.23% of our issued Shares (assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Plans, Post-IPO Share Option Scheme and Post-IPO Share Award Scheme) and will therefore be a Controlling Shareholder of our Company after the Listing. Ms. Gong holds her interest in the Company through an intermediary company wholly-owned by her, namely, Sweet Panda Limited.

As stated in the sections headed “History, Reorganization and Corporate Structure—Overview” and “Directors and Senior Management—Executive Directors”, prior to founding our Company, Ms. Gong established Beijing Huixu Jintong Investment Center (L.P.) (北京惠旭金通投資中心(有限合夥)), an equity investment fund focused on investments in the healthcare and technology industries. Ms. Gong has a 99% limited partner interest in the fund, which currently has assets under management of approximately RMB100 million. The assets of the fund are comprised of its interests in two remaining portfolio companies, one of which is an approximately 6% interest in Anhui Jiufang Pharmaceutical Co., Ltd (as set out in the section headed “Business—Our Customers”) and the other an interest in an asset management company.

As of the date of this document, the fund has already exited all of its other investments, has no plans to raise any additional capital or make any new investments, and expects to cease investment activities upon divestment of its interests in its remaining two portfolio companies which do not compete or are likely to complete, either directly or indirectly, with our business. Ms. Gong plans to divest all of her interest in the fund to Independent Third Party(ies) within one year from the Listing Date. Furthermore, the nature of business of Anhui Jiufang Pharmaceutical Co., Ltd and the asset management company are substantially different from ours. For these reasons, we do not believe that Ms. Gong, by virtue of her limited partner interest in the fund, has any interest in a business apart from ours that competes or is likely to compete, either directly or indirectly, with our business.

INDEPENDENCE FROM CONTROLLING SHAREHOLDER

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently from our Controlling Shareholder and their close associates after the Listing.

Management independence

Our business is managed and conducted by our Board and senior management. Upon Listing, our Board will consist of four executive Directors, one non-executive Director and three independent non-executive Directors. For more information, please see the section headed “Directors and Senior Management”.

Our Directors consider that our Board and senior management will function independently from our Controlling Shareholder because:

- (a) each Director is aware of his fiduciary duties as a director which require, among other things, that he acts for the benefit and in the interest of our Company and does not allow any conflict between his duties as a Director and his personal interests;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

- (b) our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group;
- (c) we have three independent non-executive Directors and certain matters of our Company must always be referred to the independent non-executive Directors for review;
- (d) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions; and
- (e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholder which would support our independent management. Please see “—Corporate Governance Measures” in this section for further information.

Based on the above, our Directors believe that our Board as a whole and together with our senior management team are able to perform the managerial role independently from our Controlling Shareholder.

Operational independence

Our Group is not operationally dependent on the Controlling Shareholder. Save as disclosed in “Business—Licenses and Permits” and “Business—Intellectual Property”, our Group (through our subsidiaries and Consolidated Affiliated Entities) holds all material licenses and owns all relevant intellectual properties and research and development facilities necessary to carry on our business. We have sufficient capital, facilities, equipment and employees to operate our business independently from our Controlling Shareholder. We also have independent access to our customers and an independent management team to operate our business.

Based on the above, our Directors believe that our business is operationally independent of our Controlling Shareholder.

Financial independence

We have independent internal control and accounting systems. We also have an independent finance department responsible for discharging the treasury function. We are capable of obtaining financing from third parties, if necessary, without reliance on our Controlling Shareholder.

No loans or guarantees provided by, or granted to, our Controlling Shareholder or their respective associates will be outstanding as of the Listing Date.

Based on the above, our Directors are of the view that they and our senior management are capable of carrying on our business independently of, and do not place undue reliance, on our Controlling Shareholder and their respective close associates after the Listing.

DISCLOSURE UNDER RULE 8.10 OF THE LISTING RULES

Our Controlling Shareholder confirms that as of the Latest Practicable Date, they did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete,

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

directly or indirectly, with our business that would require disclosure under Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We have adopted the following corporate governance measures to resolve actual or potential conflict of interests between our Group and our Controlling Shareholder:

- (a) our Company has established internal control mechanisms to identify connected transactions, and we will comply with the applicable Listing Rules if we enter into connected transactions with our Controlling Shareholder or any of their associates after Listing;
- (b) the independent non-executive Directors will review, on an annual basis, whether there is any conflict of interests between our Group and our Controlling Shareholder and provide impartial and professional advice to protect the interests of our minority Shareholders;
- (c) our Controlling Shareholder will undertake to provide all information necessary or requested by the independent non-executive Directors for their annual review, including all relevant financial, operational and market information;
- (d) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its annual reports or by way of announcements as required by the Listing Rules;
- (e) where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's expenses;
- (f) we have appointed Somerley Capital Limited as our compliance adviser to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance; and
- (g) we have established our audit committee, remuneration committee, nomination committee and corporate governance committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code and Corporate Governance Report in Appendix 14 to the Listing Rules. All of the members of our audit committee, including the chairman, are independent non-executive Directors.

Based on the above, our Directors believe that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Controlling Shareholder, and to protect minority Shareholders' interests after the Listing.

CONNECTED TRANSACTIONS

Pursuant to Chapter 14A of the Listing Rules, the transactions that we enter into with our connected persons will constitute connected transactions upon the Listing.

OUR CONNECTED PERSONS

The table below sets forth parties who will become, or we have agreed to treat as, our connected persons upon Listing and the nature of their relationship with our Company. We have entered into certain transactions which will constitute our continuing connected transactions following the Listing with the following connected persons and/or their associates:

Name	Connected relationship
Sunshine Insurance Group Inc., Ltd. (together with its subsidiaries, the “Sunshine Insurance Group”)	a substantial shareholder of our Company

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Transaction	Applicable Listing Rule	Waiver sought	Proposed annual cap for the years ending March 31, (RMB)		
			2021	2022	2023
Partially-exempt continuing connected transactions					
Insurance Technology Services Framework Agreement	Rule 14A.35 Rule 14A.76(2) Rule 14A.105	Announcement	3,000,000	4,000,000	5,000,000
Non-exempt continuing connected transactions					
Contractual Arrangements	Rule 14A.35 Rule 14A.36 Rule 14A.52 Rule 14A.53 Rule 14A.105	Announcement and independent shareholders’ approval, circular, annual cap, limiting the term to three years	N/A	N/A	N/A

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Insurance Technology Services Framework Agreement

Description of the agreement

On December 25, 2020, the Company (for itself and on behalf of other members of our Group) entered into a framework agreement with Sunshine Life Insurance Corporation Limited (for itself and on behalf of other members of the Sunshine Insurance Group), pursuant to which our Group shall provide Sunshine Insurance Group with insurance technology and disease management solutions and services in support of Sunshine Insurance Group’s health insurance business and functions, including insurance product development and modeling, insurance underwriting and claim processing, in return for services fees (the “**Insurance Technology Services Framework Agreement**”). The precise scope of service, service fee calculation, method of payment and other details of the service agreement for individual projects will be agreed between the relevant parties separately. For a detailed description of the insurance technology and disease management solutions we provide, see section headed “Business—Our Offerings and Solutions—Health Management Platform and Solutions”.

The term of the Insurance Technology Services Framework Agreement shall commence on the Listing Date and expire on March 31, 2023.

CONNECTED TRANSACTIONS

Under the Insurance Technology Services Framework Agreement, the Group expects to perform three main types of services: (i) development of insurance technology and disease management solutions (such as, without limitation and depending on the demand of Sunshine Insurance Group, intelligent insurance underwriting solutions and intelligent claim processing solutions), including designing and constructing the online platforms and infrastructures including designing and implementing the products or intelligent platforms; (ii) provision of ongoing insurance technology and disease management services, including ongoing operation and maintenance of the relevant platforms; and (iii) assisting in the design of new insurance products by leveraging the real-world disease models and knowledge graphs accumulated in our YiduCore. For the services provided under the Insurance Technology Services Framework Agreement, we charge service fees. As stipulated in the Insurance Technology Services Framework Agreement, depending on the type of service we provide, we shall charge our service fees in the following manner:

- For the development of insurance technology and disease management solutions, we charge a fixed sum consideration based on a range of factors, including the complexity and scope of the proposed work, and with reference to market price charged by us and by other market participants for comparable services.
- For provision of ongoing insurance technology and disease management services, we typically charge a fixed per unit price based on the number of usage (for example, per insurance claim underwritten), or a fixed lump sum price for an agreed volume of usage. Such price is determined with reference to market price charged by us and by other market participants for comparable services.
- For services provided in connection with the design of new insurance product, we charge a fixed sum consideration for the services involved in the design process and a fixed percentage commission from each product subsequently sold, underwritten or claimed.

The fixed sum consideration for the development of insurance technology and disease management solutions, and the fixed sum consideration involved in the design process of new insurance product are typically one-off but may be charged in installments. The service fees for the provision of ongoing insurance technology and disease management services and those charged by each insurance product subsequently sold, underwritten or claimed are charged on ongoing basis and may be settled regularly (for example, every three months) as agreed between the parties.

Reasons for the transactions

Provision of insurance technology and disease management solutions is part of our ordinary business and we have many insurance companies as our customers. Sunshine Insurance Group is a well-recognized insurance company in China and could benefit from the technological infrastructure and big data insights provided by us. In light of the market position and business size of Sunshine Insurance Group, this cooperation can expand our customer base and contribute to our revenue.

Pricing policy

Before entering into any individual big data platforms and solutions services and/or health management platforms services agreement pursuant to the Insurance Technology Services Framework Agreement, the service charges will be agreed between the parties after arm's length negotiation and, where applicable, through Sunshine Insurance Group's standard tender process. The pricing will be determined based on a range of factors, including (i) the type(s), complexity and volume of the services

CONNECTED TRANSACTIONS

we are requested to provide, as these will determine the amount of manpower and other resources we need to allocate to the project, (ii) the duration of the project or ongoing services, (iii) our pricing for providing similar types of services to other customers, and (iv) fees charged by other market participants for comparable services.

We will only enter into an individual service agreement with Sunshine Insurance Group pursuant to the Insurance Technology Services Framework Agreement if (i) the service fees and other terms of the transaction are fair and reasonable and no less favorable than those we charge to other independent third party customers and (ii) it is in the interests of our Company and the Shareholders as a whole.

Historical amounts, annual caps and basis of annual caps

For the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2020, the aggregate sales amount generated by our Group from Sunshine Insurance Group for the big data platforms and solutions services and health management platforms services provided were approximately nil, RMB3.8 million, RMB1.3 million and RMB0.2 million, respectively.

For the fiscal years ending March 31, 2021, 2022 and 2023, the relevant annual caps are expected to be RMB3 million, RMB4 million and RMB5 million, respectively. The annual caps are set based on (i) the historical transaction amounts, and (ii) expected work load and usage of our big data platforms services and solutions and health management platforms services. As of the Latest Practicable Date, the Company is in the process of negotiating with the Sunshine Insurance Group in respect of further business cooperation where the Company will provide further insurance technology and disease management solutions and services to the Sunshine Insurance Group, more specifically, in the area of development and optimization of disease risks forecast modeling. The proposed further business cooperation with Sunshine Insurance Group is in line with the Company's continued efforts to actively expand its insurance technology and disease management solutions business, in particular by expanding cooperation with large insurance companies in China, of which the Sunshine Insurance Group forms part.

In light of the potential expansion of business cooperation with Sunshine Insurance Group going forward, taking into account the nature and expected volume of the increased cooperation, our Directors considers the proposed annual caps are fair and reasonable, allowing for an appropriate degree of flexibility to accommodate the growth of its insurance technology and disease management solutions business.

Listing Rules implications

Since the highest of the applicable percentage ratios calculated under Chapter 14A of the Listing Rules will be 0.1% or more but less than 5%, pursuant to Rule 14A.76(2) of the Listing Rules, the transactions contemplated under the Insurance Technology Services Framework Agreement will be exempt from the circular (including the opinion and recommendation from an independent financial advisor) and the independent shareholders' approval requirements, but are subject to the announcement requirements under Rule 14A.35 of the Listing Rules and the annual reporting requirements under Rules 14A.49, 14A.71 and 14A.72 of the Listing Rules.

CONNECTED TRANSACTIONS

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Contractual Arrangements

Background

As disclosed in the section headed “Contractual Arrangements”, due to regulatory restrictions on foreign ownership in the PRC, we conduct a substantial portion of our business through our Consolidated Affiliated Entities in the PRC.

We do not hold any equity interests in our Consolidated Affiliated Entities. The Contractual Arrangements among the WFOEs, our Consolidated Affiliated Entities and shareholders of our Consolidated Affiliated Entities enable us to (i) receive substantially all of the economic benefits from our Consolidated Affiliated Entities in consideration for the services provided by the WFOEs to the Onshore Holdcos; (ii) exercise effective control over our Consolidated Affiliated Entities through the Onshore Holdcos; and (iii) hold an exclusive option to purchase all or part of the equity interests in the Onshore Holdcos when and to the extent permitted by PRC laws.

See the section headed “Contractual Arrangements” for detailed terms of the Contractual Arrangements.

Listing Rules implications

For the purposes of Chapter 14A of the Listing Rules, and in particular the definition of “connected person”, the Consolidated Affiliated Entities will be treated as our Company’s wholly-owned subsidiary, and its directors, chief executives or substantial shareholders (as defined in the Listing Rules) and their respective associates will be treated as our Company’s “connected persons.”

The transactions contemplated under the Contractual Arrangements are continuing connected transactions of the Company. The highest applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the transactions associated with the Contractual Arrangements are expected to be more than 5%. As such, the transactions will be subject to the reporting, annual review, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Waiver Application

Our Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated therein are fundamental to our legal structure and business operations. Our Directors also believe that our structure, whereby the financial results of our Consolidated Affiliated Entities are consolidated into our financial statements as if they were our Company’s wholly-owned subsidiaries, and all the economic benefits of their business flows to our Group, places our Group in a special position in relation to the connected transactions rules. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements and any new transactions, contracts and agreements or renewal of existing transactions, contracts and agreements to be entered into, among others, by our Consolidated Affiliated Entities and any member of our Group from time to time (including Consolidated Affiliated Entities) (the “**New Intergroup Agreements**”) technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, our Directors consider that it would be unduly burdensome and impracticable, and

CONNECTED TRANSACTIONS

would add unnecessary administrative costs to our Company, for all such transactions to be subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among other things, the announcement and independent shareholders' approval requirements.

WAIVERS

1. Insurance Technology Services Framework Agreement

In respect of the partially-exempt continuing connected transactions set out above, we have applied for, and the Stock Exchange has granted us, waivers from strict compliance with the announcement requirements under the Listing Rules.

2. Contractual Arrangements

In respect of the Contractual Arrangements and New Intergroup Agreements, we have applied for, and the Stock Exchange has granted us, waivers from strict compliance with (i) the announcement, circular and independent shareholders' approval requirements pursuant to Rule 14A.105 of the Listing Rules, (ii) the requirement to set annual caps under Rule 14A.53 of the Listing Rules, and (iii) the requirement to limit the term to three years or less under Rule 14A.52 of the Listing Rules, for so long as our Shares are listed on the Stock Exchange subject to the following conditions.

No change without independent non-executive Directors' approval

Save as described below, no change to the Contractual Arrangements (including with respect to any fees payable to the WFOEs thereunder) will be made without the approval of our independent non-executive Directors.

No change without independent Shareholders' approval

Save as described below, no change to the agreements governing the Contractual Arrangements will be made without the approval of our independent Shareholders. Once independent Shareholders' approval of any change has been obtained, no further announcement or approval of the independent Shareholders will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the Contractual Arrangements in the annual reports of our Company will however continue to be applicable.

Economic benefits and flexibility

The Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by the Consolidated Affiliated Entities through (i) our Group's options (if and when so allowed under the applicable PRC laws) to acquire, all or part of the equity interests in the Consolidated Affiliated Entities for nil consideration or the minimum amount of consideration permitted by applicable PRC laws and regulations, (ii) the business structure under which the profit generated by the Consolidated Affiliated Entities is substantially retained by our Group, such that no annual cap shall be set on the amount of service fees payable to the WFOEs by our Consolidated Affiliated Entities under the Contractual Arrangements, and (iii) our Group's right to control the management and operation of, as well as, in substance, a substantial portion of the voting rights of the Consolidated Affiliated Entities.

CONNECTED TRANSACTIONS

Renewal and reproduction

On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between, on the one hand, our Company and the subsidiaries in which our Company has direct shareholding and, on the other hand, the Consolidated Affiliated Entities, this framework may be renewed and/or reproduced without an announcement, circular, or obtaining the approval of our Shareholders (i) upon the expiry of the existing arrangements, (ii) in connection with any changes to the shareholders or directors of, or of their shareholdings in, the Consolidated Affiliated Entities, or (iii) in relation to any existing, new or acquired wholly foreign-owned enterprise or operating company (including branch company) engaging in a business similar or relating to those of our Group. The directors, chief executive or substantial shareholders of any existing, new or acquired wholly foreign-owned enterprise or operating company (including branch company) engaging in a business similar or relating to those of our Group will, upon renewal and/or reproduction of the Contractual Arrangements, be treated as connected persons of our Group and transactions between these connected persons and our Group other than those under similar Contractual Arrangements shall comply with Chapter 14A of the Listing Rules. This condition is subject to relevant PRC laws, regulations and approvals.

Any such renewed or reproduced agreements will be on substantially the same terms and conditions as the existing Contractual Arrangements.

Ongoing reporting and approvals

We will disclose details relating to the Contractual Arrangements on an ongoing basis:

- the Contractual Arrangements in place during each financial period will be disclosed in our Company's annual report and accounts in accordance with the relevant provisions of the Listing Rules;
- our independent non-executive Directors will review the Contractual Arrangements annually and confirm in our Company's annual report that for the relevant year (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements, (ii) no dividends or other distributions have been made by our Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group, and (iii) any new contracts entered into, renewed or reproduced between our Group and the Consolidated Affiliated Entities are fair and reasonable, or advantageous, so far as our Group is concerned and in the interests of our Shareholders as a whole;
- our Company's auditors will carry out review procedures annually on the transactions carried out pursuant to the Contractual Arrangements and will provide a letter to our Directors with a copy to the Stock Exchange, confirming that the transactions have been approved by our Board, have been entered into in accordance with the relevant Contractual Arrangements and that no dividends or other distributions have been made by our Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group;
- for the purpose of Chapter 14A of the Listing Rules, and in particular the definition of 'connected person', our Consolidated Affiliated Entities will be treated as our Company's subsidiaries, but at the same time, the directors, chief executives or substantial shareholders of the Consolidated Affiliated Entities and their associates will be treated as connected persons of our Company as applicable under the Listing Rules (excluding for

CONNECTED TRANSACTIONS

this purpose, the Consolidated Affiliated Entities themselves), and therefore transactions between these connected persons and our Group (including for this purpose, the Consolidated Affiliated Entities), other than those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules; and

- our Consolidated Affiliated Entities will, for so long as our Shares are listed on the Stock Exchange, provide our Group's management and our Company's auditors with full access to their relevant records for the purpose of reporting on the connected transactions.

DIRECTORS' CONFIRMATION

Our Directors (including independent non-executive Directors) are of the view that: (i) the continuing connected transactions set out above have been and will be entered into in our ordinary and usual course of business on normal commercial terms or better, on terms that are fair and reasonable, and in the interests of our Company and our Shareholders as a whole; (ii) the proposed annual caps (if any) of the continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and (iii) it is normal business practice for the Contractual Arrangements to be of a term greater than three years.

JOINT SPONSORS' CONFIRMATION

Based on the due diligence findings, the Joint Sponsors are of the view that: (i) the continuing connected transactions set out above have been and will be entered into in the Company's ordinary and usual course of business on normal commercial terms or better, on terms that are fair and reasonable, and in the interest of the Company and its Shareholders as a whole; (ii) the proposed annual caps (if any) of the continuing connected transactions are fair and reasonable and in the interest of the Company and the Shareholders as a whole; and (iii) it is normal business practice for the Contractual Arrangements to be of a term greater than three years.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

The Board consists of eight Directors, comprising four executive Directors, one non-executive Director and three independent non-executive Directors. The following table provides certain information about the Directors:

Name	Age	Position	Date of joining the Group	Date of appointment as a Director	Roles and responsibilities
GONG Yingying (宮盈盈) ⁽¹⁾	36	Executive Director, Chairlady, Chief Executive Officer and Founder	December 2014	December 9, 2014	Responsible for the overall strategy, business development and management of our Company
YANG Jing (楊晶)	41	Executive Director, President and Chief Financial Officer	September 2017	August 14, 2018	Overseeing the finance, legal, marketing and human resources functions, business operational segments and the investing and financing activities of our Company
YAN Jun (閆峻)	41	Executive Director and Chief Technology Officer	December 2017	August 16, 2020	Responsible for the overall technology strategy of our Group and our research and development of natural language processing and medical AI technologies
ZHANG Shi (張實)	47	Executive Director, Senior Vice President (Big Data Platform and Solutions) and Head of Government Affairs	September 2017	July 3, 2020	Leading and managing our Big Data Platform and Solutions business and overseeing our communications and relations with governmental bodies
GAO Yongmei (高永梅)	50	Non-executive Director	August 2020	August 16, 2020	Providing professional opinion and judgment to the Board
MA Wei-Ying (馬維英)	52	Independent non-executive Director	N/A	Listing Date ⁽²⁾	Providing independent opinion and judgment to the Board
PAN Rongrong (潘蓉蓉)	42	Independent non-executive Director	N/A	Listing Date ⁽²⁾	Providing independent opinion and judgment to the Board
ZHANG Linqi (張林琦)	56	Independent non-executive Director	N/A	Listing Date ⁽²⁾	Providing independent opinion and judgment to the Board

Notes:

- (1) Ms. Gong is also known by her alias name Gong Rujing (宮如璟).
- (2) The appointment of Dr. Ma Wei-Ying, Ms. Pan Rongrong and Prof. Zhang Linqi as independent non-executive Directors will take effect from the Listing Date.

DIRECTORS AND SENIOR MANAGEMENT

Save as disclosed below, none of the Directors had held any directorships in listed companies during the three years immediately prior to the Latest Practicable Date, there is no other information in respect of the Directors to be disclosed pursuant to Rules 13.51(2)(a) to (v) of the Listing Rules, and there is no other matter that needs to be brought to the attention of Shareholders or potential investors.

Executive Directors

Ms. Gong Yingying (宮盈盈), aged 36, is an executive Director, the Chief Executive Officer, the Chairlady of the Board, and the Founder of our Company. Ms. Gong is responsible for the overall strategy, business direction and management of our Company.

Ms. Gong started her career in Credit Suisse First Boston, the former investment banking division of Credit Suisse group, and served as an analyst from July 2005 to March 2007. She then joined Global Infrastructure Partners LLP, an investment fund focusing on the infrastructure sector, and worked as an analyst from November 2006 to June 2007. From July 2007 to December 2008, Ms. Gong was the investment manager of the global credit transaction group at Deutsche Bank AG. From January 2011 to February 2012, Ms. Gong worked as a deputy general manager at the private equity division of Anbang Insurance Group Co., Ltd.. During her time at Credit Suisse First Boston, Global Infrastructure Partners LLP, Deutsche Bank AG and Anbang Insurance Group Co., Ltd., Ms. Gong worked on a wide range of initial public offerings, mergers and acquisitions and other equity investment transactions, and accumulated extensive investment experience and industry insights. Ms. Gong is the founder of Beijing Huixu Jintong Investment Center (L.P.) (北京惠旭金通投資中心(有限合夥)), a private equity fund focusing on investments in the healthcare and technology industries, and has been managing the fund since its establishment in October 2012. Ms. Gong also founded Guizhou Province Xiao Yingying Charity Foundation (貴州省笑盈盈慈善基金會) in March 2019, a charitable foundation focusing on the support of children with rare or major illnesses. Mr. Xu Jiming, a Senior Vice President in our senior management team and one of our Co-founders, is the spouse of Ms. Gong.

Ms. Gong's iconic leadership has been widely recognized. In 2019, she was elected as one of the nine Young Global Leaders from the Greater China region by the World Economic Forum.

Ms. Gong received her Executive Master of Business Administration degree from Cheung Kong Graduate School of Business in October 2012 and her bachelor's degree in economics from the London School of Economics and Political Science in July 2005.

Ms. Yang Jing (楊晶), aged 41, is an executive Director, President and the Chief Financial Officer of our Company. Ms. Yang was first appointed the Chief Financial Officer of our Company in September 2017 and was also appointed the President in January 2019. Ms. Yang oversees the finance, legal, marketing and human resources functions, business operational segments and the investing and financing activities of our Company.

Prior to joining our Group in September 2017, Ms. Yang worked at GIC from February 2011 to September 2017, with her last position as vice president. During her time at GIC, Ms. Yang led and participated in multiple private equity investment or exit projects primarily in the healthcare and financial services industries. Ms. Yang worked at Bain & Company as an associate consultant from July 2004 to December 2006, was promoted to senior associate consultant in January 2007 and worked as a consultant from October 2009 to March 2011, where she participated in a wide range of consulting projects advising clients from consumer goods, airline, healthcare, manufacturing and other industries.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Yang holds a Master of Business Administration degree from the Wharton School of the University of Pennsylvania awarded in May 2009 and a master's degree in international economics from Peking University awarded in June 2004. Ms. Yang received her bachelor's degree in international economics from Peking University in July 2002.

Dr. Yan Jun (閆峻), aged 41, is an executive Director and the Chief Technology Officer of our Company. Dr. Yan has served as the Chief AI Scientist of our Group since December 2017. Dr. Yan is responsible for the overall technology strategy of our Group, research and development of natural language processing and medical AI technologies and development and management of the technologies for our Big Data Platform and Solutions products.

Before joining our Group in December 2017, Dr. Yan worked at Microsoft (China) Co., Ltd. between July 2006 and November 2017 in various research roles, including as a senior lead researcher in the enterprise intelligence and data mining area. The main areas of Dr. Yan's research included AI knowledge mining, knowledge-based machine learning, text processing technology, information retrieval and internet advertising with an emphasis on AI technologies in the medical field. His research products have led to a range of commercial applications and have been granted numerous patents.

Dr. Yan has published over 80 papers in prestigious academic publications and conferences including Special Interest Group on Knowledge Discovery in Data (SIGKDD) of the Association for Computing Machinery ("ACM"), Special Interest Group on Information Retrieval (SIGIR) of the ACM, International Conference on World Wide Web (WWW) Conference, the International Conference on Data Mining held by the Institute of Electrical and Electronics Engineers ("IEEE") and *IEEE Transactions on Knowledge and Data Engineering*.

Dr. Yan has been a member of the medical health and biological information processing committee of Chinese Information Processing Society of China since December 2018. Dr. Yan also chaired the organizing committee of the Global Artificial Intelligence Technology Conference and was invited as a special forum guest in 2018.

Dr. Yan holds a Ph.D. in applied mathematics from Peking University awarded in July 2006 and received his bachelor's degree in computational mathematics from Jilin University in July 2001.

Ms. Zhang Shi (張實), aged 47, is an executive Director, Senior Vice President (Big Data Platform and Solutions) and Head of Government Affairs of our Company. Ms. Zhang leads and manages the Big Data Platform and Solutions business of our Group and oversees our communications and relations with governmental bodies. Since joining our Group in September 2017, Ms. Zhang has held various senior positions at Beijing Yiyi Cloud, including the chief executive officer since February 2020 and the chief operating officer between September 2017 and February 2020. Ms. Zhang has also served as the president of Yidu Cloud Guizhou since September 2017.

Prior to joining our Group, Ms. Zhang worked at Microsoft (China) Co., Ltd. in a variety of roles, including as supervisor of channels, general manager of several business divisions and the director of sales and government, from February 2006 to September 2017. Before joining Microsoft, Ms. Zhang worked as a client manager in the marketing teams at China HP Co., Ltd. from February 2004 to February 2006. Ms. Zhang worked at Dell (China) Co. Ltd. as a key account manager from October 1998 to March 2003, and at Hughes Network Systems, LLC in its Beijing office as a system engineer from October 1995 to October 1998.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Zhang received her bachelor's degree in electrical engineering from the Southwest Jiaotong University in July 1995.

Non-executive Director

Ms. Gao Yongmei (高永梅), aged 50, is a non-executive Director of the Company. Ms. Gao has served as the vice president of Sunshine Life Insurance Corporation Limited since April 2017. Prior to joining Sunshine Life Insurance Corporation Limited, Ms. Gao worked at New China Life Insurance Co., Ltd. (Hong Kong Stock Exchange stock code: 1336; Shanghai Stock Exchange stock code: 601336) from October 2002 to November 2016 in a variety of roles, including as general manager of the Jilin branch.

Ms. Gao received her executive master of business administration degree from Peking University in January 2012 and her bachelor's degree in economics and management from Shaanxi Province Central Party School of the Communist Party of China in June 1995.

Independent Non-Executive Directors

Dr. Ma Wei-Ying (馬維英), aged 52, was appointed as an independent non-executive Director with effect from the Listing Date. Dr. Ma has served as a vice president and the head of the AI Laboratory at ByteDance between February 2017 and August 2020, where he is responsible for the fundamental research and technology development in the fields of, among others, machine learning, computer vision, speech and audio processing, natural language processing and personalized recommendation and search engine. Before joining ByteDance, Dr. Ma worked at Microsoft Research Asia ("MSRA") from April 2001 to February 2017 as the assistant managing director. At MSRA, Dr. Ma led the research groups in various areas, including AI, machine learning, natural language computing and web search and data mining. Prior to joining MSRA, Dr. Ma worked as a software design engineer in the internet information technology department at the Hewlett-Packard Labs in Palo Alto, California, the United States, from April 1998 to April 2001 in the fields of multimedia content analysis and adaptation. Since October 2007, Dr. Ma has also served as a guest professor in computer science at National Taiwan University.

Dr. Ma has over 160 granted patents and has published more than 300 papers in prestigious international journals and conferences, including various IEEE publications and the International Conference on World Wide Web (WWW). He served on the editorial boards of several professional journals including *ACM Transactions on Information System*, and co-chaired many international conferences. Dr. Ma was accredited as a fellow of the IEEE in 2011 and a Distinguished Scientist by ACM in 2010.

Dr. Ma holds a Ph.D. in electrical and computer engineering from the University of California, Santa Barbara, awarded in June 1997. Dr. Ma received his master's degree in electrical and computer engineering from the University of California, Santa Barbara in December 1994 and his bachelor's degree in electrical engineering from National Tsing Hua University in June 1990.

Ms. Pan Rongrong (潘蓉蓉), aged 42, was appointed as an independent non-executive Director with effect from the Listing Date. Ms. Pan has been the chief financial officer and a vice president of finance at SciClone Pharmaceuticals Group since September 2018. Between July 2002 and November 2018, Ms. Pan worked at PricewaterhouseCoopers, Shanghai branch initially as an auditor; in July 2013, Ms. Pan became a partner of the audit practice of PricewaterhouseCoopers and held the position

DIRECTORS AND SENIOR MANAGEMENT

until she left PricewaterhouseCoopers in November 2018. Prior to Joining PricewaterhouseCoopers, Ms. Pan worked at Arthur Andersen as an associate of the audit group between August 2001 and June 2002.

Ms. Pan was accredited as a member of the Chinese Institute of Certified Public Accountants in 2004.

Ms. Pan received her master's degree in accounting from Fudan University in July 2001 and her bachelor's degree in international accounting from Shanghai International Studies University in July 1998.

Prof. Zhang Linqi (張林琦), aged 56, was appointed as an independent non-executive Director with effect from the Listing Date. Prof. Zhang has been a professor of microbiology and infectious diseases at the School of Medicine, Tsinghua University since July 2008. At the School of Medicine, Tsinghua University, Prof. Zhang also served the role of Deputy Dean between January 2014 and June 2015. Before joining Tsinghua University, Prof. Zhang worked at the Aaron Diamond AIDS Research Center of the Rockefeller University as an associate professor between 2003 and 2007, an assistant professor at the Rockefeller University between August 1998 and January 2003, and a research scientist at the Aaron Diamond AIDS Research Center between September 1995 and July 1998. Prof. Zhang has served as an independent director for Shuo Shi Biologics (碩世生物) (Shanghai Stock Exchange Stock code: 688399) since August 2017.

Prof. Zhang has over 30 years of experience researching the pathogenesis of major human viral diseases and vaccine development. His research primarily focuses on HIV but also includes COVID-19, Middle East respiratory syndrome coronavirus, Ebola virus, Zika virus, avian influenza virus and other emerging highly pathogenic viruses. Prof. Zhang has published over 80 papers in leading academic journals including *Nature*, *New England Journal of Medicine*, *Nature Medicine*, *Journal of Clinical Investigation* and *JAMA*, many of which are widely cited.

Prof. Zhang is the recipient of multiple national awards in China in recognition of his achievements, including the National Science and Technology Awards second prize in 2015 and Distinguished Young Scholar of National Natural Science Foundation in 2008. Prof. Zhang has also served as an expert member of national advisory boards of the PRC government and several international organizations on HIV/AIDS and infectious diseases and was elected a foreign fellow of the African Academy of Sciences in 2016.

Prof. Zhang holds a Ph.D. from the University of Edinburgh awarded in July 1993. He received a bachelor's degree in biology from the Beijing Normal University in July 1985.

SENIOR MANAGEMENT

The following table provides information about members of the senior management of our Company:

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Date of joining the Group</u>	<u>Roles and responsibilities</u>
GONG Yingying (宮盈盈) ⁽¹⁾	36	Executive Director, Chairlady, Chief Executive Officer and Founder	December 2014	Responsible for the overall strategy, business development and management of our Company

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Date of joining the Group	Roles and responsibilities
YANG Jing (楊晶)	41	Executive Director, President and Chief Financial Officer	September 2017	Overseeing the finance, legal, marketing and human resources functions, business operational segments and the investing and financing activities of our Company
YAN Jun (閆峻)	41	Executive Director and Chief Technology Officer	December 2017	Responsible for the overall technology strategy of our Group and our research and development of natural language processing and medical AI technologies
ZHANG Shi (張實)	47	Executive Director, Senior Vice President (Big Data Platform and Solutions) and Head of Government Affairs	September 2017	Leading and managing our Big Data Platform and Solutions business and overseeing our communications and relations with governmental bodies
HE Zhi (何直)	37	Chief Innovation Officer and Co-founder	December 2015	Responsible for the innovation and technology development of our Company
XU Jiming (徐濟銘)	36	Senior Vice President (Life Sciences Solutions) and Co-founder	October 2015	Leading and managing our Life Sciences Solutions business

Notes:

(1) Ms. Gong is also known by her alias name Gong Rujing (宮如璟).

Save as disclosed below, none of the senior managers had held any directorships in listed companies during the three years immediately prior to the Latest Practicable Date, there is no other information in respect of the senior managers to be disclosed pursuant to Rule 13.51(2)(a) to (v) of the Listing Rules, and there is no other matter that needs to be brought to the attention of Shareholders or potential investors.

Ms. Gong Yingying (宮盈盈), aged 36, is an executive Director, the Chief Executive Officer, the Chairlady of the Board, and a Founder of our Company. For further details, please see the paragraphs headed “—Executive Directors” in this section.

Ms. Yang Jing (楊晶), aged 41, is an executive Director, President and the Chief Financial Officer of our Company. For further details, please see the paragraphs headed “—Executive Directors” in this section.

Dr. YAN Jun (閆峻), aged 41, is an executive Director and the Chief Technology Officer of our Company. For further details, please see the paragraphs headed “—Executive Directors” in this section.

Ms. Zhang Shi (張實), aged 47, is an executive Director, Senior Vice President (Big Data Platform and Solutions) and Head of Government Affairs of our Company. For further details, please see the paragraphs headed “—Executive Directors” in this section.

DIRECTORS AND SENIOR MANAGEMENT

Mr. He Zhi (何直), aged 37, is the Chief Innovation Officer and a Co-founder of our Company and is responsible for the innovation and technology development of our Company. Mr. He led the development of our hospital clinical research systems, all-digital solutions for clinical research, digital internet hospital solutions and other key systems and solutions of our Group. Before joining the Group in December 2015, Mr. He worked as a product director principally responsible for product development and commercialization in the *Tmall* big data platform and applications group at Alibaba Group from September 2012 to December 2014. Between July 2010 and August 2012, Mr. He co-founded Hangzhou Shuyun Technology Co., Ltd. (杭州數雲科技有限公司), a provider of big data enabled precision marketing software products and services, and served as its chief marketing officer and vice president, leading the product development and marketing of the company.

Mr. He received his master's degree in electronic communication and engineering in January 2009 and his bachelor's degree in material science and engineering in July 2004, both awarded by Tsinghua University.

Mr. Xu Jiming (徐濟銘), aged 36, is a Senior Vice President (Life Sciences Solutions) and Co-founder of our Company and leads and manages the Life Sciences Solutions business of our Company. Mr. Xu has served as the chief technology officer of Yidu Cloud Beijing since October 2015 and the chief executive officer of Tianjin Happy Life since March 2018. Mr. Xu has also served as the deputy director of the Tsinghua University—YiduCloud Intelligent Automated Medical System Joint Research Center since May 2018 and is the co-author of a paper on the application of AI technology in medicine development published in the *Nature Medicine* journal in January 2019. Mr. Xu is the spouse of Ms. Gong.

Mr. Xu has over ten years of experience in the fields of search engine technology, big data and AI. Before joining our Group in October 2015, Mr. Xu worked in the mobile business division of Alibaba where he held the positions of senior architect at *UCWeb* between June 2015 and October 2015 and general manager of the search product technology center of *amap.com* between May 2013 and June 2015. Between July 2008 and May 2013, Mr. Xu worked at Baidu Internet Technology Co., Ltd. as a technology manager.

Mr. Xu received his master's degree in computer application technology from the Graduate School of the Chinese Academy of Sciences in July 2008 and his bachelor's degree in automation from Tsinghua University in July 2005.

JOINT COMPANY SECRETARIES

Ms. Bai Rui (白蕊), has been appointed as our joint company secretary with effect from August 16, 2020. Prior to joining our Company in May 2020, Ms. Bai practiced law with Davis Polk & Wardwell LLP as an associate between May 2018 and May 2020 and with Troutman Sanders LLP as an associate between February 2017 and March 2018. She worked in the capital markets groups at both law firms and advised companies, investment banks and financial sponsors on initial public offerings, including those on the Hong Kong Stock Exchange, corporate finance transactions and general corporate matters.

Ms. Bai received her juris doctor degree from the University of Iowa in August 2015 and her bachelor's degree in economics and finance from the University of Hong Kong in November 2011. Ms. Bai was admitted to the New York State bar in July 2016.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Li Ching Yi (李菁怡), has been appointed as our joint company secretary with effect from October 16, 2020. Ms. Li is a manager of the Listing Corporate Services Department of Trident Corporate Services (Asia) Ltd., a global professional services firm. She has around 10 years of professional experience in company secretarial field. She is currently a joint company secretary of Sinco Pharmaceuticals Holdings Ltd. (stock code: 6833) and Pop Mart International Group Limited (stock code: 9992), and the company secretary of China Fortune Financial Group Limited (stock code: 290), all companies are listed on the Hong Kong Stock Exchange. Ms. Li is an associate member of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom and The Hong Kong Institute of Chartered Secretaries. She obtained a bachelor's degree in social sciences in October 2011 from Lingnan University in Hong Kong and a master degree in professional accounting and corporate governance in July 2015 from City University of Hong Kong.

CORPORATE GOVERNANCE

Audit Committee

We have established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls system of the Group, review and approve connected transactions and to advise the Board. The audit committee comprises three independent non-executive Directors, namely Dr. Ma Wei-Ying, Ms. Pan Rongrong and Prof. Zhang Linqi. Ms. Pan Rongrong is the chairlady of the committee and is the director appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration Committee

We have established a remuneration committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix 14 to the Listing Rules. The primary duties of the remuneration committee are to review and make recommendations to the Board regarding the terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management. The remuneration committee comprises Ms. Gong, Dr. Ma Wei-Ying and Prof. Zhang Linqi. Dr. Ma Wei-Ying is the chairman of the committee.

Nomination Committee

We have established a nomination committee with written terms of reference in compliance with the Code on Corporate Governance set out in Appendix 14 to the Listing Rules. The primary duties of the nomination committee are to make recommendations to the Board regarding the appointment of Directors and Board succession. The nomination committee comprises Ms. Gong, Dr. Ma Wei-Ying and Prof. Zhang Linqi. Ms. Gong is the chairlady of the committee.

Corporate Governance Code

We aim to implement a high standard of corporate governance, which we believe is crucial to safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the Corporate Governance Code set out in Appendix 14 of the Listing Rules after the Listing, save that our visionary founder Ms. Gong will serve as both our Chairlady and Chief Executive Officer as discussed below.

DIRECTORS AND SENIOR MANAGEMENT

Management Presence

According to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Since the principal business operations of our Group are conducted in China, members of our senior management are, and are expected to continue to be, based in China. Further, as our executive Directors have a vital role in our Group's operations, it is crucial for them to remain in close proximity to our Group's central management located in China. Our Company does not and, for the foreseeable future, will not have a sufficient management presence in Hong Kong. We have applied for, and the Stock Exchange has granted, a waiver from compliance with Rule 8.12 of the Listing Rules. For further details, see "Waivers from strict compliance with the Listing Rules and exemptions from the Companies (Winding Up and Miscellaneous Provisions) Ordinance—Waiver in respect of management presence in Hong Kong."

Chairlady of the Board and Chief Executive

Pursuant to code provision A.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairperson and the chief executive officer should be segregated and should not be performed by the same individual. We do not have a separate chairperson and chief executive officer and Ms. Gong currently performs these two roles. The Board believes that vesting the roles of both chairperson and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairperson of the Board and the chief executive officer of the Company if and when it is appropriate taking into account the circumstances of the Group as a whole. For further information relating to the Company's corporate governance measures, please see the section headed "Relationship with our Controlling Shareholder—Corporate Governance Measures."

Board diversity

Our Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining the Company's competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent. Pursuant to the board diversity policy, in reviewing and assessing suitable candidates to serve as a director of the Company, the nomination committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience. Pursuant to the board diversity policy, the nomination committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for adoption.

DIRECTORS AND SENIOR MANAGEMENT

COMPLIANCE ADVISER

We have appointed Somerley Capital Limited as the Compliance Adviser pursuant to Rule 3A.19 of the Listing Rules. The Compliance Adviser will provide us with guidance and advice as to compliance with the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Adviser will advise the Company in certain circumstances including:

- (a) before the publication of any regulatory announcement, circular, or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this document or where the business activities, development or results of the Group deviate from any forecast, estimate or other information in this document; and
- (d) where the Stock Exchange makes an inquiry to the Company under Rule 13.10.

The term of appointment of the Compliance Adviser shall commence on the Listing Date and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date.

DIRECTORS' REMUNERATION

Our Directors and senior management receive remuneration, including salaries, allowances and benefits in kind, including our contribution to the pension plan on their behalf.

The aggregate amount of remuneration (including wages, salaries, bonuses, defined contribution plans, other social security costs, housing benefits and share-based compensation expenses) for our Directors for the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2020 was approximately RMB7.9 million, RMB5.7 million, RMB102.9 million and RMB10.1 million, respectively.

The aggregate amount of remuneration (including wages, salaries, bonuses, defined contribution plans, other social security costs, housing benefits and share-based compensation expenses) for the five highest paid individuals for the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2020 was approximately RMB11.4 million, RMB14.3 million, RMB51.4 million and RMB6.7 million, respectively.

Save as disclosed above, no other payments have been paid or are payable, in respect of the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2020 by our Company to our Directors.

No remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. No compensation was paid to, or receivable by, our Directors or past directors for the Track Record Period for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the same period.

See paragraphs headed "Statutory and General Information—Pre-IPO Share Option Plans" in Appendix IV for details regarding the incentive plans for our Directors and the senior management.

DIRECTORS AND SENIOR MANAGEMENT

COMPETITION

Each of the Directors confirms that as of the Latest Practicable Date, save as disclosed in this document, he or she did not have any interest in a business which materially competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Plans, Post-IPO Share Option Scheme and Post-IPO Share Award Scheme) the following persons will have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group:

Name of Shareholder	Capacity / Nature of interest	Number of Shares ⁽¹⁾	Approximate percentage of interest in our Company after the Global Offering ⁽²⁾
Sweet Panda Limited ⁽³⁾	Beneficial interest	398,888,890	44.23%
Ms. Gong	Interest in a controlled corporation	398,888,890	44.23%
Sunshine Longevity Limited ⁽⁴⁾	Beneficial interest	96,068,715	10.65%
Sunshine Life Insurance Corporation Limited ⁽⁴⁾ . . .	Interest in a controlled corporation	96,068,715	10.65%
Sunshine Insurance Group Inc., Ltd. ⁽⁴⁾	Interest in a controlled corporation	96,068,715	10.65%
Astonish Investment Pte. Ltd. ⁽⁵⁾	Beneficial interest	60,068,295	6.66%
Apstar Investment Pte Ltd ⁽⁵⁾	Interest in a controlled corporation	60,068,295	6.66%
GIC (Ventures) Pte. Ltd. ⁽⁵⁾	Interest in a controlled corporation	60,068,295	6.66%
GIC Special Investments Private Limited ⁽⁵⁾	Interest in a controlled corporation	60,068,295	6.66%
GIC Private Limited ⁽⁵⁾	Interest in a controlled corporation	60,068,295	6.66%
Meddig International ⁽⁶⁾	Beneficial interest	55,555,555	6.16%
BVCF III, L.P. ⁽⁶⁾	Interest in a controlled corporation	55,555,555	6.16%
MSA China Fund I L.P. ⁽⁷⁾	Beneficial interest	33,625,730	10.65%
Magic Stone Alternative Private Equity Fund GP, Ltd. ⁽⁷⁾	Interest in a controlled corporation	33,625,730	10.65%
Magic Stone Hong Tao Alternative Fund, L.P. ⁽⁷⁾	Beneficial interest	17,529,995	1.94%
Magic Stone Hong Tao Family Offices GP ⁽⁷⁾	Interest in a controlled corporation	17,529,995	1.94%
MSA Management Holdings Pte. Ltd. ⁽⁷⁾	Interest in a controlled corporation	51,155,725	5.67%
Ms. Zeng Yu ⁽⁷⁾	Interest in a controlled corporation	51,155,725	5.67%

SUBSTANTIAL SHAREHOLDERS

Notes:

- (1) Based on the assumption that each Preference Share is converted into one Share with effect from the Listing Date.
- (2) Assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Plans, Post-IPO Share Option Scheme and Post-IPO Share Award Scheme.
- (3) Sweet Panda Limited is wholly-owned by Ms. Gong.
- (4) Sunshine Longevity Limited is wholly-owned by Sunshine Life Insurance Corporation Limited, which is a non-wholly owned subsidiary of Sunshine Insurance Group Inc., Ltd.. Under the SFO, each of Sunshine Life Insurance Corporation Limited and Sunshine Insurance Group Inc., Ltd. is deemed to be interested in the Shares held by Sunshine Longevity Limited.
- (5) Astonish Investment Pte. Ltd. is wholly-owned by Apstar Investment Pte Ltd, which is in turn wholly-owned by GIC (Ventures) Pte. Ltd.. Astonish Investment Pte. Ltd. is managed by GIC Special Investments Private Limited, which is in turn wholly-owned by GIC Private Limited. Under the SFO, each of Apstar Investment Pte Ltd, GIC (Ventures) Pte. Ltd., GIC Special Investments Private Limited and GIC Private Limited is deemed to be interested in the Shares held by Astonish Investment Pte. Ltd.
- (6) Meddig International is a non-wholly owned subsidiary of BVCF III, L.P.. Under the SFO, BVCF III, L.P. is deemed to be interested in the Shares held by Meddig International.
- (7) MSA China Fund I L.P. (formerly named Magic Stone Alternative Private Equity Fund, L.P.) is managed by its general partner, Magic Stone Alternative Private Equity Fund GP, Ltd., and Magic Stone Hong Tao Alternative Fund, L.P. is managed by its general partner, Magic Stone Hong Tao Family Offices GP. Magic Stone Hong Tao Family Offices GP and Magic Stone Alternative Private Equity Fund GP, Ltd. are controlled by MSA Management Holding Pte. Ltd.. MSA Management Holding Pte. Ltd. is controlled by Ms. Zeng Yu. Under the SFO, (i) Magic Stone Alternative Private Equity Fund GP, Ltd. is deemed to be interested in Shares held by MSA China Fund I L.P.; (ii) Magic Stone Hong Tao Family Offices GP is deemed to be interested in the Shares held by Magic Stone Hong Tao Alternative Fund, L.P.; and (iii) each of MSA Management Holding Pte. Ltd. and Ms. Zeng Yu is deemed to be interested in the Shares held by MSA China Fund I L.P. and Magic Stone Hong Tao Alternative Fund, L.P..

Except as disclosed above, our Directors are not aware of any other person who will, immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Plans, Post-IPO Share Option Scheme and Post-IPO Share Award Scheme), have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting shares of our Company or any other member of our Group.

CORNERSTONE INVESTORS

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a “**Cornerstone Investment Agreement**”, and together the “**Cornerstone Investment Agreements**”) with the cornerstone investors set out below (each a “**Cornerstone Investor**”, and together the “**Cornerstone Investors**”), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe for such number of Offer Shares that may be purchased with an aggregate amount of US\$210 million (approximately HK\$1,627.6 million) at the Offer Price (the “**Cornerstone Placing**”).

The Cornerstone Placing will form part of the International Offering, and the Cornerstone Investors will not acquire any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreements). The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respects with the fully paid Shares in issue.

Immediately following the completion of the Global Offering, the Cornerstone Investors will not become substantial shareholders of our Company and will not have any Board representation in our Company. To the best knowledge of our Company, each of Cornerstone Investors (i) is an Independent Third Party, (ii) is independent of other Cornerstone Investors, (iii) is not financed by us, our subsidiaries, our Directors, chief executive, controlling shareholders, substantial shareholders, existing Shareholders (other than Yaqut Sdn Bhd and Tencent Mobility, which are existing Shareholders of our Company as described below or their close associates) or any of its subsidiaries or their respective close associates, and (iv) is not accustomed to taking instructions from us, our subsidiaries, our Directors, chief executive, controlling shareholders, substantial shareholders, existing Shareholders (other than Yaqut Sdn Bhd and Tencent Mobility, which are existing Shareholders of our Company or their close associates as described below) or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Offer Shares. There are no side agreements or arrangements between us and the Cornerstone Investors. Save for our existing Shareholders, we became acquainted with each of the Cornerstone Investors mainly through introduction by certain Underwriters. As confirmed by each Cornerstone Investor, their subscription under the Cornerstone Placing would be financed by their own internal financial resources, and that they have sufficient fund to settle their respective investment under the Cornerstone Placing. Each of the Cornerstone Investors has confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing and that no specific approval from any stock exchange (if relevant) or its shareholders is required for the relevant cornerstone investment as each of them has general authority to invest.

We are of the view that, leveraging on the Cornerstone Investors’ investment experience, the Cornerstone Placing will help raise the profile of our Company and to signify that such investors have confidence in our Company’s business and prospect.

There will be no deferred settlement of Offer Shares to be subscribed by the Cornerstone Investors and the consideration will be settled by the Cornerstone Investors on or before the Listing Date. There may be deferred delivery of the Offer Shares to be subscribed by certain Cornerstone Investors (namely, 3W Fund, Canada Pension Plan Investment Board, China Orient, Yaqut Sdn Bhd and Velmar Company Limited) if there is over-allocation in the International Offering. Delayed delivery will not take place upon signing of the Stock Borrowing Agreement (if any). The Offer Shares to be subscribed by the Cornerstone Investors may be affected by reallocation in the event of over-subscription under the Hong Kong Public Offering, as described in “Structure of the Global Offering—The Hong Kong Public Offering—Reallocation”. Details of the actual number of Offer Shares to be allocated to the

CORNERSTONE INVESTORS

Cornerstone Investors will be disclosed in the allotment results announcement to be issued by us on or around January 14, 2021.

Two of the Cornerstone Investors, namely Yaqut Sdn Bhd and Tencent Mobility, which are existing Shareholders of our Company or their close associates, have been granted a waiver from strict compliance with the requirements under Rule 10.04 of, and a consent under paragraph 5(2) of Appendix 6 to, the Listing Rules (as applicable) by the Stock Exchange and the Guidance Letter HKEX-GL85-16.

The table below sets forth details of the Cornerstone Placing:

Cornerstone Investor	Subscription amount (US\$ in millions)	Assuming an Offer Price of HK\$23.50 (being the low-end of the Offer Price range)				
		Number of Offer Shares ⁽¹⁾	Assuming the Over-Allotment Option is not exercised		Assuming the Over-Allotment Option is fully exercised	
			Approximately % of the Offer Shares	Approximately % of the issued share capital ⁽²⁾	Approximately % of Offer Shares	Approximately % of the issued share capital ⁽²⁾
OrbiMed Funds	40	13,192,500	8.43	1.46	7.33	1.43
Canada Pension Plan Investment Board	40	13,192,500	8.43	1.46	7.33	1.43
Yaqut Sdn Bhd	40	13,192,500	8.43	1.46	7.33	1.43
Tencent Mobility	20	6,596,200	4.22	0.73	3.67	0.71
Velmar Company Limited	20	6,596,200	4.22	0.73	3.67	0.71
Matthews Funds	20	6,596,200	4.22	0.73	3.67	0.71
3W Fund Management	20	6,596,200	4.22	0.73	3.67	0.71
China Orient	10	3,298,100	2.11	0.37	1.83	0.36
<i>Total</i>	210	69,260,400	44.27	7.68	38.50	7.49

Cornerstone Investor	Subscription amount (US\$ in millions)	Assuming an Offer Price of HK\$24.90 (being the mid-point of the Offer Price range)				
		Number of Offer Shares ⁽¹⁾	Assuming the Over-Allotment Option is not exercised		Assuming the Over-Allotment Option is fully exercised	
			Approximately % of the Offer Shares	Approximately % of the issued share capital ⁽²⁾	Approximately % of Offer Shares	Approximately % of the issued share capital ⁽²⁾
OrbiMed Funds	40	12,450,700	7.96	1.38	6.92	1.35
Canada Pension Plan Investment Board	40	12,450,700	7.96	1.38	6.92	1.35
Yaqut Sdn Bhd	40	12,450,700	7.96	1.38	6.92	1.35
Tencent Mobility	20	6,225,300	3.98	0.69	3.46	0.67
Velmar Company Limited	20	6,225,300	3.98	0.69	3.46	0.67
Matthews Funds	20	6,225,300	3.98	0.69	3.46	0.67
3W Fund Management	20	6,225,300	3.98	0.69	3.46	0.67
China Orient	10	3,112,600	1.99	0.35	1.73	0.34
<i>Total</i>	210	65,365,900	41.78	7.25	36.33	7.06

Cornerstone Investor	Subscription amount (US\$ in millions)	Assuming an Offer Price of HK\$26.30 (being the high-end of the Offer Price range)				
		Number of Offer Shares ⁽¹⁾	Assuming the Over-Allotment Option is not exercised		Assuming the Over-Allotment Option is fully exercised	
			Approximately % of the Offer Shares	Approximately % of the issued share capital ⁽²⁾	Approximately % of Offer Shares	Approximately % of the issued share capital ⁽²⁾
OrbiMed Funds	40	11,787,900	7.53	1.31	6.55	1.27
Canada Pension Plan Investment Board	40	11,787,900	7.53	1.31	6.55	1.27
Yaqut Sdn Bhd	40	11,787,900	7.53	1.31	6.55	1.27
Tencent Mobility	20	5,893,900	3.77	0.65	3.28	0.64
Velmar Company Limited	20	5,893,900	3.77	0.65	3.28	0.64
Matthews Funds	20	5,893,900	3.77	0.65	3.28	0.64
3W Fund Management	20	5,893,900	3.77	0.65	3.28	0.64
China Orient	10	2,946,900	1.88	0.33	1.64	0.32
<i>Total</i>	210	61,886,200	39.56	6.86	34.40	6.69

CORNERSTONE INVESTORS

Notes:

- (1) Subject to rounding down to the nearest whole board lot of 100 Shares. Calculated based on the exchange rate set out in the section headed “Information about this document and the Global Offering—Exchange rate conversion”.
- (2) Immediately following the completion of the Global Offering, assuming no Shares are issued under the Pre-IPO Share Option Plans, Post-IPO Share Option Plan and the Post-IPO Share Award Plan.

THE CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing.

OrbiMed Funds

OrbiMed Capital LLC is the investment advisor for OrbiMed Partners Master Fund Limited (“OPM”) and the portfolio manager of Worldwide Healthcare Trust PLC (“WWH”). OPM is an exempted company limited by shares incorporated under the laws of Bermuda. WWH is a publicly listed trust organized under the laws of England. OrbiMed Genesis Master Fund, L.P. (“Genesis”) and OrbiMed New Horizons Master Fund, L.P. (“ONH”) are each exempted limited partnerships incorporated under the laws of the Cayman Islands with OrbiMed Advisors LLC acting as the investment manager. OrbiMed Capital LLC and OrbiMed Advisors LLC exercise voting and investment power through a management committee comprised of Carl L. Gordon, Sven H. Borho, and Jonathan T. Silverstein.

Canada Pension Plan Investment Board

CPP Investment Board PMI-2 Inc. is a wholly-owned subsidiary of Canada Pension Plan Investment Board (CPP InvestmentsTM). CPP Investments is a professional investment management organization that manages the Fund in the best interests of the more than 20 million contributors and beneficiaries of the Canada Pension Plan. In order to build diversified portfolios of assets, investments are made around the world in public equities, private equities, real estate, infrastructure and fixed income. At September 30, 2020, the Fund totaled C\$456.7 billion.

Yaqut Sdn Bhd

Yaqut Sdn Bhd is an investment holding company incorporated under the laws of Brunei and is wholly owned by the Brunei Investment Agency. The Brunei Investment Agency is a body corporate that was established by the Brunei Investment Agency Act (Chapter 137 of the Laws of Brunei). One of its principal objects is to hold and manage the General Reserve Fund of the Government of Brunei.

Tencent Mobility

Tencent Mobility Limited (“Tencent Mobility”) is a company incorporated in Hong Kong and is principally engaged in the activities of development and operation of entertainment applications, provision of promotion activities for Weixin and investment holding. Tencent Mobility is a wholly-owned subsidiary of Tencent Holdings Limited, whose shares are listed on the Stock Exchange (Stock Code: 700).

Velmar Company Limited

Velmar Company Limited is a company incorporated in Hong Kong and is an investment holding company wholly-owned by Kerry Holdings Limited. Kerry Holdings Limited holds diverse

CORNERSTONE INVESTORS

investments, including in real estate, hotels and logistic services through its interests in Kerry Properties Limited (Stock Code: 683), Shangri-La Asia Limited (Stock Code: 00069) and Kerry Logistics Network Limited (Stock Code: 636) respectively, all of which are listed on The Stock Exchange of Hong Kong Limited.

Matthews Funds

Each of Matthews Asia Small Companies Fund and Matthews Asia Innovators Fund are series of Matthews International Funds (doing business as Matthews Asia Funds), an open-end management company registered under the U.S. Investment Company Act of 1940, as amended (“**Matthews International Funds (US)**”).

Matthews Asia Funds—Asia Small Companies Fund is a sub-fund of Matthews Asia Funds, a public limited company (société anonyme) qualifying as an investment company organized with variable share capital within the meaning of the Luxembourg law of December 17, 2010 on collective investment undertakings incorporated as an umbrella fund comprised of separate sub-funds (“**Matthews Asia Funds (Lux)**”), (together with Matthews International Funds (US), the “**Matthews Funds**”).

Matthews International Capital Management, LLC (“**Matthews Asia**”) is the authorized agent and the investment manager of the Matthews Funds. Matthews Asia manages portfolios of securities primarily in the Asia Pacific region on a discretionary basis for institutional clients, including U.S. registered investment companies and similar non-U.S. investment funds (some of which are registered under the laws of the country where they are formed) and other clients worldwide. As of November 30, 2020, Matthews Asia had approximately US\$26.5 billion in assets under management according to its website.

3W Fund Management

3W Fund Management Limited (“**3W Fund Management**”) is a limited liability company incorporated in Hong Kong and licensed by the SFC to carry out type 9 (asset management) regulated activity. 3W Fund Management, in its capacity as investment manager to 3W Greater China Focus Fund and 3W Global Fund which 3W Fund Management has discretionary investment management power over, has agreed to acquire such number of Offer Shares as set out in this Prospectus. 3W Greater China Focus Fund and 3W Global Fund pursue to maximize absolute return and seek long-term capital growth primarily through fundamental investment principle with value approach.

China Orient

China Orient Multi-Strategy Master Fund is a company incorporated in the Cayman Islands and is managed by China Orient International Asset Management Limited (“**China Orient**”). China Orient was incorporated in Hong Kong and is an indirect wholly-owned subsidiary of China Orient Asset Management Co., Ltd. (“**COAMC**”). COAMC’s predecessor, China Orient Asset Management Corporation, was one of the big-four asset management companies established by China Ministry of Finance in 1999. In 2016, it completed the shareholding restructuring and changed its name to its current name. COAMC’s business includes a variety of financial services, such as non-performing assets, insurance, banking, securities, trust, credit rating and investment etc.

CORNERSTONE INVESTORS

CLOSING CONDITIONS

The subscription obligation of each Cornerstone Investor under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

- (a) the underwriting agreements for the Hong Kong Public Offering and the International Offering being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Underwriting Agreements, and neither of the aforesaid underwriting agreements having been terminated;
- (b) the Offer Price having been agreed upon between our Company and the Joint Global Coordinators (on behalf of the underwriters of the Global Offering);
- (c) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Shares (including the Shares subscribed for by the Cornerstone Investors) as well as other applicable waivers and approvals, and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- (d) no Laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or in the respective Cornerstone Investment Agreement and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and
- (e) the representations, warranties, undertakings and confirmations of such Cornerstone Investor under the respective Cornerstone Investment Agreement are accurate and true in all respects or all material respects (as the case may be) and not misleading and that there is no material breach of such Cornerstone Investment Agreement on the part of such Cornerstone Investor.

RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six months from the Listing Date (the “**Lock-up Period**”), dispose of any of the Offer Shares they have purchased pursuant to the relevant Cornerstone Investment Agreement, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

SHARE CAPITAL

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid or credited immediately before and following the completion of the Global Offering:

	Number of shares	Aggregate nominal value
Authorized share capital as of the date of this document	2,500,000,000 shares comprising (i) 76,858,335 Class A ordinary shares, (ii) 2,069,498,070 Class B ordinary shares, (iii) 83,333,330 Series A Preference Shares, (iv) 33,625,730 of Series A-1 Preference Shares, (v) 96,068,715 Series A-2 Preference Shares, (vi) 46,115,005 Series B Preference Shares, and (vii) 94,500,815 Series C Preference Shares, each with a par value of US\$0.00002	US\$50,000
Shares in issue as of the date of this document	745,312,010 shares comprising: (i) 76,858,335 Class A Ordinary Shares; (ii) 327,030,555 Class B Ordinary Shares; (iii) 83,333,330 Series A Preference Shares; (iv) 33,625,730 Series A-1 Preference Shares; (v) 96,068,715 Series A-2 Preference Shares, (vi) 46,115,005 Series B Preference Shares, and (vii) 94,500,815 Series C Preference Shares, each with a par value of US\$0.00002	US\$14,906.2402
Shares to be issued under the Global Offering	156,450,000 Shares	US\$3,129
Authorized share capital immediately before the completion of the Global Offering	2,500,000,000 Shares	US\$50,000
Shares in issue immediately following the completion of Global Offering	901,762,010 Shares	US\$18,035.2402

Assumptions

The above table assumes that (i) each outstanding Preference Share is converted into one Share immediately prior to the Global Offering, and (ii) the Global Offering becomes unconditional and Shares are issued pursuant to the Global Offering. The above table also does not take into account any Shares that may be issued pursuant to (i) an exercise of the Over-allotment Option, (ii) the exercise of options granted under the Pre-IPO Share Option Plans, (iii) the exercise of options which may be granted under the Post-IPO Share Option Scheme, and (iv) awards which may be granted under the Post-IPO Share Award Scheme, and (v) Shares that may be issued or repurchased by us under the general mandates granted to our Directors as referred in “—Potential Changes to Share Capital” below.

Ranking

The Offer Shares will rank *pari passu* in all respects with all Shares currently in issue, in issue in the future, or to be issued as mentioned in this document, and will qualify and rank equally for all dividends or other distributions declared, made or paid on the Shares on a record date which falls after the date of this document.

SHARE CAPITAL

POTENTIAL CHANGES TO SHARE CAPITAL

Circumstances under which general meeting and class meeting are required

Pursuant to the Cayman Companies Act and the terms of the Memorandum of Association and Articles of Association, our Company may from time to time by ordinary resolution of shareholders (i) increase its capital; (ii) consolidate and divide its capital into shares of larger amount; (iii) subdivide its shares into shares of smaller amount; and (iv) cancel any shares which have not been taken or agreed to be taken. In addition, our Company may subject to the provisions of the Cayman Companies Act to reduce its share capital or capital redemption reserve by its shareholders passing a special resolution. See “Summary of the Constitution of our Company and Cayman Islands Companies Law—Summary of the Constitution of the Company—Articles of Association—Alteration of Capital” in Appendix III for further details.

Subject to the Cayman Companies Act, if at any time the share capital of our Company is divided into different classes of shares, all or any of the rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.

See “Summary of the Constitution of our Company and Cayman Islands Companies Law—Summary of the Constitution of the Company—Articles of Association—Variation of Rights of Existing Shares or Class of Shares” in Appendix III for further details.

Pre-IPO Share Option Plans

We adopted the Pre-IPO Share Option Plans on March 16, 2015. For further details, see “Statutory and General Information—Pre-IPO Share Option Plans” in Appendix IV.

Post-IPO Share Option Scheme and Post-IPO Share Award Scheme

We adopted the Post-IPO Share Option Scheme and the Post-IPO Share Award Scheme on December 28, 2020. See “Statutory and general information—Post-IPO Share Option Scheme” and “Statutory and general information—Post-IPO Share Award Scheme” in Appendix IV for further details.

General mandate to issue Shares

Subject to the Global Offering becoming unconditional, our Directors were granted a general mandate to allot, issue and deal with any Shares or securities convertible into Shares of not more than the sum of:

- 20% of the total number of Shares in issue immediately following completion of the Global Offering (but excluding any Shares that may be issued pursuant to (i) an exercise of the Over-allotment Option, (ii) the exercise of options granted under the Pre-IPO Share Option Plans, (iii) the exercise of options which may be granted under the Post-IPO Share Option Scheme, and (iv) awards which may be granted under the Post-IPO Share Award Scheme); and
- the total number of Shares repurchased by our Company pursuant to the authority referred to in “—General mandate to repurchase Shares” below.

SHARE CAPITAL

This general mandate to issue Shares will remain in effect until the earliest of:

- the conclusion of the next annual general meeting of our Company unless, by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to condition;
- the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws of the Cayman Islands or the memorandum and the articles of association of our Company; and
- the passing of an ordinary resolution by our Shareholders in a general meeting revoking or varying the authority.

See “Statutory and General Information—Further Information about our Group—Resolutions of our Shareholders dated December 28, 2020” in Appendix IV for further details of this general mandate to allot, issue and deal with Shares.

General mandate to repurchase Shares

Subject to the Global Offering becoming unconditional, our Directors were granted a general mandate to repurchase our own Shares up to 10% of the total number of Shares in issue immediately following completion of the Global Offering (but excluding any Shares that may be issued pursuant to (i) an exercise of the Over-allotment Option, (ii) the exercise of options granted under the Pre-IPO Share Option Plans, (iii) the exercise of options which may be granted under the Post-IPO Share Option Scheme, and (iv) awards which may be granted under the Post-IPO Share Award Scheme).

This mandate only relates to repurchases on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, and in accordance with all applicable laws and the requirements under the Listing Rules or equivalent rules or regulations of any other stock exchange as amended from time to time.

This general mandate to repurchase Shares will remain in effect until the earliest of:

- the conclusion of the next annual general meeting of our Company unless, by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to condition;
- the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws of the Cayman Islands or the memorandum and the articles of association of our Company; and
- the passing of an ordinary resolution by our Shareholders in a general meeting revoking or varying the authority.

See “Statutory and general information—Further information about our Group—Explanatory statement on repurchase of our own securities” in Appendix IV for further details of this general mandate to repurchase Shares.

FINANCIAL INFORMATION

You should read the following discussion and analysis with our consolidated financial information, including the notes thereto, included in the Accountant's Report in Appendix I to this document. Our consolidated financial information has been prepared in accordance with IFRS.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, many of which we cannot control or foresee. In evaluating our business, you should carefully consider all of the information provided in this document, including the sections headed "Risk Factors" and "Business."

For the purpose of this section, unless the context otherwise requires, references to 2018, 2019 and 2020 refer to our financial years ended March 31, of such years. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a healthcare technology company that offers solutions built on big data and AI technologies. We serve and partner with healthcare industry participants, including hospitals, pharmaceutical, biotech, medical device companies, research institutions, insurance companies, doctors and patients, as well as regulators and policy makers. According to the EY Report, we ranked No. 1 in terms of revenue among all healthcare big data solution providers in China in 2019.

We have built our proprietary data intelligence infrastructure, YiduCore, through processing and analyzing upon authorization over 1.3 billion longitudinal healthcare records from over 300 million patients to derive deep insights and knowledge. YiduCore, as our "medical brain," powers a range of applications and solutions that serve the critical needs of our customers, which include more than 500 hospitals in China, encompassing over 120 Grade 3A hospitals, of which 64 are ranked among the top 150 hospitals in China, as well as regulators and policy makers across different administrative levels. Leveraging our highly scalable YiduCore, we have developed a suite of healthcare technology solutions. Our research-driven approach for solution development aims to generate objective outcome measurements for the healthcare industry. As our solutions become increasingly recognized and accepted, they will be utilized as evidence for outcome evaluation and value assessment. We believe this will foster the development of value-based healthcare, where services and transactions are driven by evidence and valued by outcome.

Since our inception in 2014, we have undertaken a pioneering strategic pathway, guided by our in-depth understanding and unique perspective of the healthcare industry in China. In this earlier stage of our strategic path, in order to lay a solid foundation, we focused our efforts and investments on building our data intelligence infrastructure, YiduCore, by serving and partnering with top hospitals, where scarce quality medical resources are concentrated. We started monetization from late 2017 when YiduCore had demonstrated its value and attracted more hospitals and other ecosystem players such as regulators and policy makers, pharmaceutical, biotech and medical device companies and insurance companies.

FINANCIAL INFORMATION

Leveraging our highly scalable YiduCore, we have developed a suite of data analytics-driven healthcare solutions. We currently operate three main business segments: Big Data Platform and Solutions, Life Sciences Solutions, and Health Management Platform and Solutions.

- *Big Data Platform and Solutions.* This is the segment with the longest operating history and consists of our big data platform offerings, including the DPAP platform and its upgraded version Eywa, as well as other solutions that are built for our customers including hospitals, regulators and policy makers. We offer DPAP/Eywa platforms and solutions for hospitals to empower them to leverage insights from their data in their core operations. Connected to hospitals' existing operating systems, the DPAP/Eywa platforms aggregate the raw data that reside in their systems and process them into structured and standardized data. These data platforms can further empower a wide range of applications and solutions for hospitals, such as medical research, clinical diagnosis and treatment and hospital operations management. In addition, we work with top healthcare institutions and researchers to establish research networks and disease registries, enabling researchers within the network to conduct medical research using healthcare data of greater breadth and depth under proper authorization. We also help regulators and policy makers aggregate and process multi-source heterogeneous data at city, provincial and national levels, and allow them to utilize our solutions in multiple application scenarios, such as public health monitoring, epidemic response and population health management.
- *Life Sciences Solutions.* Leveraging YiduCore, we provide solutions to help customers in the life sciences field reduce the time and costs of clinical development and at the same time enhance clinical and market success. We provide analytics-driven clinical development, real-world evidence (RWE)-based research services and evidence-based digital commercialization covering the entire life cycle of a therapeutic product. We also offer software and technology solutions for sponsors and contract research organizations (CROs) to enhance the efficiency and quality of the clinical trials they conduct.
- *Health Management Platform and Solutions.* We operate our research-driven personal health management platform under the brand of "CausaHealth," where we offer doctors AI clinical insights and knowledge-based research and management tools powered by YiduCore, empowering them to become "super doctors" who can conduct research and manage their patients better and provide higher quality services with improved efficiency. We also offer insurance technology solutions under the brand of "CausaCloud" to insurance companies and agencies.

Through these services, we seek to attract and partner with more players on the healthcare value chain to provide more comprehensive, one-stop services to patients on the platform. See the section headed "Business" in this document for a detailed discussion of our business.

During the Track Record Period, our total revenues increased by 348.9% from RMB22.7 million in the fiscal year ended March 31, 2018 to RMB102.0 million in the fiscal year ended March 31, 2019 and further by 447.1% to RMB558.1 million in the fiscal year ended March 31, 2020, and increased by 586.7% from RMB24.8 million in the three months ended June 30, 2019 to RMB170.4 million in the same period of 2020. Our loss was RMB978.4 million, RMB933.7 million, RMB1,511.4 million, RMB666.6 million and RMB505.8 million in the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020, respectively. Our adjusted net loss, a Non-IFRS measure defined as net loss excluding the impacts of (i) fair value changes of convertible redeemable

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preferred shares, (ii) fair value changes of convertible notes, (iii) fair value changes of warrants, (iv) share-based compensation expenses, and (v) listing expenses. was RMB252.9 million, RMB419.3 million, RMB322.3 million, RMB130.3 million and RMB76.0 million in the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020, respectively. See “—Non-IFRS Measure: Adjusted Net Loss” for details. As a fast growing company with a relatively limited operating history, our ability to forecast our future results of operations is limited and subject to a number of uncertainties, including our ability to plan for and model future growth. Our revenue growth in recent periods may not be indicative of our future performance.

BASIS OF PREPARATION

The historical financial information of our Company has been prepared in accordance with applicable International Financial Reporting Standards, or IFRS, issued by the International Accounting Standards Board. The historical financial information has been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss, which are carried at fair value.

The preparation of the historical financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information are disclosed in note 4 to the Accountant’s Report included in Appendix I to this document.

The historical financial information have been prepared under the historical cost convention, as modified by the revaluation of financial assets measured at fair value through profit or loss, convertible redeemable preferred shares and convertible notes which are carried at fair value.

We have applied the following standards and amendments for the first time for our annual reporting period commencing April 1, 2017: IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers, IFRS 16 Leases. We also elected to early adopt the following amendment: Amendment to IFRS 16 COVID-19 Related Rent Concessions. We have not yet applied the following new and amendments to IFRSs that have been issued but are not yet effective: IFRS 17 Insurance Contracts, Amendments to IAS 1—Classification of Liabilities as Current or Non-current, Amendments to IAS 37—Onerous contract—cost of fulfilling a contract, Amendments to IAS 16—Property, plant and equipment: Proceeds before intended use, Amendments to IFRS 3—Reference to the Conceptual Framework and Amendments to IFRS 10 and IAS 28—Sale or contribution of assets between an investor and its associate or joint venture. Annual improvements to IFRS standards 2018-2020. Our Directors anticipate that the application of the above new and amendments to IFRSs will have no material impact on our consolidated financial statements in the foreseeable future. Set forth below is the analysis of the impact of the adoption of IFRS 9, IFRS 15 and IFRS 16 on our financial position and performance:

IFRS 9—Financial Instruments

IFRS 9 requires the recognition of impairment provisions of financial assets measured at amortized cost based on expected credit losses instead of as incurred losses basis under IAS 39. We assessed that the adoption of the new impairment methodology under IFRS 9 would not result in any significant

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difference in bad debt provision and did not have any significant impact on our consolidated financial position (net assets) and performance (net profit) as compared with IAS 39.

IFRS 15—Revenue from Contracts with Customers

Under IFRS 15, we recognize performance obligations that we have not yet satisfied but for which we have received consideration or consideration is due from the customer as contract liabilities. If IAS 18 was applied, such contract liabilities would be classified as advances from customers. We believe that the adoption of IFRS 15 as compared to the requirements of IAS 18 did not have any significant impact on our consolidated financial position (net assets) and performance (net profit) during the Track Record Period.

IFRS 16—Leases

We lease various properties. Under IFRS 16, leases, which have previously been classified as “operating leases” under IAS 17, are recognized as a right-of-use asset and corresponding liability at the date of which the lease asset for use by us. Each lease payment is allocated between liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability of each period. The right-of-use asset are depreciated over the lease term on a straight-line basis. We believe that comparing to IAS 17, the adoption of IFRS 16 did not have a significant impact on our financial position (net assets) and performance (net profits) during the Track Record Period.

KEY OPERATING DATA

The following tables set forth the key operating data for the period indicated:

Big Data Platform and Solutions	For the Years Ended March 31,			For the Three Months Ended June 30,	
	2018	2019	2020	2019	2020
Number of Active Customers					
Hospital Customers ⁽¹⁾	37	51	71	56	72
Regulators and Policy Makers ⁽²⁾	1	6	14	6	15

Notes:

- (1) Hospital customers mean hospitals that installed our big data platform or purchased our standalone solutions during the period.
- (2) Include regulators and policy makers that installed our big data platform or purchased our standalone solutions during the period.

Life Sciences Solutions	For the Years Ended March 31,			For the Three Months Ended June 30,	
	2018	2019	2020	2019	2020
Number of Active Customers⁽¹⁾					
Pharmaceutical, Biotech and Medical Device Companies	5	30	55	40	65
Other	4	7	19	7	21
Total	<u>9</u>	<u>37</u>	<u>74</u>	<u>47</u>	<u>86</u>

Note:

- (1) Number of active customers means the number of customers who have entered into at least one service agreement with us during the period.

As of the Latest Practicable Date, our project backlog was RMB185.7 million and RMB235.2 million for the Big Data Platform and Solutions segment and the Life Sciences Solutions segment,

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respectively. As of June 30, 2020, our project backlog was RMB158.6 million, RMB96.7 million and negligible for the Big Data Platform and Solutions segment, the Life Sciences Solutions segment and the Health Management Platform and Solutions segment, respectively. By contrast, the amounts of transaction prices allocated to the remaining unsatisfied performance obligations as of June 30, 2020 was RMB164.2 million, RMB97.1 million and RMB29.6 million for these three segments, respectively. The differences between the project backlog value and the amounts of transaction prices allocated to the remaining unsatisfied performance obligations were insignificant for the Life Sciences Solutions segment and, with respect to the other two segments, were primarily due to the differences in the scope of services and solutions included in the calculation of project backlog and the amount of transaction prices allocated to the remaining unsatisfied performance obligations for the other two segments. Our project backlog for the Big Data Platform and Solutions segment only includes contracts with our hospital, regulator and policy maker customers. For the Health Management Platform and Solutions segment, only contracts with our insurance company customers for insurance technology and disease management solutions, were considered in the calculation of project backlog and were of a negligible amount. Project backlog represents our estimate of the contract value of work that remains to be completed as of the measurement date. The contract value represents the amount that we expect to receive assuming the contract is performed in accordance with its terms.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, materially affected by a number of factors, many of which are outside of our control, including the following:

General Factors

Our business and results of operations are affected by general factors affecting the healthcare industry in China, in particular the healthcare big data solutions market, including China's overall economic growth, healthcare system reform, favorable regulations, and digitalization and transformation of the healthcare value chain. Unfavorable changes in any of these general industry conditions could negatively affect demand for our services and negatively and materially affect our results of operations.

Specific Factors

Our results of operations are also affected by certain company-specific factors, including the following major factors:

Our ability to expand customer base and deepen our relationship with existing customers

Growth in our customer base and deepening relationship with existing customers are the key drivers of our revenue growth. Our ability to increase the number of customers and the spending by existing customers mainly depends on our ability to further demonstrate the value of our data intelligence infrastructure, YiduCore, to sell more of our solutions and services to our existing customers helping them extract additional value, and to attract new customers which find compelling value in our data intelligence infrastructure.

For our Big Data Platform and Solutions segment, (i) our hospital customers increased from 37 in the fiscal year ended March 31, 2018 to 51 in the fiscal year ended March 31, 2019 and further to 71 in the fiscal year ended March 31, 2020, and increased from 56 in the three months ended June 30, 2019 to

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72 in the same period of 2020, and (ii) our regulators and policy makers covered increased from 1 to 6 and further to 14, and from 6 to 15 in the respective periods. We plan to attract and acquire more customers in this segment as well as deepen our relationships with existing customers, by continuing to expand our regional coverage and up-sell additional solutions to existing customers that enable them to extract additional value from the big data platforms that we have built for them.

For our Life Sciences Solutions segment, our number of active customers increased from 9 in the fiscal year ended March 31, 2018 to 37 in the fiscal year ended March 31, 2019 and further to 74 in the fiscal year ended March 31, 2020, and increased from 47 in the three months ended June 30, 2019 to 86 in the same period of 2020. Our overall revenue retention was 162%, 125% and 117% in the fiscal years ended March 31, 2019 and 2020 and the three months ended June 30, 2020, while the revenue retention for our pharmaceutical, biotech and medical devices company customers was 171%, 152% and 144% in these periods, respectively. With the ability to provide end-to-end solutions covering the entire life sciences industry, we seek to gain market share of the R&D and commercialization spending in the life sciences field by fully demonstrating and promoting our differentiated solutions offerings, and to increase the wallet share of each existing customer of this business segment by offering them additional solutions that meet their evolving needs.

For the Health Management Platform and Solutions segment, we will continue to attract and retain more reputable doctors and empower them with insights and knowledge-based research and management tools, enabling them to achieve improved efficiency and quality in research and patient management. We also seek to attract and partner with more players in the healthcare value chain, such as insurance companies and agencies and pharmacies, to provide more value-based services to patients on the platform. By attracting and retaining more ecosystem participants on the platform, we will grow our user base and drive more interaction and transactions among the participants on the platform.

Our ability to expand use cases for our data intelligence infrastructure

Our data intelligence infrastructure, YiduCore, serving as our “medical brain,” is trained by data of great breadth and depth and powers a range of applications and solutions that serve the critical needs of our customers. Being highly scalable and flexible, our data intelligence infrastructure can adapt to support a wide range of solutions and applications developed by us or third parties, and enables fast product development and iteration. Leveraging our scalable YiduCore, we have successively developed a suite of data analytics-driven healthcare solutions, currently comprising Big Data Platform and Solutions, Life Sciences Solutions, and Health Management Platform and Solutions. We will continue to explore new use cases and broaden our solution offerings to further unleash the monetization potential of YiduCore and capture more growth opportunities, while deriving additional insights and uncover new areas to explore, improve and optimize.

For example, uncovering the application potential of YiduCore in the health management area, we recently launched “CausaHealth” under the Health Management Platform and Solutions segment in February 2020. Under CausaHealth, we offer a research-driven personal health management platform, where we empower doctors with effective insights and knowledge-based research and management tools, allowing them to better conduct research, follow up with and manage their patients and provide better services with improved efficiency. By leveraging our constantly improving insights and knowledge as well as services and solutions powered by YiduCore, we aim to provide personalized healthcare to patients in a cost-effective manner on CausaHealth. We also seek to attract and partner with more players in the healthcare value chain, such as insurance companies and agencies and pharmacies, to provide more value-based services to patients on the platform.

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Our ability to leverage our core capabilities to increase gross margin

Driven by our deep and unique perspective and strong belief, we have earnestly pursued our mission by taking a strategic path since our inception, progressively leading to improved margin. In the earlier stage of our strategic path, we focused on laying the foundation for our data intelligence infrastructure, YiduCore. We primarily implemented data infrastructure platforms for hospitals, which involved the integration of hardware, software and installation services. Implementation work had relatively low margin but we gained deep insights and knowledge within YiduCore, which can be leveraged to develop more applications and solutions and benefit the broader ecosystem of healthcare industry participants. Since late 2017, we have expanded our customer base and introduced data analytics-driven solutions. Leveraging YiduCore, we are able to offer to our customers such solutions at higher margin. As a result of our advanced architecture, YiduCore is highly scalable and flexible and can adapt to support a wide range of solutions and applications developed by us or third parties, and enable fast product development and iteration. In addition, the solutions and applications we have developed are highly modularized, which allows us to quickly customize a basket of solutions and applications for a particular customer to match the demand effectively and efficiently, helping us achieve significant overall cost efficiency. We had overall gross margin of negative 4.1%, positive 5.6%, positive 26.3%, positive 7.6% and positive 18.5% in the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020, respectively. Our gross margin in the fiscal year ended March 31, 2020 was impacted by the one-off accounting treatment of historical share-based compensation expenses, as we recognized more share-based compensation expenses in the fiscal year ended March 31, 2020, particularly in the fourth fiscal quarter, as elaborated under “—Description of Major Components of Our Results of Operations—Share-based Compensation Expenses” and “—Period-to-Period Comparison of Results of Operations.” While our gross margin in the three months ended June 30, 2020 continued to show an upward trend year over year, it decreased as compared to the full fiscal year ended March 31, 2020, which was impacted by the one-time costs incurred in connection with the procurement of medical devices and other COVID-19 prevention suppliers.

Our overall gross margin is also affected by the gross margin profile and development of each segment and their mix and contribution to our total revenue. Our gross margins vary across different business segments and also across different services and solutions within each business segment.

Big Data Platform and Solutions is the segment with the longest operating history with a gross margin of negative 5.9%, positive 3.2%, positive 33.4%, positive 17.6% and positive 21.9% in the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020, respectively, driven by increased pricing power as our platform and solutions became increasingly recognized and accepted in the industry, and revenue mix shift from lower margin implementation revenue to higher margin solution and services revenue as we were able to sell more solutions and services along with the expanding customer base who has implemented our platforms. For the three months ended June 30, 2020, our gross margin was negatively impacted by our recognition of more share-based compensation compared to the same period of 2019 due to the one-off accounting treatment of historical share-based compensation expenses explained above, as well as one-time costs incurred in connection with the procurement of medical devices and other COVID-19 prevention supplies. The gross margin of our Big Data Platform and Solutions segment will be affected by the rate of new customer additions. An acceleration in the acquisition of new customers in a particular period may depress the segment gross margin in that period due to lower margin implementation services. However, we expect the gross margin of our Big Data Platform and Solutions segment to expand over

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the long term as we deepen our relationship with customers by selling higher margin software and solutions on top of the infrastructure platform.

Our Life Sciences Solutions had a gross margin of 2.1%, 8.2%, 13.4%, 11.1% and 15.2% in the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020, respectively, driven by our increased pricing power as our solutions became increasingly more recognized in the industry, and higher productivity and utilization of our service employees. Our gross margin in the fiscal year ended March 31, 2020 was materially impacted by the one-off accounting treatment of historical share-based compensation as indicated above. For the three months ended June 30, 2020, our gross margin was impacted by lower utilization as we continued to build out our delivery capability and experienced lower than expected revenue growth due to the impact of the COVID-19 pandemic. The near term gross margin of Life Sciences Solutions may remain depressed as we continue to invest to build out our service delivery capability and time is needed to onboard and integrate our new hires to achieve full productivity. However, we expect our gross margin to expand over time as we realize greater pricing power from the differentiated services we provide, extract synergies from our other businesses and manage to achieve higher utilization.

Our Health Management Platform and Solutions segment began to generate revenue in the fiscal year ended March 31, 2019 and had a gross margin of 8.8% and 13.9% in the fiscal years ended March 31, 2019 and 2020, respectively, driven by our increased pricing power of the solutions offered to insurance companies and agencies as these solutions became increasingly more recognized and accepted in the industry, and revenue mix shift to higher margin revenue as we shift our focus to the solutions that better reflect our differentiation. The gross margin of our Health Management Platform and Solutions segment was negative 22.0% in the three months ended June 30, 2020, primarily due to investments to develop our operations and customer service capabilities for our CausaHealth platform. We expect the gross margin of our Health Management Platform and Solutions to expand as the revenue mix shift to higher value services offered under CausaCloud and the increasing revenue contribution from our CausaHealth business, for which we are able to extract greater efficiency due to our platform approach and ability to extract synergies from our other businesses.

We expect our overall gross margin to continue to expand in the near term as we realize greater pricing power, drive further economies of scale in our service delivery, increase the contribution from higher margin revenue streams and fully leverage the synergy among our different business segments.

Our investment in research and development

We have made, and will continue to make, significant investments in research and development, to solidify our market leadership. As our business grows, and as we continue to expand and enhance YiduCore, research and development talent attraction and retention are critical for our business, operations and growth prospects. We intend to continue to invest in our people, particularly healthcare engineering and AI experts. In addition, we have dedicated and will continue to dedicate significant resources to research and development efforts, focusing on developing innovative services and solutions aimed at serving the critical needs of our customers, and advancing our core capabilities in healthcare big data and AI. In the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020, we incurred research and development expenses of RMB153.6 million, RMB257.6 million, RMB263.7 million, RMB70.8 million and RMB48.3 million, respectively, accounting for 675.9%, 252.5%, 47.2%, 285.3% and 28.3% of the revenues for the respective periods. Research and development expenses decreased in the three months ended June 30,

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2020 as we shifted our engineering teams to work on our epidemic response solutions for our regional customers due to urgency of the matter and we accounted the development cost associated with these solutions under cost of sales and services due to lower visibility of the ability to resell at that point of time. However, we have since been able to leverage a large proportion of the work done or features developed for our public health monitoring platform. Our total research and development personnel continues to grow and we expect that our research and development expenses will continue to increase in absolute amount and decrease as a percentage of our total revenue.

Sales and marketing efficiency benefiting from network effects

YiduCore is constantly self-improving and accumulates more actionable and research-driven insights and knowledge as we provide more solutions and services to participants in the ecosystem. As the insights generated by YiduCore become more recognized in the healthcare industry, the ecosystem surrounding YiduCore will attract an increasing number of ecosystem participants, including hospitals, pharmaceutical, biotech and medical device companies, research institutions, insurance companies, doctors and patients, as well as regulators and policy makers, and drive increasing interaction among the participants. The self-reinforcing network effects allow us to attract and acquire customers in an increasingly efficient manner and enjoy great operating leverage. While our selling and marketing expenses in absolute amount increased from RMB49.2 million in the fiscal year ended March 31, 2018 to RMB101.3 million in the fiscal year ended March 31, 2019 and further to RMB170.7 million in the fiscal year ended March 31, 2020, and increased from RMB40.3 million in the three months ended June 30, 2019 to RMB43.9 million in the same period of 2020, the selling and marketing expenses as a percentage of our total revenues declined significantly from 216.5% in the fiscal year ended March 31, 2018 to 99.3% in the fiscal year ended March 31, 2019 and further to 30.6% in the fiscal year ended March 31, 2020 and from 162.3% in the three months ended June 30, 2019 to 25.8% in the same period of 2020 as we grew our revenues at a much faster rate.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions and judgments based on past experiences and other factors, including industry practices and expectations of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

Set forth below are discussions of the accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Other significant accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in detail in note 4 to the Accountant's Report in Appendix I to this document.

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Revenues

Revenue arrangements with distinct performance obligations are divided into separate units of accounting, and the transaction price is allocated based on the relative standalone selling prices. If the standalone selling prices are not directly observable, they are estimated based on the expected cost plus a margin.

Significant assumptions and estimates have been made in estimating the standalone selling price of each distinct performance obligation, and changes in the judgments on these assumptions and estimates may materially impact the timing of revenue recognition.

In the Big Data Platform and Solutions segment, the project-based solutions are provided through integrating the hardware, software applications and other related services, all of which are highly interdependent and interrelated with each other and represent multiple inputs to a combined output (i.e. the integrated solution) that is transferred to the customer. Accordingly, the integrated solution is accounted for as a single performance obligation. Revenue is generally recognized at a point in time when the integrated solution (comprises mainly hardware, software and other related services for a project) is delivered to the customer's designated place, inspected and accepted by the customer. For certain integrated solution contracts where the performance does not create an asset with an alternative use and there is an enforceable right to payment from the customer for its performance completed to date, the revenue is recognized over time based on the progress towards complete satisfaction of the contracts using input method which is determined as the proportion of the costs incurred for the work performed to date relative to the estimated total costs to complete the contract, to the extent that the amount can be measured reliably and its recovery is considered probable. Input method requires estimation of costs to complete its projects on an ongoing basis.

We also provides big data platform solution packages which consist of multiple applications and solutions to our customers. The multiple applications and solutions are regarded as a separate performance obligation. The transaction price is allocated to each application and solution included in the package based on their relative stand-alone selling prices. If the stand-alone selling price is not directly observable, we estimate the stand-alone selling price of each of the performance obligations based on the expected cost of satisfying each of the performance obligations (i.e. direct cost and staff costs incurred) plus an estimated margin for each of the performance obligations.

The majority of our contracts in the Life Sciences Solutions segment are service contracts that represent a single performance obligation. The performance obligation is satisfied over time as the output is captured in data and documentation that are available for the customer to consume over the course of the arrangement and further progress of the clinical trial. We recognize revenue over time using a cost-based input method since there is no single output measure that could fairly depict the transfer of control over the life of the performance obligation. The progress of the performance obligation is measured by the proportion of actual costs incurred relative to the total costs expected to complete the contract. Costs included in the measure of progress include direct labor and third-party costs. This cost-based method of revenue recognition requires us to make estimates of the costs to complete our projects on an ongoing basis. Significant judgment is required to evaluate the assumptions related to these estimates. The effects of revisions to the estimates related to the transaction price or costs to complete a project are recorded in the period in which the estimate is revised.

In the Health Management Platform and Solutions segment, we provide a variety of standardized service packages to insurance companies, such as online consultation, data invocation, data processing and operation services during a specific period. The service packages are considered to consist of multiple

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elements of service items and are regarded as separate performance obligations. The transaction price is allocated to each of the service item in the service package based on their relative stand-alone selling prices. If a stand-alone selling price is not directly observable, the stand-alone selling price of each of the performance obligations will be estimated, based on the expected cost of satisfying each of the performance obligations (i.e. direct cost and staff costs incurred) plus an estimated margin for each of the performance obligations.

Impairment assessment of trade receivables

We have used provision matrix to calculate expected credit loss for the trade receivables and contract assets. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on our historical default rates, taking into consideration forward-looking information that is reasonable, supportable and available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables and contract assets with significant balances and credit impaired are assessed for expected credit loss individually. The provision of expected credit loss is sensitive to changes in estimates.

Fair value of financial assets and financial liabilities

The fair value of financial assets and financial liabilities that are not traded in an active market (for example, the loan to a third party with warrant to purchase preferred shares) is determined by using valuation techniques. We use judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Changes in these assumptions and estimates could materially affect the respective fair value of these investments. During the Track Record Period, we had certain wealth management products and loan to a third party with warrants categorized as financial assets within Level 3 of fair value measurement, which amounted to nil, RMB134.7 million, RMB20.8 million and RMB21.0 million as of March 31, 2018, March 31, 2019, March 31, 2020 and June 30, 2020, respectively, and the convertible redeemable preferred shares and convertible notes categorized as financial liabilities within Level 3 of fair value measurement, which amounted to RMB1,794.3 million, RMB2,759.9 million, RMB4,491.6 million and RMB4,984.2 million as of March 31, 2018, March 31, 2019, March 31, 2020 and June 30, 2020, respectively.

Details of the fair value measurement of such financial assets and financial liabilities, particularly the fair value hierarchy, the valuation techniques and key unobservable inputs, are disclosed in Note 3.3 and Note 28 to the Accountant's Report issued by the Reporting Accountant in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 "Accountants' Report on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants set out in Appendix I to this prospectus. The historical financial information in the Accountants' Report gives a true and fair view of the financial position of the Company and its financial performance and cash flows for the Track Record Period as a whole. Our Directors, having applied the relevant valuation techniques for each of the financial assets and financial liabilities and having considered the unqualified opinion included in the Accountant's Report as set out in Appendix I to this document and discussed with the external valuer, are of the opinion that the estimated fair values of financial assets and liabilities at fair value through profit or loss, are reasonable pursuant to the principles set out in the SFC's Guidance note on directors' duties in the context of valuations in corporate transactions dated May 15, 2017.

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The Reporting Accountant performed the audit procedures in assessing the valuation of financial assets and financial liabilities measured within level 3 fair value measurement, including (i) evaluated the future cash flow forecasts made by our management, who determined the fair value of the financial assets and financial liabilities measured within level 3; (ii) obtain valuation reports from the valuer; (iii) assessed the appropriateness of the valuation models, the key assumptions and parameters used in valuation reports; (iv) reviewed contracts terms of these short-term wealth management products with floating rates; and (v) performed subsequent review by reference to the cash receipts from the commercial bank when the short-term wealth management products redeemed.

The Joint Sponsors have performed the following due diligence work in relation to the valuation of our Company's Level 3 financial assets and financial liabilities: (i) discussed with our management to understand the nature and details of the financial instruments and the relevant valuation work performed by us; (ii) obtained and reviewed the relevant underlying contracts for the financial instruments; (iii) reviewed the valuation report prepared by the third-party valuer regarding the fair value of convertible redeemable preferred shares, convertible notes and warrants and assessed the qualification of such third-party valuer; (iv) obtained and reviewed the relevant internal policies and procedures of our Group; (v) conducted due diligence with us to understand, amongst other things, the valuation techniques, assumptions and key parameters adopted for the valuation of such financial instruments; (vi) reviewed the relevant notes in the Accountant's Report as contained in Appendix I to this document; and (vii) conducted due diligence with the Reporting Accountant in respect of the audit procedures they have conducted for the purpose of expressing an opinion on the historical financial information of our Group as a whole. Based on the due diligence work conducted by the Joint Sponsors as stated above, and having considered the work performed by our management and audit procedures carried out by the Reporting Accountant, nothing has come to the Joint Sponsors' attention that would cause the Joint Sponsors to question the valuation analysis in relation to Level 3 financial instruments performed by our Company and audit procedures carried out by the Reporting Accountant for the purpose of expressing an opinion on the historical financial information of our Group as a whole.

Fair value of convertible redeemable preferred shares, convertible notes and warrants

The fair value of convertible redeemable preferred shares, convertible notes and warrants at the dates of issue and balance sheet dates were determined based on the valuation performed by an independent valuer, using valuation techniques. We use judgments to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. We have used discounted cash flow to determine the business value of our Company and our subsidiaries, followed by option pricing models to determine the fair value of convertible redeemable preferred shares, convertible notes and warrants, which involved the use of significant accounting estimates and judgments.

Recognition of share-based compensation expenses

An equity-settled share-based compensation plan was granted to our employees. We have used the option pricing models to determine the total fair value of the options granted to employees, which is to be expensed over the vesting period. Significant estimate on key assumptions, such as discount rate, risk-free interest rate, expected volatility and discount for lack of marketability, is required to be made in applying the option pricing models.

As the awards granted in equity-settled share-based compensation plan are conditional on a qualified initial public offering. We have estimated the probability and date of the qualified initial public

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offering when we calculated share-based compensation expenses at each reporting period end. Since the qualified initial public offering condition is considered as vesting condition, we also consider when the qualified initial public offering is probable. If the service period under the service condition ends before the qualified initial public offering, then the vesting period will end on the qualified initial public offering date; if the service period under the service condition ends after the qualified initial public offering, then the vesting period will end according to the service conditions.

The fair value of the liability for cash-settled transactions is re-measured at each reporting date and at the date of settlement. Any changes in fair value are recognized in profit or loss for the period. Equity-settled awards are not re-measured after the grant date.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

The following table sets forth our consolidated statements of comprehensive income with line items in absolute amounts and as percentages of our revenues for the periods indicated:

	For the Year Ended March 31,						For the Three Months Ended June 30,			
	2018		2019		2020		2019		2020	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)									
Revenue from contracts with customers	22,727	100.0	102,013	100.0	558,083	100.0	24,815	100.0	170,401	100.0
Cost of sales and services ⁽¹⁾	(23,661)	(104.1)	(96,300)	(94.4)	(411,546)	(73.7)	(22,921)	(92.4)	(138,899)	(81.5)
Gross (loss)/profit	(934)	(4.1)	5,713	5.6	146,537	26.3	1,894	7.6	31,502	18.5
Selling and marketing expenses ⁽¹⁾	(49,212)	(216.5)	(101,327)	(99.3)	(170,702)	(30.6)	(40,270)	(162.3)	(43,888)	(25.8)
Administrative expenses ⁽¹⁾	(40,792)	(179.5)	(83,515)	(81.9)	(301,990)	(54.1)	(64,297)	(259.1)	(55,441)	(32.5)
Research and development expenses ⁽¹⁾	(153,610)	(675.9)	(257,615)	(252.5)	(263,683)	(47.2)	(70,796)	(285.3)	(48,297)	(28.3)
Net impairment losses on financial assets and contract assets	(2,524)	(11.1)	(7,958)	(7.8)	(22,725)	(4.1)	(3,803)	(15.3)	(1,840)	(1.1)
Other income	—	—	5,092	5.0	11,419	2.0	72	0.3	8,147	4.8
Other (losses)/gains—net	(5,274)	(23.2)	7,403	7.3	3,716	0.7	1,827	7.4	(369)	(0.2)
Operating loss	(252,346)	(1,110.3)	(432,207)	(423.7)	(597,428)	(107.1)	(175,373)	(706.7)	(110,186)	(64.7)
Finance income	139	0.6	250	0.2	5,496	1.0	643	2.6	227	0.1
Finance costs	(2,466)	(10.9)	(3,103)	(3.0)	(4,199)	(0.8)	(661)	(2.7)	(1,390)	(0.8)
Finance (costs)/income, net	(2,327)	(10.2)	(2,853)	(2.8)	1,297	0.2	(18)	(0.1)	(1,163)	(0.7)
Net loss on impairment of associates	(9,185)	(40.4)	—	—	—	—	—	—	—	—
Share of (loss)/profit from investment in associate	(2,137)	(9.4)	1	0.0	113	0.0	72	0.3	(410)	(0.2)
Fair value changes of convertible redeemable preferred shares	(646,901)	(2,846.4)	(406,980)	(398.9)	(821,584)	(147.2)	(470,366)	(1,895.5)	(400,381)	(235.0)
Fair value changes of convertible notes	(65,446)	(288.0)	(91,082)	(89.3)	(102,356)	(18.3)	(20,772)	(83.7)	(24,192)	(14.2)
Fair value changes of warrants	—	—	—	—	9,063	1.6	—	—	30,107	17.7
Loss before income tax	(978,342)	(4,304.8)	(933,121)	(914.7)	(1,510,895)	(270.7)	(666,457)	(2,685.7)	(506,225)	(297.1)
Income tax (expense)/credit	(26)	(0.1)	(569)	(0.6)	(533)	(0.1)	(184)	(0.7)	418	0.2
Loss for the year/period	(978,368)	(4,304.9)	(933,690)	(915.3)	(1,511,428)	(270.8)	(666,641)	(2,686.4)	(505,807)	(296.8)
Loss is attributable to:										
Owners of the Company	(978,368)	(4,304.9)	(933,588)	(915.2)	(1,509,878)	(270.5)	(666,474)	(2,685.7)	(505,687)	(296.7)

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	For the Year Ended March 31,						For the Three Months Ended June 30,			
	2018		2019		2020		2019		2020	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)									
Non-controlling interests	—	—	(102)	(0.1)	(1,550)	(0.3)	(167)	(0.7)	(120)	(0.1)
	(978,368)	(4,304.9)	(933,690)	(915.3)	(1,511,428)	(270.8)	(666,641)	(2,686.4)	(505,807)	(296.8)

Note:

(1) Share-based compensation expenses were allocated as follows:

	For the Year Ended March 31,			For the Three Months Ended June 30,	
	2018	2019	2020	2019	2020
	(in thousands of RMB)				
Cost of sales and services	—	50	10,554	—	1,096
Big Data Platform and Solutions	—	—	3,278	—	457
Life Sciences Solution	—	33	7,098	—	493
Health Management Platform and Solutions	—	17	178	—	146
Selling and marketing expenses	4,297	8,895	28,822	741	2,590
Administrative expenses	3,760	1,812	196,792	43,482	21,136
Research and development expenses	5,043	5,532	36,779	1,012	3,436
Total	13,100	16,289	272,947	45,235	28,258

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Our business activities, for which discrete financial information is available, are regularly reviewed and evaluated by the chief operating decision-maker, who is responsible for allocating resources and assessing performance of our operating segment. Our chief operating decision-maker has been identified as our executive directors who make strategic decisions. As a result of this evaluation, we determined that we have three main operating segments.

Revenues

During the Track Record Period, we generated revenues from three main operating segments: Big Data Platform and Solutions, Life Sciences Solutions and Health Management Platform and Solutions. We started to offer Big Data Platform and Solutions since 2015, and Life Sciences Solutions in the second half of 2017. Health Management Platform and Solutions is our newest segment and we started to offer our unique research-driven personal health management platform under the brand of “CausaHealth” in February 2020. Within this segment, we also offer insurance technology solutions under the “CausaCloud” brand to insurance companies and agencies since 2019. Big Data Platform and Solutions is currently the largest segment, accounting for 66.6% and 78.5% of our total revenues in the fiscal year ended March 31, 2020 and the three months ended June 30, 2020, respectively.

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

	For the Year Ended March 31,						For the Three Months Ended June 30,					
	2018		2019		2020		2019		2020			
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%		
	(in thousands, except percentages)											
Revenues:												
Big Data												
Platform and												
Solutions	17,672	77.8	45,895	45.0	371,864	66.6	2,918	11.8	133,767	78.5		
Life Sciences												
Solutions	5,055	22.2	34,842	34.2	102,793	18.4	8,188	33.0	27,508	16.1		
Health												
Management												
Platform and												
Solutions	—	—	10,758	10.5	55,648	10.0	5,807	23.4	9,126	5.4		
Others	—	—	10,518	10.3	27,778	5.0	7,902	31.8	—	0.0		
Total	22,727	100.0	102,013	100.0	558,083	100.0	24,815	100.0	170,401	100.0		

Big Data Platform and Solutions

Big Data Platform and Solutions is the segment with the longest operating history and consists of our big data platform offerings, including the DPAP platform and its upgraded version Eywa, as well as other solutions that are built for our customers including hospitals, regulators and policy makers. Revenue from this segment is primarily derived from (i) implementation of big data platform, which involves the sales of hardware, software and the provision of implementation services, (ii) the provision of services such as data processing and subsequent maintenance, and (iii) sales of software applications and subscription of ongoing solutions and services.

Our total revenue from Big Data Platform and Solutions increased by 159.7% from RMB17.7 million in the fiscal year ended March 31, 2018 to RMB45.9 million in the fiscal year ended March 31, 2019 and further increased by 710.2% to RMB371.9 million in the fiscal year ended March 31, 2020, and increased by 4,484.2% from RMB2.9 million in the three months ended June 30, 2019 to RMB133.8 million in the three months ended June 30, 2020. We expect our revenue from Big Data Platform and Solutions to continue to increase in absolute amounts in the foreseeable future.

Set forth below is a breakdown of revenue from Big Data Platform and Solutions by customer type during the Track Record Period.

	For the Year Ended March 31,			For the Three months Ended June 30,	
	2018	2019	2020	2019	2020
	(in thousands of RMB)				
Revenue by customer type					
Hospitals	3,430	14,672	27,501	2,628	8,874
Regulators and policy makers	14,227	11,632	241,305	80	101,382
Research networks	—	—	—	—	—
Others ⁽¹⁾	15	19,591	103,058	210	23,511
Total	17,672	45,895	371,864	2,918	133,767

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Note:

(1) Consist of other healthcare ecosystem participants whom we offered big data processing and analytics services. The number of customers under “others” was 1, 2, 5, 1 and 10 in the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020, respectively.

Our revenue from Big Data Platform and Solutions was primarily driven by the increase in (i) the number of hospital customers (from 37 in the fiscal year ended March 31, 2018 to 51 in the fiscal year ended March 31, 2019 and further to 71 in the fiscal year ended March 31, 2020, and from 56 in the three months ended June 30, 2019 to 72 in the same period of 2020) and the solutions that we offer to hospitals, (ii) the number of regulators and policy makers that we collaborate with from 1 to 6 and further to 14 in the respective fiscal years and from 6 to 15 in the respective fiscal quarters and (iii) our ability to monetize our offering to these customers. The significant increase in the amount of revenue from regulators and policy makers and “others” in the fiscal year ended March 31, 2020 and the three months ended June 30, 2020 was primarily due to the increasing number of relevant customers and value of contract. Our revenue in the fiscal year ended March 31, 2020 also started to include contribution from our international customers.

Along with the increase in the total number of customers, our average revenue per active customer under the Big Data Platform and Solutions segment witnessed growth as well during the Track Record Period, as shown in the table below:

	For the Year Ended March 31,			For the Three months Ended June 30,	
	2018	2019	2020	2019	2020
	(in thousands of RMB)				
Average revenue per customer⁽¹⁾	465	461	3,162	44	1,267
Hospital	93	288	387	47	123
Regulator and policy maker	14,227	1,939	17,236	13	6,759

Note:

(1) Calculated by dividing the total revenue from hospitals, regulators and policy makers by the total number of hospital, regulator and policy maker customers.

The number of our hospital customers has increased steadily by 10-20 every year since we completed our first hospital deployment in 2015. However, we provided our platform and solutions for free in the initial years. As the value of our platform and solutions gain increasing recognition in the industry, we began to charge and price adjust for new platform and solutions sold. This drove the increase in revenue from our hospital customers even though the rate of customer increase has remained fairly consistent. The average revenue per our hospital customer increased from RMB93.0 thousand in the fiscal year ended March 31, 2018 to RMB288.0 thousand in the fiscal year ended March 31, 2019 and further to RMB387.0 thousand in the fiscal year ended March 31, 2020. We expect to continue to grow our hospital customer base and the average revenue per customer on the backdrop of a favorable secular trend as analyzed in the EY report.

The increase in the number of our regulators and policy makers covered during the Track Record Period was mainly driven by increasing awareness of the value and importance of healthcare big data solutions among regulators and policy makers, backed by supportive government policies as analyzed in the EY report, as well as our upgraded capabilities and broadening solutions to meet their broadening demand. We expect the above factors to continue to drive the growth in our regulator and policy maker customer base.

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Life Sciences Solutions

Life Sciences Solutions consist of solutions that we offer to help customers in the life sciences field reduce the time and costs of clinical development and at the same time enhance clinical and market success. Revenue from this segment is derived from service contracts with pharmaceutical, biotech, and medical device companies to provide analytics-driven clinical development and real-world evidence (RWE)-based research services.

Our revenue from Life Sciences Solutions increased by 589.3% from RMB5.1 million in the fiscal year ended March 31, 2018 to RMB34.8 million in the fiscal year ended March 31, 2019 and further increased by 195.0% to RMB102.8 million in the fiscal year ended March 31, 2020, and increased by 236.0% from RMB8.2 million in the three months ended June 30, 2019 to RMB27.5 million in the three months ended June 30, 2020. We expect our revenue from Life Sciences Solutions to continue to increase in absolute amounts in the foreseeable future.

Set forth below a breakdown of revenue from Life Sciences Solutions by customer type and by project type during the Track Record Period.

	For the Year Ended March 31,			For the Three months Ended June 30,	
	2018	2019	2020	2019	2020
	(in thousands of RMB)				
Revenue by customer type					
Pharmaceutical, biotech and medical device companies	4,689	29,195	85,310	6,949	25,462
Others ⁽¹⁾	366	5,647	17,483	1,239	2,046
Total	<u>5,055</u>	<u>34,842</u>	<u>102,793</u>	<u>8,188</u>	<u>27,508</u>

Note:

(1) Include foundations, universities, research institutions and market research firms.

	For the Year Ended March 31,			For the Three months Ended June 30,	
	2018	2019	2020	2019	2020
	(in thousands of RMB)				
Revenue by project type					
Clinical development and RWE-based research	2,768	14,635	56,041	5,522	15,636
Commercialization solutions	2,287	20,207	46,752	2,666	11,872
Total	<u>5,055</u>	<u>34,842</u>	<u>102,793</u>	<u>8,188</u>	<u>27,508</u>

Revenue from Life Sciences Solutions was primarily driven by (i) the increase in the number of active customers, which was 9, 37, 74, 47 and 86 in the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020, respectively, and (ii) our deepened customer relationship, as shown by our overall revenue retention rate, which was 162%, 125% and 117% for the fiscal years ended March 31, 2019 and 2020 and the three months ended June 30, 2020, respectively, while the revenue retention for our pharmaceutical, biotech and medical devices company customers was 171%, 152% and 144% in these periods, respectively. The positive revenue retention was driven by increased frequency and scope of our services purchased by our existing customers as we gain their trust and expand the scope of our service capabilities. For example, we first started by offering evidence-based digital commercialization solutions before expanding into analytics-driven clinical development and real-world evidence-based research. Within analytics-driven clinical development,

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we initially only focused on clinical development and regulatory affairs consulting before we expanded our capabilities to offer full operation services and within real-world evidence-based research, we had expanded our services from smaller scale consulting and retrospective study services to large-scale prospective and registry study services.

Along with the increase in the total number of active customers, our average revenue per active customer under the Life Sciences Solutions segment witnessed growth as well during the Track Record Period as shown in the table below:

	For the Year Ended March 31,			For the Three months Ended June 30,	
	2018	2019	2020	2019	2020
	(in thousands of RMB)				
Average revenue per active customer	562	942	1,389	174	320
Pharmaceutical, biotech and medical device company	938	973	1,551	174	392

Health Management Platform and Solutions

Health Management Platform and Solutions is our newest segment. We operate our research-driven personal health management platform under the “CausaHealth” brand, where we offer doctors AI clinical insights and knowledge-based research and management tools powered by YiduCore, empowering them to become “super doctors” who can conduct research and manage their patients better and provide higher quality services with improved efficiency. We also offer insurance technology solutions under the “CausaCloud” brand to insurance companies and agencies, which primarily contributed our revenue under this segment during the Track Record Period. Insurance companies and agencies were charged in the form of implementation, consulting, and processing fees or commissions.

We launched CausaHealth in February 2020. As we were still in the stage of foster business foundation for CausaHealth as such the revenue was relatively small in the three months ended June 30, 2020. We will further attract and retain more industry players on this platform, grow our user base and drive more interaction and transactions among the participants on the platform. We expect that this business segment has considerable growth potential.

Others

In the Track Record Period, other revenues included revenues from businesses that were subsequently determined as non-strategic and hence discontinued. In the course of our development, we had explored several business opportunities that we initially thought would expand our distribution channel or drive reinforcement of YiduCore by expanding the coverage of the data processed. These initiatives were subsequently deemed non-strategic and classified as “others”, because they did not fulfil the above two criteria. We learnt from the experience that certain use cases have limited benefit to reinforcing YiduCore due to limited scope of data available to be processed and analyzed and/or limited overlap with our core use case scenarios. In addition, we decided to rely less on distribution channels and focus our efforts on direct go-to-market as this will allow us to engage our end users directly to drive target outcomes when they use our solutions. We expect the contribution from other revenues to decrease in the future.

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Cost of Sales and Services

Our cost of sales and services primarily consists of cost of sales of hardware and software, employee benefits expenses, and outsourcing service fee. Cost of sales of hardware and software primarily consists of the amount of hardware that we purchased for specific projects. Outsourcing service fee arose from our outsourcing of certain non-core technical work to third parties. Our cost of sales and services in the fiscal year ended March 31, 2020 and the three months ended June 30, 2020 also included costs incurred in connection with the procurement of medical devices and other COVID-19 prevention supplies which we do not expect to continue.

The significant increase in cost of sales and services during the Track Record Period reflected the growth of our business. The following table sets forth our cost of sales and services by segment both in absolute amount and as a percentage of our total cost of sales and services for the periods indicated:

	For the Year Ended March 31,						For the Three Months Ended June 30,			
	2018		2019		2020		2019		2020	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)									
Big Data Platform and Solutions	18,713	79.1	44,404	46.1	247,506	60.2	2,404	10.5	104,432	75.2
Life Sciences Solutions	4,948	20.9	31,988	33.2	89,017	21.6	7,281	31.8	23,337	16.8
Health Management Platform and Solutions	—	—	9,814	10.2	47,937	11.6	5,640	24.6	11,130	8.0
Others	—	—	10,094	10.5	27,086	6.6	7,596	33.1	—	0.0
Total	23,661	100.0	96,300	100.0	411,546	100.0	22,921	100.0	138,899	100.0

The following table sets forth our cost of sales and services by nature for the periods indicated:

	Year ended March 31,			Year ended June 30,	
	2018	2019	2020	2019	2020
	(in thousands of RMB)				
Cost of sales of hardware, software and other goods	—	37,301	201,074	7,841	84,766
Employee benefits expenses	20,494	39,409	128,463	3,922	30,464
Labour dispatching	—	216	1,196	421	1,202
Outsourcing services fee	300	12,227	68,407	8,412	19,424
Depreciation of right-of- use assets	810	3,131	4,380	364	984
Travelling, business development and general office expenses	603	893	2,224	1,414	857
Depreciation of property, plant and equipment	345	637	969	155	299
Other expenses	1,109	2,486	4,833	392	903
Total	23,661	96,300	411,546	22,921	138,899

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The following table sets forth further breakdown of our cost of sales and services by function in each of the segments for the periods indicated:

	Big Data Platform and Solutions				Life Sciences Solutions				Health Management Platform and Solutions				Others								
	Year ended March 31,		Three Months Ended June 30,		Year ended March 31,		Three Months Ended June 30,		Year ended March 31,		Three Months Ended June 30,		Year ended March 31,		Three Months Ended June 30,						
	2018	2019	2020	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020				
	(RMB in thousands)																				
Cost of sales of hardware, software and other goods	—	26,482	158,899	200	84,670	—	190	18	18	—	—	576	16,879	27	96	—	10,053	25,278	7,596	—	
Employee benefits expenses	16,312	14,783	66,461	588	15,261	4,182	20,292	56,402	2,429	11,399	—	4,334	5,600	905	3,804	—	—	—	—	—	—
Labour dispatching	—	90	558	421	431	—	110	587	—	492	—	16	51	—	279	—	—	—	—	—	—
Outsourcing services fee ⁽¹⁾	—	71	15,808	723	2,496	300	7,747	25,918	3,194	10,354	—	4,368	24,873	4,495	6,574	—	41	1,808	—	—	—
Depreciation of right-of-use assets	678	1,305	2,041	27	413	132	1,598	2,151	306	443	—	228	188	31	128	—	—	—	—	—	—
Travelling, business development and general office expenses	505	372	1,036	104	360	98	456	1,092	1,188	386	—	65	96	122	111	—	—	—	—	—	—
Depreciation of property, plant and equipment	289	266	451	12	126	56	325	476	130	134	—	46	42	13	39	—	—	—	—	—	—
Other expenses	929	1,035	2,252	329	675	180	1,270	2,373	16	129	—	181	208	47	99	—	—	—	—	—	—
Total	18,713	44,404	247,506	2,404	104,432	4,948	31,988	89,017	7,281	23,337	—	9,814	47,937	5,640	11,130	—	10,094	27,086	7,596	—	—

Note:

(1) Outsourcing service fee arose from our outsourcing of certain non-core technical work to third parties, including software development services, research services, insurance promotion and claims assistance services.

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Gross Profit and Gross Margin

We have earnestly pursued our mission by taking a strategic path since our inception, progressively leading to improved margin. In our earlier stage of development, we focused on building our data intelligence infrastructure YiduCore by partnering with and serving top hospitals to lay a solid foundation. We primarily implemented data infrastructure platforms, which involved the integration of hardware, software and installation services, at relatively low margin. Since late 2017, we have expanded our customer base and introduced data analytics-driven solutions. Leveraging YiduCore, we have developed a suite of data analytics-driven healthcare solutions, which we are able to offer these solutions to our customers at higher margin.

The following table sets forth our gross profit both in absolute amount and as a percentage of total revenues, or gross margin, by segment for the periods indicated. The increase in overall gross margin during the Track Record Period was primarily driven by our increased pricing power and the scalability and improved utilization of our core capabilities.

	For the Year Ended March 31,						For the Three Months Ended June 30,			
	2018		2019		2020		2019		2020	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)									
Gross (loss)/profit:										
Big Data Platform and Solutions	(1,041)	(5.9)	1,491	3.2	124,358	33.4	514	17.6	29,335	21.9
Life Sciences Solutions	107	2.1	2,854	8.2	13,776	13.4	907	11.1	4,171	15.2
Health Management Platform and Solutions	—	—	944	8.8	7,711	13.9	167	2.9	(2,004)	(22.0)
Others	—	—	424	4.0	692	2.5	306	3.9	—	—
Total	(934)	(4.1)	5,713	5.6	146,537	26.3	1,894	7.6	31,502	18.5

Our gross margin in the fiscal year ended March 31, 2020 was impacted by the one-off accounting treatment of historical share-based compensation expenses, as we recognized more share-based compensation expenses in the fiscal year ended March 31, 2020, particularly in the fourth fiscal quarter, as elaborated under “—Description of Major Components of Our Results of Operations—Share-based Compensation Expenses” and “—Period-to-Period Comparison of Results of Operations.” While our gross margin in the three months ended June 30, 2020 continued to show an upward trend year over year, it decreased as compared to the full fiscal year ended March 31, 2020, which was impacted by the one-time costs incurred in connection with the procurement of medical devices and other COVID-19 prevention suppliers.

The Big Data Platform and Solutions segment had a gross margin of negative 5.9%, positive 3.2%, positive 33.4%, positive 17.6% and positive 21.9% in the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020, respectively, driven by increased pricing power and revenue mix shift from lower margin implementation revenue to higher margin software and service revenue. For the three months ended June 30, 2020, our gross margin was negatively impacted by our recognition of more share-based compensation compared to the same period of 2019 due to the one-off accounting treatment of historical share-based compensation expenses explained above, as well as one-time costs incurred in connection with the procurement of medical devices and other COVID-19 prevention supplies. The gross margin of our Big Data Platform and Solutions segment will be affected by the rate of new customer additions. An acceleration in the number of new

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customers in a particular period may depress the segment gross margin in that period due to lower margin implementation services. However, we expect the gross margin of our Big Data Platform and Solutions segment to expand over the long term as we deepen our relationship with customers by selling higher margin software and solutions on top of the infrastructure platform.

Our Life Sciences Solutions had a gross margin of 2.1%, 8.2%, 13.4% 11.1% and 15.2% in the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020, respectively, driven by our increased pricing power and higher utilization. Our gross margin in the fiscal year ended March 31, 2020 was materially impacted by the one-off accounting treatment of historical share-based compensation as indicated above. For the three months ended June 30, 2020, our gross margin was impacted by lower utilization as we continued to build out our delivery capability and experienced lower than expected revenue growth due to the impact of the COVID-19 pandemic. The near term gross margin of Life Sciences Solutions may remain depressed as we continue to invest to build out our service delivery capability and time is needed to onboard and integrate our new hires to achieve full productivity. However, we expect our gross margin to expand over time as we realize greater pricing power from the differentiated services we provide, extract synergies from our other businesses and manage to achieve higher utilization.

Our Health Management Platform and Solutions segment had a gross margin of 8.8% and 13.9% in the fiscal years ended March 31, 2019 and 2020, respectively, driven by our increased pricing power of the solutions offered to insurance companies and agencies and the revenue mix shift from lower margin solutions to higher margin ones under CausaCloud. The gross margin of our Health Management Platform and Solutions segment was negative 22.0% in the three months ended June 30, 2020, primarily due to investments to develop our operations and customer service capabilities for our CausaHealth platform. We expect the gross margin of our Health Management Platform and Solutions to expand as revenue mix shift to higher value services offered under CausaCloud and the increasing revenue contribution from our CausaHealth business, for which we are able to extract greater efficiency due to our platform approach and ability to extract synergies from our other businesses.

The following table sets forth details of the projects in relation to procurement of medical devices and other COVID-19 prevention supplies:

<u>Project Name</u>	<u>For the Three Months ended March 31, 2020</u>				<u>For the Three Months ended June 30, 2020</u>			
	<u>Revenue</u>	<u>Cost</u>	<u>Gross Profit</u>	<u>Gross Profit Margin</u>	<u>Revenue</u>	<u>Cost</u>	<u>Gross Profit</u>	<u>Gross Profit Margin</u>
	(RMB in thousands, except for gross profit margin)							
Sales of medical equipment and supplies	47,657	(42,243)	5,414	11.4%	76,800	(72,939)	3,861	5.0%

We expect our overall gross margin to continue to expand in the near term as we realize greater pricing power, drive further economies of scale in our service delivery, increase the contribution from higher margin revenue streams and fully leverage the synergy among our different business segments.

Selling and Marketing Expenses

Our selling and marketing expenses primarily consist of employee benefits and expenses, and traveling, business development and general office expenses for employees engaging in selling and marketing function, promotion and advertising expenses, and consulting and other professional fee. The consulting and other professional fee primarily includes bidding service fees and other consulting

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fees. As we assess and identify new business growth opportunities, we may accelerate the growth of our selling and marketing expenses opportunistically and continue to dedicate selling and marketing efforts to further promote and expand our business. We will leverage our network effects to increase selling and marketing efficiency.

The following table sets forth our selling and marketing expenses by nature for the periods indicated:

	Years Ended March 31,			Three Months Ended June 30,	
	2018	2019	2020	2019	2020
	(in thousands of RMB)				
Selling and marketing expenses:					
Employee benefits expenses	37,107	77,521	133,743	29,363	33,359
Travelling, business development and general office expenses	4,670	9,389	15,785	4,178	3,420
Promotion and advertising expenses	6,130	10,936	13,359	4,943	4,097
Depreciation of right-of-use assets	1,138	2,641	3,239	998	455
Amortization of intangible assets	—	449	1,612	407	388
Consulting and other professional fee	—	72	1,842	162	1,494
Labour dispatching	—	204	839	185	568
Depreciation of property, plant and equipment	167	115	283	34	107
Total selling and marketing expenses	<u>49,212</u>	<u>101,327</u>	<u>170,702</u>	<u>40,270</u>	<u>43,888</u>

Administrative Expenses

Our administrative expenses primarily consist of employee benefits expenses, consulting and other professional fee, traveling, business development and general office expenses for employees in general and administrative function, and share-based compensation - warrants. The consulting and other professional fee includes professional consulting fees (such as financing consulting fees, special consulting service fees, tax and other consulting fees), legal consulting fees, and recruitment fees. The share-based compensation - warrants represents warrants recorded for convertible redeemable preferred shares issued to investors as cash settled share-based compensation. The initial fair value is measured at the grant date of warrants and the expense are recorded immediately upon the grant date as the warrants are vested and can be exercised during certain period after grant. We expect administrative expenses as a percentage of total revenues to decline as we drive significant operating leverage.

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The following table sets forth our administrative expenses by nature for the periods indicated:

	Years Ended March 31,			Three Months Ended June 30,	
	2018	2019	2020	2019	2020
	(in thousands of RMB)				
Administrative expenses:					
Employee benefits expenses	21,122	38,868	199,216	9,925	35,774
Share-based compensation - warrants	—	—	43,461	43,461	—
Consulting fee and other professional fee	8,575	22,569	33,233	3,222	6,001
Travelling, business development and general office expenses	4,125	5,774	11,740	4,523	2,713
Depreciation of property, plant and equipment	2,021	3,908	3,135	1,204	1,565
Taxes and surcharges	870	5,768	3,519	284	231
Labour dispatching	3,014	4,086	3,287	942	461
Depreciation of right-of-use assets	769	1,751	1,557	158	934
Amortization of intangible assets	6	75	305	5	251
Auditors' remuneration					
- Audit services	165	662	1,270	432	89
Listing expenses	—	—	1,260	—	7,121
Other expenses	125	54	7	141	301
Total administrative expenses	40,792	83,515	301,990	64,297	55,441

Research and Development Expenses

Our research and development efforts mainly focus on enhancing our core capabilities, such as big data and AI, and developing new products and solutions. Our research and development expenses primarily consist of employee benefits expenses for employees engaging in research and development activities, depreciation of property, plant and equipment for research and development function and consulting and other business development professional fee. The consulting and other business development professional fee includes R&D outsourcing technical service fees and scientific research cooperation fees. We expect to continue to invest significant resources to solidify our leadership in healthcare big data and AI capabilities and develop new applications.

The following table sets forth our research and development expenses by nature for the periods indicated:

	Years Ended March 31,			Three Months Ended June 30,	
	2018	2019	2020	2019	2020
	(in thousands of RMB)				
Research and development expenses:					
Employee benefits expenses	122,222	214,120	217,919	59,222	39,829
Depreciation of property, plant and equipment	11,677	14,620	14,830	3,520	2,663
Consulting and other business development professional fee	6,092	11,869	11,444	4,647	2,776
Travelling, entertainment and general office expenses	6,909	8,467	9,154	1,421	1,176
Depreciation of right-of-use assets	4,565	6,027	5,927	1,969	1,165
Labor dispatching	1,683	2,327	2,419	17	493
Amortization of intangible assets	48	54	520	—	195
Other expenses	414	131	1,470	—	—
Total research and development expenses	153,610	257,615	263,683	70,796	48,297

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Employee Benefit Expense

The following table sets forth our employee benefit expense included in our cost of sales and services, selling and marketing expenses, administrative expenses, and research and development expenses, by nature for the periods indicated:

	Year ended March 31,			Three months ended June 30,	
	2018	2019	2020	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(in thousands of RMB)				
Wages, salaries and bonuses	144,613	271,249	360,654	77,863	98,526
Pension costs - defined contribution plans	15,064	30,183	31,287	9,368	1,708
Other social security costs	8,440	17,053	19,427	5,195	2,200
Housing benefits	9,234	19,003	26,452	5,624	6,921
Share-based compensation expenses	13,100	16,289	229,486	1,774	28,258
Other employee welfare	10,494	16,141	12,035	2,608	1,813
Total	200,945	369,918	679,341	102,432	139,426

The increase in our employee benefit expense during the Track Record Period was primarily due to the increase in headcount and salary increment.

Fair Value Changes of Convertible Redeemable Preferred Shares

Our fair value changes of convertible redeemable preferred shares represent changes in fair value of the preferred shares issued by us. We designated the preferred shares as financial liabilities at fair value through profit or loss. They are initially recognized at fair value. Any directly attributable transaction costs are recognized as finance costs in the consolidated statements of comprehensive income. Subsequent to initial recognition, the preferred shares are carried at fair value with changes in fair value recognized through profit or loss, except for the portion attributable to credit risk change that should be charged to other comprehensive income.

In the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020, our fair value changes of convertible redeemable preferred shares was loss of RMB646.9 million, RMB407.0 million, RMB821.6 million, RMB470.4 million and RMB400.4 million, respectively. Prior to the Global Offering, the preferred shares are not traded in an active market and their value at respective reporting dates is determined using valuation techniques. We applied the discounted cash flow method to determine the underlying equity value of our Company and adopted option pricing method and equity allocation model to determine the fair value of the convertible redeemable preferred shares. Please refer to note 28 to the Accountant's Report in Appendix I to this document for details of the key assumptions of the valuations. Upon the completion of the Global Offering, all of the preferred shares will be automatically converted to our ordinary shares.

Fair Value Changes of Convertible Notes

During the Track Record Period, we issued six convertible notes in an aggregate principal amount of US\$30 million on April 7, 2017 to one of our existing investors. The notes are convertible into our preferred shares, at the option of the holder, or automatic conversion upon the IPO auditor commencing work. On April 30, 2020, the holder exercised the option to convert all the convertible notes (together with interest accrued but unpaid) into Series C preference shares of our Company in accordance with the terms of the convertible notes. The convertible notes issued to the holder are

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accounted for in their entirety at fair value through profit or loss, except for the portion attributable to credit risk change that should be charged to other comprehensive income.

In the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020, fair value changes of convertible notes was loss of RMB65.4 million, RMB91.1 million, RMB102.4 million, RMB20.8 million and RMB24.2 million, respectively. We applied the discounted cash flow method to determine the underlying equity value of our Company and its subsidiaries and adopted option pricing method and equity allocation model to determine the fair value of the convertible notes. See note 32 to the Accountant's Report included in Appendix I to this document for more details.

Share-based Compensation Expenses

Under the Pre-IPO Share Option Plans, participants are granted options which only vest if certain service and performance condition, or the QIPO Condition, are met. Subject to the participants continuing to be a service provider, majority of these options will be vested over two, four or five years upon fulfilling the QIPO Condition prescribed in the share option agreements and the Pre-IPO Share Option Plans. As of March 31, 2018 and 2019, total unrecognized compensation expenses related to unvested awards granted under the Pre-IPO Share Option Plans were US\$5.8 million and US\$8.1 million (equivalent to approximately RMB38.5 million and RMB54.6 million), respectively, which are expected to be recognized through the remaining vesting period of each grant if it is probable that the QIPO Condition will be achieved. We did not recognize share-based compensation expenses for these option grants in the profit or loss statements until the fiscal year ended March 31, 2020, when we recognized all of the share-based compensation expenses for these option grants, because we assessed and concluded that it is not probable that the achievement of the performance condition will be met during the fiscal years ended March 31, 2018 and 2019.

In the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020, our share-based compensation expenses were RMB13.1 million, RMB16.3 million, RMB272.9 million, RMB45.2 million and RMB28.3 million, respectively. In the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020, our share-based compensation expenses included in (i) cost of sales and services were nil, RMB50 thousand, RMB10.6 million, nil and RMB1.1 million, respectively, (ii) selling and marketing expenses were RMB4.3 million, RMB8.9 million, RMB28.8 million, RMB741 thousand and RMB2.6 million, respectively, (iii) administrative expenses were RMB3.8 million, RMB1.8 million, RMB196.8 million, RMB43.5 million and RMB21.1 million, respectively, and (iv) research and development expenses were RMB5.0 million, RMB5.5 million, RMB36.8 million, RMB1.0 million and RMB3.4 million, respectively.

Taxation

We had income tax expenses of RMB26.0 thousand, RMB569.0 thousand, RMB533.0 thousand and RMB184 thousand and income tax benefit of RMB418 thousand in the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020, respectively. As of the Latest Practicable Date, we did not have any disputes with any tax authority.

We are subject to various rates of income tax under different jurisdictions. Our effective tax rate was 0.003%, 0.061%, 0.035%, 0.028% and 0.083% for the fiscal year ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020, respectively. Effective tax rate is obtained

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by dividing the income tax expenses by profit before tax. The following summarizes major factors affecting our applicable tax rates in the Cayman Islands, Hong Kong, Singapore and China.

Cayman Islands

We are incorporated under the laws of the Cayman Islands as an exempted company with limited liability under the Companies Act and are not subject to tax on income or capital gain. Additionally, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

Hong Kong

Our subsidiary incorporated in Hong Kong is subject to Hong Kong profit tax at a rate of 16.5% for taxable income earned in Hong Kong before April 1, 2018. Starting from the financial year commencing on April 1, 2018, the two-tiered profits tax regime took effect, under which the tax rate is 8.25% for assessable profits on the first HK\$2 million and 16.5% for any assessable profits in excess of HK\$2 million.

Singapore

Our subsidiary incorporated in Singapore is subject to Singapore income tax at a rate of 17%. No Singapore profit tax was levied as we did not have estimated assessable profit during the Track Record Period.

China

Under the PRC Enterprise Income Tax Law effective from January 1, 2008, our PRC subsidiaries, and controlled affiliated entities and their subsidiaries are subject to the statutory rate of 25%, subject to preferential tax treatments available to qualified enterprises in certain encouraged sectors of the economy.

Enterprises that qualify as “high and new technology enterprises” are entitled to a preferential rate of 15% for three years. On October 31, 2018, Beijing Yiyi Cloud and Yidu Cloud (Beijing) were qualified as “high and new technology enterprises” under the relevant PRC laws and regulations, which will expire on October 30, 2021. Accordingly, both entities were entitled to a preferential income tax rate of 15% during the period from January 1, 2018 to December 31, 2020. This status is subject to a requirement that Beijing Yiyi Cloud and Yidu Cloud (Beijing) re-apply for the “high and new technology enterprise” status every three years. Both Beijing Yiyi Cloud and Yidu Cloud (Beijing) plan to file an application to renew the status in 2021. If these entities fail to renew the status, they will be subject to the statutory rate of 25% but as these entities are still in the position of accumulative losses, there is currently no significant impact on our financial results if their “high and new technology enterprises” status is not renewed.

Our remaining PRC entities were subject to enterprise income tax at a rate of 25% in 2018, 2019 and 2020 and the three months ended June 30, 2020. Pursuant to the Enterprise Income Tax Law and the Enterprise Income Tax Implementation Regulations of the PRC, a 10% withholding tax is levied on dividends declared to foreign investors which are non-resident enterprises as defined under the laws from China. The withholding tax rate may be lowered to a minimum of 5% if there is a tax arrangement between China and the jurisdiction of the foreign investors. However, the 5% withholding

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tax rate does not automatically apply and certain requirements must be satisfied. During the Track Record Period, we incurred net accumulated operating losses and did not have any profit distribution plan.

NON-IFRS MEASURE: ADJUSTED NET LOSS

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use adjusted net loss (defined below) as an additional financial measure, which is not required by, or presented in accordance with IFRS. We believe that the presentation of this non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance such as certain non-cash items and certain impact of investment transactions. We believe that this measure provides useful information to investors in understanding and evaluating the Group's consolidated results of operations in the same manner as they help our management. However, the use of non-IFRS measure has limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under IFRS. In addition, the non-IFRS financial measure may be defined differently from similar terms used by other companies.

We define "adjusted net loss" as loss for the year or period and adding back (i) fair value changes of convertible redeemable preferred shares, (ii) fair value changes of convertible notes, (iii) fair value changes of warrants, (iv) share-based compensation expenses, and (v) listing expenses.

For the years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020, our adjusted net loss was approximately RMB252.9 million, RMB419.3 million, RMB322.3 million, RMB130.3 million and RMB76.0 million, respectively.

The following tables set forth the reconciliations of our non-IFRS financial measure for the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020 to the nearest measure prepared in accordance with IFRS:

	Years Ended March 31,			Three Months Ended June 30,	
	2018	2019	2020	2019	2020
	(in thousands, except for percentages)				
Loss for the year	(978,368)	(933,690)	(1,511,428)	(666,641)	(505,807)
Add:					
Fair value changes of convertible redeemable preferred shares ⁽¹⁾	646,901	406,980	821,584	470,366	400,381
Fair value changes of convertible notes ⁽²⁾	65,446	91,082	102,356	20,772	24,192
Fair value changes of warrants ⁽³⁾	—	—	(9,063)	—	(30,107)
Share-based compensation expenses ⁽⁴⁾	13,100	16,289	272,947	45,235	28,258
Listing expenses ⁽⁵⁾	—	—	1,260	—	7,121
Non-IFRS adjusted net loss	(252,921)	(419,339)	(322,344)	(130,268)	(75,962)
Non-IFRS adjusted net loss margin (%)⁽⁶⁾	(1,112.9)	(411.1)	(57.8)	(525.0)	(44.6)

Notes:

(1) The non-IFRS adjustments are non-recurring in nature. Fair value changes of convertible redeemable preferred shares represent the gains or losses arising from change in fair value of our issued Series A, A-1, A-2, B and C convertible redeemable preferred shares, which was recognized as a financial liability at fair value change through profit or loss. Such changes are non-cash in nature and are not directly related to our operating activities.

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- (2) Fair value changes of convertible notes represent the gains or losses arising from change in fair value of our issued convertible notes, which was recognized as a financial liability at fair value change through profit or loss. Such changes are non-cash in nature and are not directly related to our operating activities.
- (3) Fair value changes of warrants represent the gains or losses arising from change in fair value of the warrants we issued to our investors, which was recognized at fair value change through profit or loss. Such changes are non-cash in nature and are not directly related to our operating activities.
- (4) Share-based compensation expenses relate to the share awards we offered to our employees, directors and consultants under the Share Incentive Plans, which are primarily non-cash in nature and commonly not included in similar non-IFRS measures adopted by other companies in our industry.
- (5) Listing expenses are non-recurring items in nature and commonly not included in similar non-IFRS financial measures.
- (6) Represents non-IFRS adjusted net loss divided by the total revenue for the period indicated.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Three Months Ended June 30, 2019 Compared to Three Months Ended June 30, 2020

Revenues

Our revenues increased by 586.7% from RMB24.8 million in the three months ended June 30, 2019 to RMB170.4 million in same period of 2020, primarily due to the revenue increase of our Big Data Platform and Solutions.

Big Data Platform and Solutions. Revenue from Big Data Platform and Solutions increased by 4,484.2% from RMB2.9 million in the three months ended June 30, 2019 to RMB133.8 million in the same period of 2020, primarily due to (i) an increase in revenue from regulators and policy makers, primarily driven by an increase in customers from six in the three months ended June 30, 2019 to 15 in the same period of 2020, and (ii) an increase in revenue from hospitals, primarily driven by an increase in hospital customers from 56 in the three months ended June 30, 2019 to 72 in the same period of 2020. The increase in revenue from regulators and policy makers also included one-off revenue from sales of medical devices and other COVID-19 prevention supplies. We have recorded RMB76.8 million of revenue from selling epidemic prevention supplies in the three months ended June 30, 2020.

Life Sciences Solutions. Revenue from Life Sciences Solutions increased by 236.0% from RMB8.2 million in the three months ended June 30, 2019 to RMB27.5 million in the same period of 2020, primarily due to (i) the increase of the number of active customers from 47 in the three months ended June 30, 2019 to 86 in the three months ended June 30, 2020, and (ii) our deepened customer relationship, as shown by (a) our revenue retention rate, which was 117% for the three months ended June 30, 2020, (b) the increased proportion of recurring customers among active customers from 38.3% in the three months ended June 30, 2019 to 55.8% in the three months ended June 30, 2020, and (c) the increased revenue per customer from RMB174.0 thousand in the three months ended June 30, 2019 to RMB320.0 thousand in the three months ended June 30, 2020.

Health Management Platform and Solutions. Revenue from Health Management Platform and Solutions increased by 57.2% from RMB5.8 million in the three months ended June 30, 2019 to RMB9.1 million in the same period of 2020, primarily due to the expansion of our CausaCloud business, partially offset by our deprioritization of certain lower value businesses as we focused our resources on high value engagements that better reflect our competitive advantage.

Others. Other revenue decreased by 100.0% from RMB7.9 million in the three months ended June 30, 2019 to nil in the same period of 2020, primarily as we deprioritized certain non-strategic businesses.

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Cost of sales and services

Our cost of revenues increased by 506.0% from RMB22.9 million in the three months ended June 30, 2019 to RMB138.9 million in the same period of 2020. The increase was caused by business expansion in each of Big Data Platform and Solutions, Life Science Solutions and Health Management Platform and Solutions and the cost of RMB72.9 million incurred in connection with the procurement of medical devices and other COVID-19 prevention supplies, which was one-off in nature.

Big Data Platform and Solutions. Cost of sales and services from Big Data Platform and Solutions increased by 4,244.1% from RMB2.4 million in the three months ended June 30, 2019 to RMB104.4 million in the same period of 2020, primarily due to increases in (i) cost of sales of software and hardware from RMB200 thousand to RMB11.8 million and one-time cost incurred with medical devices and other prevention supplies of RMB72.9 million, (ii) employee benefits and expenses of employees engaging in the Big Data Platform and Solutions business from RMB588 thousand to RMB15.3 million, which included share-based compensation expenses of nil and RMB457 thousand in the respective fiscal quarters, and (iii) outsourcing service fee from RMB723 thousand to RMB2.5 million. Cost of sales and services for selling epidemic prevention supplies was RMB72.9 million for the three months ended June 30, 2020.

Life Sciences Solutions. Cost of sales and services from Life Sciences Solutions increased by 220.5% from RMB7.3 million in the three months ended June 30, 2019 to RMB23.3 million in the same period of 2020, primarily due to increases in (i) employee benefits and expenses of employees engaging in the Life Sciences Solutions business from RMB2.4 million to RMB11.4 million, which included share-based compensation expenses of nil and RMB493 thousand in the respective fiscal quarters, and (ii) outsourcing service fee from RMB3.2 million to RMB10.4 million.

Health Management Platform and Solutions. Cost of sales and services from Health Management Platform and Solutions increased by 97.3% from RMB5.6 million in the three months ended June 30, 2019 to RMB11.1 million in the same period of 2020, primarily due to increases in (i) employee benefits and expenses of employees engaging in the Health Management Platform and Solutions business from RMB905 thousand to RMB3.8 million, which included share-based compensation expenses of nil and RMB146 thousand in the respective fiscal quarters, and (ii) outsourcing service fee from RMB4.5 million to RMB6.6 million.

Others. Other cost of sales and services decreased from RMB7.6 million in the three months ended June 30, 2019 to nil in the same period of 2020, primarily as we ceased the operation of certain non-strategic businesses.

Gross profit and gross margin

As a result of the foregoing, our overall gross profit in the three months ended June 30, 2019 and 2020 were RMB1.9 million and RMB31.5 million, respectively, and our overall gross margin was 7.6% and 18.5%, respectively. The increase of our overall gross margin was a result of margin expansion for each of our business segment.

Big Data Platform and Solutions. Our gross margin in Big Data Platform and Solutions increased from 17.6% in the three months ended June 30, 2019 to 21.9% in the same period of 2020, primarily due to our increased pricing power and revenue mix shift from lower margin implementation revenue to higher margin software and service revenue, partially offset by our recognition of substantially more

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share-based compensation than in the same period of 2019, and the cost incurred in connection with the procurement of medical devices and other COVID-19 prevention supplies.

Life Sciences Solutions. Our gross margin in Life Sciences Solutions increased from 11.1% in the three months ended June 30, 2019 to 15.2% in the same period of 2020, as we enjoyed increased pricing power and drove higher utilization, partially offset by the negative impact of the COVID-19 pandemic, which resulted in a decrease in the growth of utilization.

Health Management Platform and Solutions. Our gross margin in Health Management Platform and Solutions decreased from 2.9% in the three months ended June 30, 2019 to negative 22.0% in the same period of 2020, primarily due to investments to build up our operations and customer service capabilities for our CausaHealth platform.

Selling and marketing expenses

Our selling and marketing expenses increased by 9.0% from RMB40.3 million in the three months ended June 30, 2019 to RMB43.9 million in the same period of 2020, primarily due to increases in (i) employee benefits and expenses of employees engaging in selling and marketing function from RMB29.4 million to RMB33.4 million, which included share-based compensation of RMB741 thousand and RMB2.6 million in the respective fiscal quarters, and (ii) consulting and other professional fee from RMB162 thousand to RMB1.5 million. Selling and marketing expenses as a percentage of revenue declined significantly from 162.3% in the three months ended June 30, 2019 to 25.8% in the same period of 2020 as we grew our revenue at a much faster rate.

Administrative expenses

Our administrative expenses decreased by 13.8% from RMB64.3 million in the three months ended June 30, 2019 to RMB55.4 million in the same period of 2020, primarily due to the decrease in share-based compensation (warrants) from RMB43.5 million to nil, partially offset by the increase in (i) listing expenses from nil to RMB7.1 million and (ii) employee benefit and expenses for employees engaging in general and administrative function from RMB9.9 million to RMB35.8 million, which included share-based compensation of RMB20.9 thousand and RMB21.1 million in the respective fiscal quarters. Administrative expenses as a percentage of revenue declined significantly from 259.1% in the three months ended June 30, 2019 to 32.5% in the same period of 2020 as we grew our revenue at a much faster rate.

Research and development expenses

Our research and development expenses decreased by 31.8% from RMB70.8 million in the three months ended June 30, 2019 to RMB48.3 million in the same period of 2020. During the three months ended June 30, 2020, we continued to grow our research and development resources. The decrease in research and development expenses was primarily due to decreases in (i) employee benefit and expenses for employees engaging in research and development function from RMB59.2 million to RMB39.8 million, including share-based compensation of RMB1.0 million and RMB3.4 million in the respective fiscal quarters, as we shifted our engineering teams to work on our epidemic response solutions for our regional customers due to urgency of the matter and recorded the related expenses as cost of sales and services associated with the provision of these solutions, (ii) depreciation of property, plant and equipment from RMB3.5 million to RMB2.7 million, and (iii) consulting and other

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professional fee from RMB4.6 million to RMB2.8 million. Research and development expenses as a percentage of revenue declined significantly from 285.3% in the three months ended June 30, 2019 to 28.3% in the same period of 2020 as our revenue significantly outgrew our investment in research and development.

Operating loss

As a result of the foregoing, our operating loss decreased from RMB175.4 million in the three months ended June 30, 2019 to RMB110.2 million in the same period of June 30, 2020.

Fair value change of convertible redeemable preferred shares

Our fair value change of convertible redeemable preferred shares was a loss of RMB470.4 million in the three months ended June 30, 2019 and a loss of RMB400.4 million in the three months ended June 30, 2020, primarily due to change in fair value of equity interest of the Company. See “—Description of Major Components of Our Results of Operations—Fair Value Change of Convertible Redeemable Preferred Shares” for detailed information on the accounting treatment of our preferred shares.

Fair value change of convertible notes

Our fair value change of convertible notes was a loss of RMB20.8 million in the three months ended June 30, 2019 and a loss of RMB24.2 million in the three months ended June 30, 2020, primarily due to change in fair value of conversion right of the convertible notes. See “—Description of Major Components of Our Results of Operations—Fair Value Change of Convertible Notes” for detailed information on the accounting treatment of our convertible notes.

Loss for the period

As a result of the foregoing, our loss decreased by 24.1% from RMB666.6 million in the three months ended June 30, 2019 to RMB505.8 million in the three months ended June 30, 2020.

Year Ended March 31, 2019 Compared to Year Ended March 31, 2020

Revenues

Our revenues increased by 447.1% from RMB102.0 million in the fiscal year ended March 31, 2019 to RMB558.1 million in the fiscal year ended March 31, 2020. The increase was primarily attributable to the revenue increase of our Big Data Platform and Solutions, and to a lesser extent, attributable to the revenue increases in Life Sciences Solutions and Health Management Platform and Solutions.

Big Data Platform and Solutions. Revenue from Big Data Platform and Solutions increased by 710.2% from RMB45.9 million in the fiscal year ended March 31, 2019 to RMB371.9 million in the fiscal year ended March 31, 2020, primarily due to the increase in (i) the number of hospital customers from 51 in the fiscal year ended March 31, 2019 to 71 in the fiscal year ended March 31, 2020 and the solutions that we offer to hospitals, and (ii) regulators and policy makers that we collaborate with from 6 to 14 in the respective fiscal years, resulting from the increase in the number of government contracts as well as public spending in epidemic response solutions. The increase in revenue was also partly attributable to our addition of new international customers or sales of big data platforms and solutions outside of

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China, which included sales of medical devices and other COVID-19 prevention supplies as part of our provision of epidemic response solutions in 2020. In the fiscal year ended March 31, 2020, we recorded RMB48 million in COVID-19 related one-off revenue from selling epidemic prevention supplies.

Life Sciences Solutions. Revenue from Life Sciences Solutions increased by 195.0% from RMB34.8 million in the fiscal year ended March 31, 2019 to RMB102.8 million in the fiscal year ended March 31, 2020, primarily due to (i) the increase of the number of active customers from 37 in the fiscal year ended March 31, 2019 to 74 in the fiscal year ended March 31, 2020, and (ii) our deepened customer relationship, as shown by (a) our revenue retention rate, which was 125% for the fiscal year ended March 31, 2020, (b) the increased proportion of recurring customers among active customers from 45.9% in the fiscal year ended March 31, 2019 to 52.7% in the fiscal year ended March 31, 2020, and (c) the increased revenue per customer from RMB942.0 thousand in the fiscal year ended March 31, 2019 to RMB1,389.0 thousand in the fiscal year ended March 31, 2020.

Health Management Platform and Solutions. Revenue from Health Management Platform and Solutions increased by 417.3% from RMB10.8 million in the fiscal year ended March 31, 2019 to RMB55.6 million in the fiscal year ended March 31, 2020, primarily due to the expansion of our solutions to insurance companies and agencies on our platform.

Others. Other revenue increased by 164.1% from RMB10.5 million in the fiscal year ended March 31, 2019 to RMB27.8 million in the fiscal year ended March 31, 2020. However, other revenues as a percentage of total revenues declined from 10.3% in 2019 to 5.0% in the fiscal year ended March 31, 2020 as we prioritized our resources to our core businesses.

Cost of sales and services

Our cost of sales and services increased by 327.4% from RMB96.3 million in the fiscal year ended March 31, 2019 to RMB411.5 million in the fiscal year ended March 31, 2020. Share-based compensation expenses included in cost of sales and services were RMB50 thousand and RMB10.6 million in the fiscal years ended March 31, 2019 and 2020, respectively. The increase was caused by business expansion in each of Big Data Platform and Solutions, Life Sciences Solutions and Health Management Platform and Solutions in the fiscal year ended March 31, 2020.

Big Data Platform and Solutions. Cost of sales and services from Big Data Platform and Solutions increased by 457.4% from RMB44.4 million in the fiscal year ended March 31, 2019 to RMB247.5 million in the fiscal year ended March 31, 2020, primarily due to increases in (i) cost of sales of hardware and software from RMB26.5 million to RMB158.9 million, (ii) employee benefits and expenses of employees engaging in the Big Data Platform and Solutions business from RMB14.8 million to RMB66.5 million, which included share-based compensation expenses of nil and RMB3.3 million in the respective fiscal years, and (iii) outsourcing service fee from RMB71.0 thousand to RMB15.8 million. We incurred RMB42 million in cost of sales and services from COVID-19-related revenue from selling epidemic prevention supplies for the fiscal year ended March 31, 2020.

Life Sciences Solutions. Cost of sales and services from Life Sciences Solutions increased by 178.3% from RMB32.0 million in the fiscal year ended March 31, 2019 to RMB89.0 million in the fiscal year ended March 31, 2020, primarily due to increases in (i) employee benefits and expenses of employees engaging in the Life Sciences Solutions business from RMB20.3 million to RMB56.4 million, which

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included share-based compensation expenses of RMB33 thousand and RMB7.1 million in the respective fiscal years, and (ii) outsourcing service fee from RMB7.7 million to RMB25.9 million.

Health Management Platform and Solutions. Cost of sales and services from Health Management Platform and Solutions increased by 388.5% from RMB9.8 million in the fiscal year ended March 31, 2019 to RMB47.9 million in the fiscal year ended March 31, 2020, primarily due to increases in (i) outsourcing service fee from RMB4.4 million to RMB24.9 million, and (ii) cost of sales of hardware and software from RMB0.6 million to RMB16.9 million.

Others. Other cost of sales and services increased by 168.3% from RMB10.1 million in the fiscal year ended March 31, 2019 to RMB27.1 million in the fiscal year ended March 31, 2020, mainly due to an increase in cost of sales of hardware and software.

Gross profit and gross margin

As a result of the foregoing, our overall gross profit in the fiscal years ended March 31, 2019 and 2020 were RMB5.7 million and RMB146.5 million, respectively, and our overall gross margin was 5.6% and 26.3%, respectively. The increase of our overall gross margin was a result of margin expansion for each of our business segment.

Big Data Platform and Solutions. Our gross margin in Big Data Platform and Solutions increased from 3.2% in the fiscal year ended March 31, 2019 to 33.4% in the fiscal year ended March 31, 2020, primarily due to our increased pricing power and revenue mix shift from lower margin implementation revenue to higher margin software and service revenue. Share-based compensation expenses had minimal impact on our gross margin in this business in the fiscal years ended March 31, 2019 and 2020.

Life Sciences Solutions. Our gross margin in Life Sciences Solutions increased from 8.2% in the fiscal year ended March 31, 2019 to 13.4% in the fiscal year ended March 31, 2020, primarily as we enjoyed increased pricing power and drove higher utilization.

Health Management Platform and Solutions. Our gross margin in Health Management Platform and Solutions increased from 8.8% in the fiscal year ended March 31, 2019 to 13.9% in the fiscal year ended March 31, 2020, primarily driven by increased pricing power of the solutions offered to insurance companies and agencies under CausaCloud. Share-based compensation expenses had minimal impact on our gross margin in this business in the fiscal years ended March 31, 2019 and 2020.

Selling and marketing expenses

Our selling and marketing expenses increased by 68.5% from RMB101.3 million in the fiscal year ended March 31, 2019 to RMB170.7 million the fiscal year ended March 31, 2020, primarily attributable to (i) the increase in employee benefits and expenses of employees engaging in selling and marketing function from RMB77.5 million to RMB133.7 million, primarily due to increased headcount, and (ii) the increase in traveling, business development and general office expenses for our selling and marketing function from RMB9.4 million to RMB15.8 million. Employee benefits and expenses included share-based compensation expenses of RMB8.9 million and RMB28.8 million in the fiscal years ended March 31, 2019 and 2020, respectively. We recognized more share-based compensation expenses in the fiscal year ended March 31, 2020, due to accounting reasons as

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elaborated under “—Description of Major Components of Our Results of Operations—Share-based Compensation Expenses.”

Selling and marketing expenses as a percentage of revenue declined significantly from 99.3% in the fiscal year ended March 31, 2019 to 30.6% in the fiscal year ended March 31, 2020 as we grew our revenue at a much faster rate.

Administrative expenses

Our administrative expenses increased by 261.6% from RMB83.5 million in the fiscal year ended March 31, 2019 to RMB302.0 million in the fiscal year ended March 31, 2020, primarily attributable to (i) the increase in employee benefits and expenses related to share-based compensation from RMB1.8 million to RMB196.8 million, and the increase in employee benefits expenses related to wages, bonus from RMB37.1 million to RMB45.9 million, primarily due to increased headcount, and (ii) the increase in consulting and other professional fee from RMB22.6 million to RMB33.2 million, which included one-off professional fees incurred in relation to our private financing and acquisition of our operating insurance brokerage business license. We recognized more share-based compensation expenses in the fiscal year ended March 31, 2020, due to accounting reasons as elaborated under “—Description of Major Components of Our Results of Operations—Share-based Compensation Expenses.”

As a percentage of revenue, administrative expenses declined from 81.9% in the fiscal year ended March 31, 2019 to 54.1% in the fiscal year ended March 31, 2020 as our revenue grew at a much faster rate.

Research and development expenses

Our research and development expenses remained relatively flat at RMB257.6 million in the fiscal year ended March 31, 2019 and at RMB263.7 million in the fiscal year ended March 31, 2020. Our research and development expenses increased by 67.7% in the fiscal year ended March 31, 2019 as we invested to upgrade our DPAP platform to Eywa platform and expanded our suite of applications. The increase of our research and development expenses moderated in the fiscal year ended March 31, 2020 as we passed the peak of our investment in Eywa platform. Employee benefits and expenses included share-based compensation expenses of RMB5.5 million and RMB36.8 million in the fiscal years ended March 31, 2019 and 2020, respectively. We recognized more share-based compensation expenses in the fiscal year ended March 31, 2020, due to accounting reasons as elaborated under “—Description of Major Components of Our Results of Operations—Share-based Compensation Expenses.” Research and development expenses as a percentage of revenue declined from 252.5% in the fiscal year ended March 31, 2019 to 47.2% in the fiscal year ended March 31, 2020 as our revenue significantly outgrew our investment in research and development.

Operating loss

As a result of the foregoing, our operating loss increased from RMB432.2 million in the fiscal year ended March 31, 2019 to RMB597.4 million in the fiscal year ended March 31, 2020.

Fair value change of convertible redeemable preferred shares

Our fair value change of convertible redeemable preferred shares was a loss of RMB407.0 million in the fiscal year ended March 31, 2019 and a loss of RMB821.6 million in the fiscal year ended

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March 31, 2020, primarily due to increase in fair value of equity interest of the Company and fair value of conversion right of the convertible notes. See “—Description of Major Components of Our Results of Operations—Fair Value Change of Convertible Redeemable Preferred Shares” for detailed information on the accounting treatment of our preferred shares.

Fair value change of convertible notes

Our fair value change of convertible notes was a loss of RMB91.1 million in the fiscal year ended March 31, 2019 and a loss of RMB102.4 million in the fiscal year ended March 31, 2020, primarily due to increase in fair value of equity interest of the Company and fair value of conversion right of the convertible notes. See “—Description of Major Components of Our Results of Operations—Fair Value Change of Convertible Notes” for detailed information on the accounting treatment of our convertible notes.

Loss for the year

As a result of the foregoing, our loss increased by 61.9% from RMB933.7 million in the fiscal year ended March 31, 2019 to RMB1,511.4 million in the fiscal year ended March 31, 2020.

Year Ended March 31, 2018 Compared to Year Ended March 31, 2019

Revenues

Our revenues increased by 348.9% from RMB22.7 million in the fiscal year ended March 31, 2018 to RMB102.0 million in the fiscal year ended March 31, 2019. The increase was primarily attributable to the revenue increases of our Big Data Platform and Solutions and Life Sciences Solutions, and to a lesser extent, attributable to the revenue increase in Health Management Platform and Solutions.

Big Data Platform and Solutions. Revenues from Big Data Platform and Solutions increased by 159.7% from RMB17.7 million in the fiscal year ended March 31, 2018 to RMB45.9 million in the fiscal year ended March 31, 2019, primarily due to the increase in (i) the number of hospital customers from 37 in the fiscal year ended March 31, 2018 to 51 in the fiscal year ended March 31, 2019 and the solutions that we offer to hospitals, and (ii) regulators and policy makers that we cover from one to six in the respective fiscal years.

Life Sciences Solutions. Revenues from Life Sciences Solutions increased by 589.3% from RMB5.1 million in the fiscal year ended March 31, 2018 to RMB34.8 million in the fiscal year ended March 31, 2019, primarily attributable to (i) the increasing number of active customers from 9 in the fiscal year ended March 31, 2018 to 37 in the fiscal year ended March 31, 2019, and (ii) our deepened customer relationship, as shown by (a) our revenue retention rate, which was 162% for the fiscal year ended March 31, 2019, (b) the increased proportion of recurring customers among active customers from 33.3% in the fiscal year ended March 31, 2018 to 45.9% in the fiscal year ended March 31, 2019, and (c) the increased revenue per customer from RMB562.0 thousand in the fiscal year ended March 31, 2018 to RMB942.0 thousand in the fiscal year ended March 31, 2019.

Health Management Platform and Solutions. Health Management Platform and Solutions did not generate any revenue in the fiscal year ended March 31, 2018 and generated revenues of RMB10.8 million in the fiscal year ended March 31, 2019, primarily attributable to our CausaCloud business.

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Others. We did not generate any other revenue in the fiscal year ended March 31, 2018 and generated revenues of RMB10.5 million in the fiscal year ended March 31, 2019, primarily attributable to new initiatives that were subsequently determined as not able to enhance YiduCore or be synergistic to our other businesses.

Cost of sales and services

Our cost of sales and services increased by 307.0% from RMB23.7 million in the fiscal year ended March 31, 2018 to RMB96.3 million in the fiscal year ended March 31, 2019. The increase was caused by business expansion in each of Big Data Platform and Solutions, Life Sciences Solutions and Health Management Platform and Solutions in the fiscal year ended March 31, 2019.

Big Data Platform and Solutions. Cost of sales and services from Big Data Platform and Solutions increased by 137.3% from RMB18.7 million in the fiscal year ended March 31, 2018 to RMB44.4 million in the fiscal year ended March 31, 2019, primarily due to increase in cost of sales of hardware and software from nil to RMB26.5 million.

Life Sciences Solutions. Cost of sales and services from Life Sciences Solutions increased by 546.5% from RMB4.9 million in the fiscal year ended March 31, 2018 to RMB32.0 million in the fiscal year ended March 31, 2019, primarily due to increases in (i) employee benefits and expenses of employees engaging in the Life Sciences Solutions business from RMB4.2 million to RMB20.3 million, and (ii) outsourcing service fee from RMB0.3 million to RMB7.7 million.

Health Management Platform and Solutions. Cost of sales and services from Health Management Platform and Solutions was RMB9.8 million in the fiscal year ended March 31, 2019, primarily consisting of (i) outsourcing service fee of RMB4.4 million, and (ii) employee benefits and expenses of employees engaging in the Health Management Platform and Solutions business of RMB4.3 million. We did not incur any cost in the fiscal year ended March 31, 2018 as no revenue was generated in this fiscal year.

Others. Other cost of sales and services was RMB10.1 million in the fiscal year ended March 31, 2019, primarily consisting of cost of sales of hardware and software of RMB10.1 million. We did not incur other cost of sales and services in the fiscal year ended March 31, 2018 as we did not generate other revenue during this fiscal year.

Gross profit and gross margin

As a result of the foregoing, our overall gross loss in the fiscal year ended March 31, 2018 was RMB0.9 million and our overall gross profit in the fiscal year ended March 31, 2019 was RMB5.7 million, and our overall gross margin was negative 4.1% and positive 5.6%, respectively. The increase of our overall gross margin was as a result of margin expansion for each of our business segment.

Big Data Platform and Solutions. Our gross margin in Big Data Platform and Solutions increased from negative 5.9% in the fiscal year ended March 31, 2018 to 3.2% in the fiscal year ended March 31, 2019, primarily due to our increased pricing power.

Life Sciences Solutions. Our gross margin in Life Sciences Solutions increased from 2.1% in the fiscal year ended March 31, 2018 to 8.2% in the fiscal year ended March 31, 2019, primarily as we enjoyed increased pricing power.

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Health Management Platform and Solutions. Our gross margin from the Health Management Platform and Solutions was 8.8% in the fiscal year ended March 31, 2019. We did not generate any revenue from this business in the fiscal year ended March 31, 2018.

Selling and marketing expenses

Our selling and marketing expenses increased by 105.9% from RMB49.2 million in the fiscal year ended March 31, 2018 to RMB101.3 million in the fiscal year ended March 31, 2019, primarily attributable to (i) the increase in employee benefits and expenses of employees engaging in selling and marketing function from RMB37.1 million to RMB77.5 million, primarily due to increased headcount, (ii) the increase in promotion and advertising expenses from RMB6.1 million to RMB10.9 million, and (iii) the increase in traveling, business development and general office expenses for employees engaging in selling and marketing function from RMB4.7 million to RMB9.4 million. Selling and marketing expenses as a percentage of revenue declined significantly from 216.5% in the fiscal year ended March 31, 2018 to 99.3% in the fiscal year ended March 31, 2019 as we grew our revenue at a much faster rate.

Administrative expenses

Our administrative expenses increased by 104.7% from RMB40.8 million in the fiscal year ended March 31, 2018 to RMB83.5 million in the fiscal year ended March 31, 2019, primarily attributable to (i) the increase in employee benefits and expenses for employees engaging in general and administrative function from RMB21.1 million to RMB38.9 million, primarily due to increased headcount, and (ii) the increase in consulting and other professional fee from RMB8.6 million to RMB22.6 million. As a percentage of revenue, administrative expenses declined from 179.5% in the fiscal year ended March 31, 2018 to 81.9% in the fiscal year ended March 31, 2019 as our revenue grew at a much faster rate.

Research and development expenses

Our research and development expenses increased by 67.7% from RMB153.6 million in the fiscal year ended March 31, 2018 to RMB257.6 million in the fiscal year ended March 31, 2019, primarily attributable to (i) the increase in employee benefits and expenses for employees engaging in research and development function from RMB122.2 million to RMB214.1 million, primarily due to increased headcount, (ii) the increase in consulting and other professional fee from RMB6.1 million to RMB11.9 million, and (iii) the increase in depreciation of property, plant and equipment from RMB11.7 million to RMB14.6 million. We invested to upgrade our DPAP platform to Eywa platform and expanded our suite of applications in the fiscal year ended March 31, 2019. Research and development expenses as a percentage of revenue declined rapidly from 675.9% in the fiscal year ended March 31, 2018 to 252.5% in the fiscal year ended March 31, 2019 as our revenue significantly outgrew our investment in research and development.

Operating loss

As a result of the foregoing, our operating loss increased from RMB252.3 million in the fiscal year ended March 31, 2018 to RMB432.2 million in the fiscal year ended March 31, 2019.

Fair value change of convertible redeemable preferred shares

Our fair value change of convertible redeemable preferred shares was a loss of RMB646.9 million in the fiscal year ended March 31, 2018 and a loss of RMB407.0 million in the fiscal year ended March 31,

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2019, primarily due to changes in the valuation of our Company. See “—Description of Major Components of Our Results of Operations—Fair Value Change of Convertible Redeemable Preferred Shares” for detailed information on the accounting treatment of our preferred shares.

Fair value change of convertible notes

Our fair value change of convertible notes was a loss of RMB65.4 million in the fiscal year ended March 31, 2018 and a loss of RMB91.1 million in the fiscal year ended March 31, 2019, primarily due to changes in the valuation of our Company. See “—Description of Major Components of Our Results of Operations—Fair Value Change of Convertible Notes” for detailed information on the accounting treatment of our convertible notes.

Loss for the year

As a result of the foregoing, our loss decreased from RMB978.4 million in the fiscal year ended March 31, 2018 to RMB933.7 million in the fiscal year ended March 31, 2019.

DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS

The table below sets forth selected information from our consolidated balance sheets as of the dates indicated, which have been extracted from our audited consolidated financial statements included in Appendix I to this document:

	As of March 31,			As of
	2018	2019	2020	June 30, 2020
	(in thousands of RMB)			
Total non-current assets	61,128	88,879	143,557	139,826
Total current assets	591,715	677,755	1,159,672	1,118,626
Total assets	<u>652,843</u>	<u>766,634</u>	<u>1,303,229</u>	<u>1,258,452</u>
Total non-current liabilities	1,811,402	2,807,924	1,623,338	1,759,973
Total current liabilities	86,717	236,494	3,406,155	3,684,387
Total liabilities	<u>1,898,119</u>	<u>3,044,418</u>	<u>5,029,493</u>	<u>5,444,360</u>
Share capital	58	49	49	49
Treasury shares	(10)	(1)	(1)	(1)
Other reserves	62,616	(36,652)	25,860	72,023
Accumulated deficits	(1,307,940)	(2,241,528)	(3,751,406)	(4,257,093)
Capital and reserves attributable to the Company	(1,245,276)	(2,278,132)	(3,725,498)	(4,185,022)
Non-controlling interests	—	348	(766)	(886)
Deficits on total equity	<u>(1,245,276)</u>	<u>(2,277,784)</u>	<u>(3,726,264)</u>	<u>(4,185,908)</u>
Deficits on total equity and total liabilities	<u>652,843</u>	<u>766,634</u>	<u>1,303,229</u>	<u>1,258,452</u>

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The following table sets forth our assets and liabilities as of the dates indicated:

	As of March 31,			As of
	2018	2019	2020	June 30, 2020
	(in thousands of RMB)			
Non-current assets:				
Property, plant and equipment	32,705	26,758	32,945	33,805
Right-of-use assets	26,733	23,448	35,689	32,947
Intangible assets	164	32,202	39,067	41,030
Deferred income tax assets	298	286	225	643
Investments accounted for using the equity method	1,228	993	10,206	9,796
Financial assets measured at fair value through profit or loss	—	—	20,840	21,020
Pledged bank deposits	—	192	585	585
Restricted bank balance and deposits	—	5,000	4,000	—
Total non-current assets	<u>61,128</u>	<u>88,879</u>	<u>143,557</u>	<u>139,826</u>
Current assets:				
Inventories	—	27,194	67,496	23,984
Contract assets	73	2,673	8,766	14,764
Trade receivables	18,362	68,067	287,271	186,866
Other financial assets at amortized cost	4,852	37,323	19,050	19,849
Financial assets measured at fair value through profit or loss	—	134,715	—	—
Pledged bank deposits	—	6,731	10,740	—
Term deposits	—	67,335	—	—
Restricted bank balance and deposits	—	—	1,000	5,000
Cash and cash equivalents	560,366	305,864	719,721	838,083
Other current assets	8,062	27,853	45,628	30,080
Total current assets	<u>591,715</u>	<u>677,755</u>	<u>1,159,672</u>	<u>1,118,626</u>
Non-current liabilities:				
Convertible redeemable preferred shares	1,540,449	2,395,644	1,053,173	1,676,852
Convertible notes	253,851	364,215	486,392	—
Lease liabilities	17,102	10,817	21,494	19,526
Deferred income	—	37,248	62,279	63,595
Total non-current liabilities	<u>1,811,402</u>	<u>2,807,924</u>	<u>1,623,338</u>	<u>1,759,973</u>
Current liabilities:				
Convertible redeemable preferred shares	—	—	2,952,075	3,307,375
Warrants	—	—	35,426	5,310
Trade and other payables	28,328	78,980	187,086	170,994
Salary and welfare payable	45,156	93,125	122,585	152,076
Contract liabilities	1,687	48,902	93,805	30,617
Current income tax liabilities	—	557	234	245
Lease liabilities	11,546	14,930	14,944	17,770
Total current liabilities	<u>86,717</u>	<u>236,494</u>	<u>3,406,155</u>	<u>3,684,387</u>
Net current assets	<u>504,998</u>	<u>441,261</u>	<u>(2,246,483)</u>	<u>(2,565,761)</u>

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The following table sets forth our current assets and liabilities as of the dates indicated:

	As of March 31,			As of June 30,	As of October 31,
	2018	2019	2020	2020	2020
	(in thousands of RMB)				
	(unaudited)				
Current assets:					
Inventories	—	27,194	67,496	23,984	22,328
Contract assets	73	2,673	8,766	14,764	33,770
Trade receivables	18,362	68,067	287,271	186,866	205,175
Other financial assets at amortized cost	4,852	37,323	19,050	19,849	22,403
Financial assets measured at fair value through profit or loss	—	134,715	—	—	20,829
Pledged bank deposits	—	6,731	10,740	—	—
Term deposits	—	67,335	—	—	—
Restricted bank balance and deposits	—	—	1,000	5,000	5,000
Cash and cash equivalents	560,366	305,864	719,721	838,083	1,108,680
Other current assets	8,062	27,853	45,628	30,080	51,963
Total current assets	<u>591,715</u>	<u>677,755</u>	<u>1,159,672</u>	<u>1,118,626</u>	<u>1,470,148</u>
Current liabilities:					
Convertible redeemable preferred shares	—	—	2,952,075	3,307,375	—
Warrants	—	—	35,426	5,310	—
Trade and other payables	28,328	78,980	187,086	170,994	256,590
Salary and welfare payable	45,156	93,125	122,585	152,076	157,207
Contract liabilities	1,687	48,902	93,805	30,617	44,164
Current income tax liabilities	—	557	234	245	245
Lease liabilities	11,546	14,930	14,944	17,770	17,578
Deferred income	—	—	—	—	10,628
Total current liabilities	<u>86,717</u>	<u>236,494</u>	<u>3,406,155</u>	<u>3,684,387</u>	<u>486,412</u>
Net current assets/(liabilities)	<u>504,998</u>	<u>441,261</u>	<u>(2,246,483)</u>	<u>(2,565,761)</u>	<u>983,736</u>

We had net current assets as of March 31, 2018 and 2019 and as of October 31, 2020. Our net current assets position as of each of these dates was primarily attributable to our large balance of cash and cash equivalents and trade receivables, partially offset by our trade and other payables, and salary and welfare payable.

We had net current liabilities of RMB2,565.8 million as of June 30, 2020, primarily due to our convertible redeemable preferred shares, partially offset by our cash and cash equivalents. We had net current liabilities of RMB2,246.5 million as of March 31, 2020 primarily due to convertible redeemable preferred shares of RMB3.0 billion and trade and other payables of RMB187.1 million, partially offset by cash and cash equivalents of RMB719.7 million and trade receivables of RMB287.3 million. Our net current assets remained relatively stable at RMB505.0 million as of March 31, 2018 and at RMB441.3 million as of March 31, 2019. In addition, as a result of the agreements we entered into in August 2020 to extend the certain preferred shareholders' redemption date from January 2021 to January 2022, our current portion of convertible redeemable preferred shares were reclassified into non-current liabilities, resulting into a net current assets position as of October 31, 2020. All our convertible redeemable preferred shares will automatically be converted into our ordinary shares upon Listing.

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We had net liabilities of RMB1.2 billion, RMB2.3 billion, RMB3.7 billion and RMB4.2 billion as of March 31, 2018, 2019 and 2020 and June 30, 2020, respectively, primarily due to the fair value change of convertible redeemable preferred shares and convertible notes. See “Risk Factors—Risks Relating to Our Business and Industry—We have incurred net losses, net liabilities and net operating cash outflow in the past and may not be able to achieve or maintain profitability, net assets or net operating cash inflow in the foreseeable future.”

Property, Plant and Equipment

Our property, plant and equipment primarily consist of electronic equipment such as servers, office furniture and leasehold improvement. Our property, plant and equipment remained stable at RMB32.9 million and RMB33.8 million as of March 31, 2020 and June 30, 2020, respectively. Our property, plant and equipment increased by 23.1% from RMB26.8 million as of March 31, 2019 to RMB32.9 million as of March 31, 2020, primarily due to our increased spending on research and development, office equipment and office furniture to meet increased demand of daily operation and research and development activities in line with our business growth and headcount increase. Our property, plant and equipment decreased by 18.2% from RMB32.7 million as of March 31, 2018 to RMB26.8 million as of March 31, 2019, primarily due to higher rate of depreciation compared to capital expenditure in the period.

Right-of-use Assets

Our right-of-use assets represent our leased building. Our right-of-use assets decreased by 7.7% from RMB35.7 million as of March 31, 2020 to RMB32.9 million as of June 30, 2020, primarily due to depreciation charge of RMB3.5 million, partially offset by additions of RMB0.8 million. Our right-of-use assets increased by 52.2% from RMB23.4 million as of March 31, 2019 to RMB35.7 million as of March 31, 2020, primarily due to additions of RMB28.2 million, partially offset by depreciation charge for the year of RMB15.1 million. Our right-of-use assets decreased by 12.3% from RMB26.7 million as of March 31, 2018 to RMB23.4 million as of March 31, 2019, primarily due to depreciation charge for the year of RMB13.6 million, partially offset by additions of RMB11.6 million.

Intangible Assets

Our intangible assets primarily comprise goodwill, license, software and technology. The following table sets forth a breakdown of our intangible assets as of the dates indicated:

	As of March 31,			As of
	2018	2019	2020	June 30, 2020
	(in thousands of RMB)			
Goodwill	—	—	4,362	4,362
License	—	31,791	30,179	32,548
Software	164	411	1,146	935
Technology	—	—	3,380	3,185
Total	<u>164</u>	<u>32,202</u>	<u>39,067</u>	<u>41,030</u>

Our intangible assets increased by 5% from RMB39.1 million as of March 31, 2020 to RMB41.0 million as of June 30, 2020, primarily due to the increase in license of approximately RMB2.8 million resulting from our acquisition of the Good Supplying Practice license in the three months ended June 30, 2020.

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Our intangible assets increased by 21.3% from RMB32.2 million as of March 31, 2019 to RMB39.1 million as of March 31, 2020, primarily as a result of the increase of goodwill of RMB4.4 million in relation to our acquisition of an entity engaged in sales and development of healthcare devices in China in August 2019. We acquired 85% equity interest in this entity through the issuance of 122,953 options of our Company and cash consideration of approximately RMB1.3 million. The fair value of 122,953 options issued as part of the consideration was based on valuation performed by a third-party valuer.

Our intangible assets increased significantly from RMB0.2 million as of March 31, 2018 to RMB32.2 million as of March 31, 2019, primarily due to the increase of license of RMB31.8 million as a result of our acquisition of insurance surveyor and broker licenses in the fiscal year ended March 31, 2019.

Impairment tests for goodwill

Goodwill arose from the acquisition of a subsidiary through business combinations as below:

	<u>Xinhexin</u>
	<u>RMB'000</u>
At March 31, 2020 and June 30, 2020	
Goodwill	4,362

As at March 31, 2020, the carrying amount of goodwill was allocated to a Cash Generating Unit (“CGU”) related to the business of Xinhexin. The recoverable amount of the CGU was determined based on value-in-use calculations which required the use of assumptions. The calculations used cash flow projections based on financial budgets approved by our management covering a six-year period. A period longer than five years can be used projections if it is justifiable, and our management used a six-year period, which takes into account the length of the post projection period for the cash flow forecast will be perpetuity, and this shall be achieved by identifying a ‘steady state’ set of assumptions for the cash flows in the last year of the forecasts and applying a terminal value multiple to those cash flows. Given we expect to maintain an extended high growth rate over a period longer than 5 years, our management considers that Xinhexin’s business is expected to reach a steady and stable terminal growth state likely after a six-year period, with a terminal growth rate of 3% as of March 31, 2020 and June 30, 2020, respectively. For the years ended March 31, 2020 and the three months ended June 30, 2020, cash flows for the six-year period were extrapolated using the estimated annual revenue growth rate of 36% and 21%. Pre-tax discount rate of 25% and 25% were used to reflect market assessments of time value and the specific risks relating to the industry in which we operated. The financial projection was determined by our management based on our expectation for market development.

Based on the result of the impairment reviews of goodwill, the estimated recoverable amount exceeded its carrying amount by approximately RMB13.8 million and RMB10.3 million as of March 31, 2020 and June 30, 2020, respectively. Our management has not identified that a reasonable possible change in any of the key assumptions that could cause the carrying amount to exceed the recoverable amount.

The Group has performed a sensitivity analysis on key assumptions used in management’s impairment test of goodwill. Had the estimated annual revenue growth rate during the forecast period been 1% lower, the estimated recoverable amount exceeding its carrying amount would decrease to RMB10.3 million and RMB8.3 million as of March 31, 2020 and June 30, 2020, respectively. Reasonably

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possible changes in key assumptions would not lead to impairment as of March 31, 2020 and June 30, 2020, respectively.

Investments Accounted for Using the Equity Method

The investments accounted for using the equity method mainly represents our investments in associates during the Track Record Period. Since we have seat(s) in or appoint member(s) to the board or investment decision committee of our associates, we are considered to have significant influence but not control over the associates. The below table sets forth our investments accounted for using the equity method for the periods indicated:

	Year ended March 31,			Three months ended June 30,
	2018	2019	2020	2020
	(in thousands of RMB)			
At beginning of the year/period	—	1,228	993	10,206
Additions	12,550	—	9,100	—
Share of (loss)/profit from investment in associates	(2,137)	1	113	(410)
Impairment of associates	(9,185)	—	—	—
Disposal of associates	—	(236)	—	—
At end of the year/period	1,228	993	10,206	9,796

Our investments accounted for using the equity method decreased from RMB10.2 million as of March 31, 2020 to RMB9.8 million as of June 30, 2020, primarily due to our share of loss from investment in Hangzhou Qijing Technology Co., Ltd.

Our investments accounted for using the equity method increased from RMB1.0 million as of March 31, 2019 to RMB10.2 million as of March 31, 2020, primarily due to the addition of Guiyang Wudang Yiduyun Medical Healthcare Industry Investment Fund (Limited Partnership) and Hangzhou Qijing Technology Co., Ltd. as our associates.

Our investments accounted for using the equity method decreased from RMB1.2 million as of March 31, 2018 to RMB1.0 million as of March 31, 2019, primarily due to our disposal of our interest in Shanghai Youanzhi Medical Technology Co., Ltd.

Inventory

Our inventory represents purchased goods. The following table sets forth inventory as of the dates indicated:

	As of March 31,			As of June 30,
	2018	2019	2020	2020
	(in thousands of RMB)			
Inventory:				
Purchase goods – at cost	—	27,194	67,496	23,984
Less: allowance for impairment of inventories	—	—	—	—
Total	—	27,194	67,496	23,984

Our inventory decreased by 64.5% from RMB67.5 million as of March 31, 2020 to RMB24.0 million as of June 30, 2020 primarily due to our sales of substantially all the medical devices and other COVID-19 prevention supplies that we procured to our customers in the three months ended June 30, 2020.

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Our inventory increased by 148.2% from RMB27.2 million as of March 31, 2019 to RMB67.5 million as of March 31, 2020, primarily due to purchase of medical device and other COVID-19 prevention supplies for our provision of epidemic response solutions to international customers in 2020.

Our inventory increased from nil as of March 31, 2018 to RMB27.2 million as of March 31, 2019, primarily due to purchase of servers, front-end processors and other hardware for our cloud center project in Nanjing, China.

Our inventory turnover days decreased from 133 in the fiscal year ended March 31, 2019 to 86 in the fiscal year ended March 31, 2020, and to 49 in the three months ended June 30, 2020, which was primarily due to the decrease in inventory balances as we sold the medical devices and other COVID-19 prevention supplies that we procured in the fiscal year ended March 31, 2020 to be offered to our customers. Inventory turnover days for a given period are equal to average inventory balances at the beginning and the end of the period divided by cost of hardware, software and other goods during the period and then multiplied by the number of days during the period.

The below table sets forth the breakdown of inventory balance by our business segments:

	As of March 31,			As of
	2018	2019	2020	June 30, 2020
	(in thousands of RMB)			
Inventory				
Big Data Platform and Solutions	—	27,194	67,496	23,984
Life Sciences Solutions	—	—	—	—
Health Management Platform and Solutions	—	—	—	—
Others	—	—	—	—
Total	<u>—</u>	<u>27,194</u>	<u>67,496</u>	<u>23,984</u>

RMB3.7 million, or 16% of our inventory as of June 30, 2020, were subsequently settled as of October 31, 2020.

Contract Assets

Contract assets are our right to consideration in exchange for goods or services that we have transferred to our customers. The table below sets forth our contract assets as of the dates indicated.

	As of March 31,			As of
	2018	2019	2020	June 30, 2020
	(in thousands of RMB)			
Contract assets				
Big Data Platform and Solutions	—	—	603	—
Life Science Solutions	80	2,817	8,500	15,287
Less: allowance for impairment of contract assets	(7)	(144)	(337)	(523)
Total	<u>73</u>	<u>2,673</u>	<u>8,766</u>	<u>14,764</u>

Our contract assets increased by 3,561.6% from RMB73 thousand as of March 31, 2018 to RMB2.7 million as of March 31, 2019 and by 227.9% to RMB8.8 million as of March 31, 2019 and further by 68.4% to RMB14.8 million as of June 30, 2020. The increase in the contract assets was mainly attributable to the significant increase of sales in the Big Data Platform and Solutions and Life Sciences Solutions segments.

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RMB4.52 million, or 29.9% of our contract assets as of June 30, 2020, were subsequently billed as of October 31, 2020. Turnover days for trade receivables and contract assets were 162 days, 180 days, 134 days and 151 days for the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2020, respectively. Life Sciences Solutions consist primarily of the provision of pharmaceutical development cooperation services and customized pharmaceutical research report to customers, which are mainly pharmaceutical companies. The increase in contract assets is mainly attributable to the significant increase of the sales of Life Sciences Solutions segment for the years ended March 31, 2018, 2019 and 2020 and for the three months ended June 30, 2020. For the contracts under the Life Sciences Solutions segment, normally the contractual period will be within two years and with two to five milestones to bill the customers according to the contractual terms. The average turnover days of contract assets for each year/period are primarily from three to six months.

Trade Receivables

Trade receivables represent amounts due from third-party customers for services performed in the ordinary course of business. The following table sets forth our trade receivables as of the dates indicated:

	As of March 31,			As of
	2018	2019	2020	June 30, 2020
	(in thousands of RMB)			
Trade receivables from contracts with customers	20,127	77,653	319,389	220,638
Less: allowance for impairment of trade receivables	(1,765)	(9,586)	(32,118)	(33,772)
Total	18,362	68,067	287,271	186,866

Our trade receivables decreased by 35.0% from RMB287.3 million as of March 31, 2020 to RMB186.9 million as of June 30, 2020, primarily due to our collection of trade receivables from our overseas customers. Our trade receivables increased by 322.0% from RMB68.1 million as of March 31, 2019 to RMB287.3 million as of March 31, 2020 and increased by 270.7% from RMB18.4 million as of March 31, 2018 to RMB68.1 million as of March 31, 2019, primarily due to our revenue growth in line with our business expansion. Allowance for impairment of trade receivables increased during the Track Record Period, primarily due to (i) individual specific provision against one customer whose credit risk was increased, and (ii) the provision generated from expected credit loss model that considered the historical observed default rates and the forward-looking information. The amount of revenue generated from customer A was RMB14.2 million, nil, nil and nil for the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020, respectively. The amount of trade receivables due from customer A was RMB15.0 million, RMB11.3 million, RMB11.2 million and RMB11.2 million as of March 31, 2018, 2019 and 2020 and June 30, 2020, respectively. The amount of impairment allowance provided for customer A was nil, RMB5.7 million, RMB11.2 million and RMB11.2 million as of March 31, 2018, 2019 and 2020 and June 30, 2020, respectively. For customer A's trade receivables of RMB11.2 million as of June 30, 2020, out of prudent consideration, we have made a full provision for bad debts. However, we have been continuously trying to recover these trade receivables. Between June 30, 2020 and the date of this document, a total of RMB3.8 million has been recovered. As of the Latest Practicable Date, customer A still serves as a vendor and provides us with services for two small projects, but we have no more business dealings with customer A in connection with our main businesses. The increase in allowance for impairment of trade receivables from RMB1.8 million as of March 31, 2018 to RMB9.6 million as of March 31, 2019 and further to RMB32.1 million as of March 31, 2020 was also in line with (i) the expansion of our

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business activities that resulted in significant increases in revenue from RMB22.7 million to RMB102.0 million and further to RMB558.1 million for the respective fiscal years and hence (ii) the increase in gross trade receivables from RMB20.1 million, RMB77.7 million and RMB319.4 million as at the respective reporting dates. The movement loss in allowance for impairment of trade receivables as of March 31, 2018, 2019 and 2020 accounted for 7.8%, 7.8% and 4.1% of the revenue for the respective fiscal years.

The credit terms given to trade customers are determined on an individual basis with normal credit period mainly within 180 days. The aging analysis of the trade receivables based on invoice date is as follows:

	As of March 31,			As of
	2018	2019	2020	June 30, 2020
	(in thousands of RMB)			
Trade receivables				
Up to three months	270	10,770	91,673	47,756
Three to six months	19,857	50,632	189,550	23,782
Six months to one year	—	937	10,405	122,720
One to two years	—	15,314	15,784	13,142
Over two years	—	—	11,977	13,238
	20,127	77,653	319,389	220,638
Less: allowance for impairment of trade receivables	(1,765)	(9,586)	(32,118)	(33,772)
Total	18,362	68,067	287,271	186,866

Our trade receivables turnover days increased from 162 in the fiscal year ended March 31, 2018 to 175 in the fiscal year ended March 31, 2019, primarily due to the increase in credit sales in 2019. Our trade receivables turnover days decreased from 175 in the fiscal year ended March 31, 2019 to 130 in the fiscal year ended March 31, 2020 and to 144 in the three months ended June 30, 2020 primarily due to more efficient collection of trade receivables. Trade receivables turnover days for a given period are equal to the average trade receivables from contracts with customers, at the beginning and the end of the period divided by revenues during the period and multiplied by the number of days during the period. Our trade receivables turnover days for contract assets and trade receivables was 162, 180, 134 and 151 in the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2020.

The below table sets forth the breakdown of trade receivables by our business segments:

	As of March 31,			As of
	2018	2019	2020	June 30, 2020
	(in thousands of RMB)			
Trade Receivables				
Big Data Platform and Solutions	16,772	43,956	190,603	135,560
Life Sciences Solutions	3,235	15,586	52,774	44,156
Health Management Platform and Solutions	—	14,382	57,413	31,699
Others	120	3,729	18,599	9,223
Total	20,127	77,653	319,389	220,638

RMB67.0 million, or 30% of our trade receivables as of June 30, 2020, were subsequently settled as of October 31, 2020. Excluding customer A for which we have fully accrued RMB11.2 million for bad

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debts, based on the trade receivables settled as of the October 31, 2020, we expect that the outstanding trade receivables as of June 30, 2020 could be settled by June 30, 2021.

Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss mainly represents debt investments that do not qualify for measurement at amortised cost. The below table sets forth the financial assets at fair value through profit or loss as of the dates indicated:

	As of March 31,			As of
	2018	2019	2020	June 30, 2020
	RMB in thousands			
Non-current assets				
Loan to a third party with warrants to purchase preferred shares	—	—	20,840	21,020
Current assets				
Investment in wealth management products	—	134,715	—	—

Financial assets at fair value through profit or loss as of March 31, 2020 and June 30, 2020 mainly represents a loan to a third party with warrants to purchase preferred shares. See note 22 to the Accountant's Report in Appendix I to this document for the key valuation assumptions used to determine the fair value of the loan. Financial assets at fair value through profit or loss as of March 31, 2019 mainly represents the wealth management products that we invested in. The wealth management products were redeemed during the fiscal year ended March 31, 2020 with principal and interest returned.

Other Current Assets

Our other current assets primarily comprise advance payment to suppliers for inventories, prepaid professional fee and deductible input VAT. Deductible input VAT is derived from the purchase of goods and services but is yet to be offset with output VAT. The following table sets forth our other current assets as of the dates indicated:

	As of March 31,			As of
	2018	2019	2020	June 30, 2020
	(in thousands of RMB)			
Prepayment:				
Advance payment to suppliers for inventories	—	2,434	19,370	3,774
Prepaid professional fee	2,211	3,672	7,818	7,390
Business insurance for employees	812	812	1,701	1,351
Others	767	661	900	680
Deductible input VAT	<u>4,272</u>	<u>20,274</u>	<u>15,839</u>	<u>16,885</u>
Total	<u>8,062</u>	<u>27,853</u>	<u>45,628</u>	<u>30,080</u>

Our other current assets decreased by 34.1% from RMB45.6 million as of March 31, 2020 to RMB30.1 million as of June 30, 2020, primarily due to the decrease in advance payments that we made in connection with the procurement of medical devices and other COVID-19 prevention supplies.

Our other current assets increased by 63.8% from RMB27.9 million as of March 31, 2019 to RMB45.6 million as of March 31, 2020, primarily due to the increase in advance payment to suppliers

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for inventories of RMB16.9 million in line with our increased procurement as part of our business expansion, partially offset by the decrease in deductible input VAT of RMB4.4 million.

Our other current assets increased by 245.5% from RMB8.1 million as of March 31, 2018 to RMB27.9 million as of March 31, 2019, primarily due to the increase in deductible input VAT of RMB16.0 million, which is primarily attributable to increased purchase of goods and services along with the expansion of our business.

Convertible Redeemable Preferred Shares

During the Track Record Period, we issued certain convertible redeemable preferred shares to our investors. See “History, Reorganization and Corporate Structure” of this document and note 28 to the Accountant’s Report in Appendix I to this document for details of the convertible redeemable preferred shares. We applied the discounted cash flow method to determine the underlying equity value of our Company and adopted option pricing method and equity allocation model to determine the fair value of the convertible redeemable preferred shares. See note 28 to the Accountant’s Report in Appendix I to this document for the key assumptions used to determine the fair value of the convertible redeemable preferred shares.

As of March 31, 2018, 2019 and 2020 and June 30, 2020, the preferred shares had fair values of RMB1,540.4 million, RMB2,395.6 million, RMB4,005.2 million and RMB4,984.2 million, respectively.

Convertible Notes

Convertible notes represent the six convertible notes in an aggregate principal amount of US\$30 million that we issued on April 7, 2017 to one of our existing investors. The notes are convertible into our preferred shares, at the option of the holder, or automatic conversion upon the IPO auditor commencing work. On April 30, 2020, the holder exercised the option to convert all the convertible notes (together with interest accrued but unpaid) into Series C preference shares of our Company in accordance with the terms of the convertible notes. See note 32 to the Accountant’s Report included in Appendix I to this document for more details.

The following table sets forth the face value of our convertible notes as at the dates indicated:

	As at March 31,			As at
	2018	2019	2020	June 30,
	(in thousands of RMB)			2020
Face value of convertible notes issued	253,851	364,215	486,392	—

Deferred Income

Deferred income mainly represents deferred government grants received but yet to be recognized in other income. We had deferred income of nil, RMB37.2 million, RMB62.3 million and RMB63.6 million as of March 31, 2018, 2019 and 2020 and June 30, 2020. These government grants are mainly for funding our research and development activities.

Trade and Other Payables

Trade and other payable primarily consist of trade payables and other payables. Trade payables represent liabilities for goods and services provided to us that remain unpaid. Other payables primarily

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consist of payables in connection with related party loans, employee reimbursements and consulting service providers. The following table sets forth our trade and other payables as at the dates indicated:

	As at March 31,			As of
	2018	2019	2020	June 30, 2020
	(in thousands of RMB)			
Trade payables	343	23,557	115,146	58,941
Tax payables	8,314	3,580	8,998	9,786
Other payables	19,671	51,843	62,942	102,267
Total	28,328	78,980	187,086	170,994

Our trade and other payables decreased by 8.6% from RMB187.1 million as of March 31, 2020 to RMB171.0 million as of June 30, 2020, primarily due to our settlement of some trade and other payables in connection with certain servers and other goods that we procured. Our trade and other payables increased by 136.9% from RMB79.0 million as of March 31, 2019 to RMB187.1 million as of March 31, 2020 and increased by 178.8% from RMB28.3 million as of March 31, 2018 to RMB79.0 million as of March 31, 2019, primarily due to our increased procurement in line with our business expansion. Other payables increased year-over-year during the Track Record Period due to increased employee reimbursements and consulting services in line with our business expansion and headcount increase.

Our trade payable turnover days was 209, 88, 94 and 76 in the fiscal year ended March 31, 2018, 2019 and 2020 and three months ended June 30, 2020. Trade payable turnover days for a given period are equal to average trade payable balances at the beginning and the end of the period divided by the sum of cost of hardware, software and other goods and outsourcing services fee during the period and then multiplied by the number of days during the period. The following table sets forth the aging analysis of our trade payables as at the dates indicated:

	As of March 31,			As of
	2018	2019	2020	June 30, 2020
	(in thousands of RMB)			
Trade payables				
Up to three months	343	2,215	36,604	33,176
Three to six months	—	21,056	68,731	6,233
Six months to one year	—	286	8,805	13,108
One to two years	—	—	1,006	6,424
Total	343	23,557	115,146	58,941

RMB44.1 million, or 75% of our trade payables as of June 30, 2020, were subsequently settled as of October 31, 2020.

Salary and Welfare Payable

Salary and welfare payable represents liabilities for employee salary and welfare that remain unpaid. Our salary and welfare payable increased by 31.6% from RMB93.1 million as of March 31, 2019 to RMB122.6 million as of March 31, 2020 and increased by 106.2% from RMB45.2 million as of March 31, 2018 to RMB93.1 million as of March 31, 2019, primarily due to (i) our increased headcount and employee salary and welfare, and (ii) accrual of the shortfall of social welfare benefits and housing fund. Our salary and welfare payable increased by 24.1% from RMB122.6 million as of

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March 31, 2020 to RMB152.1 million as of June 30, 2020, primary due to the accrual of year-end bonuses for the fiscal year ending March 31, 2021, which become due and payable to employees in the fourth quarter of each fiscal year, and accrued unpaid social insurance and housing fund costs.

Contract Liabilities

Contract liabilities represent our obligation to transfer goods or services to a customer for which we have received consideration from the customer or the payment is due, but the transfer has not yet been completed. Our contract liabilities decreased by 67.4% from RMB93.8 million as of March 31, 2020 to RMB30.6 million as of June 30, 2020, primarily as we set off the advance payments made by our customers for medical devices and other COVID-19 prevention supplies against the total payment amount due and payable. Contract liabilities increased by 91.8% from RMB48.9 million as of March 31, 2019 to RMB93.8 million as of March 31, 2020 and increased significantly from RMB1.7 million as of March 31, 2018 to RMB48.9 million as of March 31, 2019, primarily due to our increased contract amount in line with our business expansion for the fiscal years ended March 31, 2019 and 2020.

KEY FINANCIAL RATIOS/METRICS

The following table sets forth our key financial ratios/metrics for the periods indicated:

	For the Year Ended March 31,			For the Three Months Ended June 30,	
	2018	2019	2020	2019	2020
Total revenue growth (%)	—	348.9	447.1	—	586.7
Gross margin (%)	(4.1)	5.6	26.3	7.6	18.5
Non-IFRS adjusted net loss (RMB in thousands) ⁽¹⁾	(252,921)	(419,339)	(322,344)	(130,268)	(75,962)
Non-IFRS adjusted net loss margin (%) ⁽²⁾	(1,112.9)	(411.1)	(57.8)	(525.0)	(44.6)

Notes:

- (1) We define “adjusted net loss” as loss for the year or period by adding back (i) fair value changes of convertible redeemable preferred shares, (ii) fair value changes of convertible notes, (iii) fair value changes of warrants, (iv) share-based compensation expenses, and (v) listing expenses.
- (2) Represents non-IFRS adjusted net loss divided by the total revenue for the period indicated.

See “—Three Months Ended June 30, 2019 Compared to Three Months Ended June 30, 2020,” “—Year Ended March 31, 2019 Compared to Year Ended March 31, 2020” and “—Year Ended March 31, 2018 Compared to Year Ended March 31, 2019” for a discussion of the factors affecting our results of operations during the respective periods.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period and up to the Latest Practicable Date, we had historically funded our cash requirements principally from capital contribution from shareholders and financing through issuance and sales of convertible redeemable preferred shares and convertible notes in private placement transactions. We had cash and cash equivalents, term deposits, restricted bank balance and deposits of RMB560.4 million, RMB378.2 million, RMB724.7 million and RMB843.1 million as of March 31, 2018, 2019 and 2020 and June 30, 2020, respectively.

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Bank balances and term deposits and restricted bank balance and deposits are denominated in the following currencies:

	As of March 31,			As of June 30,
	2018	2019	2020	2020
	(in thousands of RMB)			
US\$	535,629	282,425	628,722	703,968
HKD	81	86	90	90
RMB	24,656	95,688	95,909	139,025
Total	560,366	378,199	724,721	843,083

Going forward, we believe that our liquidity requirements will be satisfied by using a combination of cash generated from operating activities, other funds raised from the capital markets from time to time and the net proceeds received from the Global Offering. We currently do not have any plans for material additional external financing.

In view of our cash outflow from operating activities in the three years ended March 31, 2020, net liabilities throughout the Track Record Period, net current liabilities as at March 31, 2020 and June 30, 2020, and net losses throughout the Track Record Period, based on our cash flow projections and taking into account the available financial resources, including cash and cash equivalents on hand and the estimated net proceeds from the Global Offering, as well as the fact that the convertible redeemable preferred shares will be automatically converted into our Shares upon the Listing, the Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of the document. Based on the written confirmation from the Company in respect of working capital sufficiency, the review of Accountant's Report and discussion with the Directors, taking into account the working capital statement and memorandum on working capital forecast as well as the Company's cash and cash equivalents and net proceeds from the Global Offering's the Joint Sponsors concur with the Directors' view.

The following table sets forth our cash flows for the periods indicated:

	For the Year March 31,			For the Three Months Ended June 30,	
	2018	2019	2020	2019	2020
	(in thousands of RMB)				
Cash (used in)/generated from operations	(165,398)	(369,873)	(358,361)	(89,642)	42,349
Interest (paid)/received and/or tax paid	(2,327)	(2,853)	(2,193)	(18)	(1,163)
Net cash (used in)/generated from operating activities ...	(167,725)	(372,726)	(360,554)	(89,660)	41,186
Net cash (used in)/generated from investing activities ...	(32,926)	(252,685)	142,168	129,033	(6,791)
Net cash generated from financing activities	434,464	331,754	603,342	406,248	84,887
Net increase/(decrease) in cash and cash equivalents ...	233,813	(293,657)	384,956	445,621	119,282
Cash and cash equivalents at the beginning of the year/ period	372,875	560,366	305,864	305,864	719,721
Exchange (losses)/gain on cash and cash equivalents ...	(46,322)	39,155	28,901	1,106	(920)
Cash and cash equivalents at the end of the year/ period	560,366	305,864	719,721	752,591	838,083

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Net Cash Used in Operating Activities

Net cash used in operating activities primarily comprises our loss for the period and non-cash items, depreciation and amortization, and adjusted by changes in working capital.

In the three months ended June 30, 2020, net cash generated from operating activities was RMB41.2 million, which was primarily attributable to our loss before income tax of RMB506.2 million, as adjusted by (i) non-cash items, which primarily comprised fair value change of convertible redeemable preferred shares of RMB400.4 million, share-based compensation of RMB28.3 million, fair value change of convertible notes of RMB24.2 million and depreciation and amortization of RMB9.0 million, partially offset by fair value change of warrants of RMB30.1 million; and (ii) changes in work capital, which primarily resulted from a decrease in trade receivables of RMB98.9 million, a decrease in inventories of RMB43.5 million and an increase in salary and welfare payable of RMB29.5 million, partially offset by a decrease in contract liabilities of RMB63.2 million.

In the fiscal year ended March 31, 2020, net cash used in operating activities was RMB360.6 million, which was primarily attributable to our loss before income tax of RMB1,510.9 million, as adjusted by (i) non-cash items, which primarily comprised fair value adjustment to convertible redeemable preferred shares of RMB821.6 million, share-based compensation of RMB272.9 million, fair value adjustment to convertible notes of RMB102.4 million, depreciation and amortization of RMB36.8 million and net impairment losses on financial assets recognized in profit or loss of RMB22.7 million; and (ii) changes in working capital, which primarily resulted from an increase in trade receivable of RMB241.9 million, an increase in trade and other payables of RMB98.0 million, an increase in inventory of RMB40.1 million, and a decrease in other financial assets at amortized cost of RMB18.8 million, partially offset by an increase in contract liabilities of RMB44.9 million and an increase in salary and welfare payable of RMB29.2 million.

In the fiscal year ended March 31, 2019, net cash used in operating activities was RMB372.7 million, which was primarily attributable to our loss before income tax of RMB933.1 million, as adjusted by (i) non-cash items, which primarily comprised fair value adjustment to convertible redeemable preferred shares of RMB407.0 million, fair value adjustment to convertible notes of RMB91.1 million, depreciation and amortization of RMB33.4 million, share-based compensation of RMB16.3 million and net impairment losses on financial assets recognized in profit or loss of RMB8.0 million; and (ii) changes in working capital, which primarily resulted from an increase in trade receivable of RMB57.6 million, an increase in trade and other payables of RMB24.7 million, an increase in inventory of RMB27.2 million, and an increase in other current assets of RMB17.6 million and increase in other financial assets at amortized cost of RMB32.7 million, partially offset by an increase in salary and welfare payable of RMB48.0 million and an increase in contract liabilities of RMB47.2 million.

In the fiscal year ended March 31, 2018, net cash used in operating activities was RMB167.7 million, which was primarily attributable to our loss before income tax of RMB978.3 million, as adjusted by (i) non-cash items, which primarily comprised fair value adjustment to convertible redeemable preferred shares of RMB646.9 million, fair value adjustment to convertible notes of RMB65.4 million, depreciation and amortization of RMB21.5 million, share-based compensation of RMB13.1 million, loss on impairment of associates of RMB9.2 million and net foreign exchange losses of RMB5.3 million; and (ii) changes in working capital, which primarily resulted from an increase in trade receivable of RMB20.9 million, partially offset by an increase in trade and other payables of

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RMB33.1 million, an increase in salary and welfare payable of RMB24.9 million, and a decrease in other financial assets at amortized cost of RMB7.7 million.

Net Cash Generated from/(Used in) Investing Activities

In the three months ended June 30, 2020, net cash used in investing activities was RMB6.8 million, which was primarily attributable to withdrawals of term deposits and restricted bank balance and deposits of RMB1.0 million, partially offset by payments for property, plant and equipment of RMB6.0 million and payments for acquisition of intangible assets of RMB2.2 million.

In the fiscal year ended March 31, 2020, net cash generated from investing activities was RMB142.2 million, which was mainly attributable to proceeds from disposal of investments in wealth management products of RMB2,131.0 million, partially offset by payment for investments in wealth management products of RMB1,995.0 million.

In the fiscal year ended March 31, 2019, net cash used in investing activities was RMB252.7 million, which was mainly attributable to payments for investments in wealth management products of RMB471.4 million, placement of term deposits and restricted term deposits of RMB72.3 million, payments for acquisition of intangible assets of RMB31.7 million, and payment for property, plant and equipment of RMB15.8 million, partially offset by proceeds from disposal of investments in wealth management products of RMB336.9 million.

In the fiscal year ended March 31, 2018, net cash used in investing activities was RMB32.9 million, which was mainly attributable to payments for property, plant and equipment of RMB20.2 million and payments for investments in associates of RMB12.6 million.

Net Cash Generated from Financing Activities

In the three months ended June 30, 2020, net cash generated from financing activities was RMB84.9 million, which primarily comprised proceeds from issuance of convertible redeemable preferred shares of RMB70.6 million and proceeds from issuance of share options of RMB19.2 million, partially offset by payments for repurchase of own equity interest of RMB4.3 million.

In the fiscal year ended March 31, 2020, net cash generated from financing activities was RMB603.3 million, which primarily comprised proceeds from issuance of convertible redeemable preferred shares of RMB620.0 million, partially offset by principal elements of lease payments of RMB16.7 million.

In the fiscal year ended March 31, 2019, net cash generated from financing activities was RMB331.8 million, which primarily comprised proceeds from issuance of convertible redeemable preferred shares of RMB344.5 million, partially offset by principal elements of lease payments of RMB13.2 million.

In the fiscal year ended March 31, 2018, net cash generated from financing activities was RMB434.5 million, which primarily comprised proceeds from issuance of convertible redeemable preferred shares of RMB252.5 million and proceeds from issuance of convertible notes of RMB188.6 million.

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INDEBTEDNESS

Borrowings

As of March 31, 2018, 2019 and 2020, June 30, 2020 and October 31, 2020, we did not have any bank borrowings. We did not have any unutilized banking facilities as at the Latest Practicable Date.

Preference Shares

As of March 31, 2018, 2019 and 2020 and June 30, 2020, our Preference Shares (presented as convertible redeemable preferred shares in the Accountant's Report) had fair values of RMB1,540.4 million, RMB2,395.6 million, RMB4,005.2 million and RMB4,984.2 million, respectively. For further information regarding the Preference Shares, see note 28 to the Accountant's Report in Appendix I to this prospectus.

Image Frame Investment (HK) Limited exercised its warrants to subscribe for 1,629,397 Series C Preference Shares at a total cash consideration of US\$20.0 million on July 3, 2020. Pursuant to the share purchase agreement dated October 18, 2019, the Company agreed to issue 2,444,095 Series C Preference Shares at a price of US\$12.2745 per share in consideration of US\$30.0 million in cash. 814,698 fully paid Series C Preference Shares were issued to Guiyang Industrial & Commercial Investment Group Co., Ltd. in consideration of US\$10.0 million on July 3, 2020 and 814,698 fully paid Series C Preference Shares were issued to Guiyang Big Data Industrial Group Co., Ltd. in consideration of US\$10.0 million on July 3, 2020 after they completed the ODI filings with the relevant governmental authorities.

Convertible Notes

As of March 31, 2018, 2019 and 2020 and June 30, 2020, the convertible notes had fair values of RMB253.9 million, RMB364.2 million, RMB486.4 million and nil, respectively. On May 6, 2020, all our issued and outstanding convertible notes (together with interest accrued but unpaid) were converted into Series C Preference Shares of our Company in accordance with the terms of the convertible notes. For further information regarding the convertible notes, see note 32 to the Accountant's Report in Appendix I to this document. Since March 31, 2020 and up to October 31, 2020, we did not issue or repurchase any convertible notes.

Lease Liabilities

The following table shows the lease liabilities as of the dates indicated:

	As of March 31,			As of	As of
	2018	2019	2020	June 30,	October 31,
				2020	2020
	(in thousands of RMB)				
	(Unaudited)				
Lease liabilities					
— Non-current portion	17,102	10,817	21,494	19,526	15,545
— Current portion	11,546	14,930	14,944	17,770	17,578
Total	<u>28,648</u>	<u>25,747</u>	<u>36,438</u>	<u>37,296</u>	<u>33,123</u>

Except as discussed above, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase

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commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of the Latest Practicable Date.

CONTINGENT LIABILITIES

As of March 31, 2018, 2019 and 2020, June 30, 2020 and October 31, 2020, we did not have any material contingent liabilities.

CAPITAL EXPENDITURES AND LONG-TERM INVESTMENTS

The following table sets forth our capital expenditures for the periods indicated:

	For the Year March 31,			For the Three Months Ended June 30,	
	2018	2019	2020	2019	2020
	(in thousands of RMB)				
Payments for investments in associates	12,550	—	9,100	4,000	—
Payments for property, plant and equipment	20,161	15,767	28,812	2,087	6,029
Loan advanced to a third party with warrants option	—	—	20,000	—	—
Payment for acquisition of a subsidiary, net of cash acquired . . .	—	—	1,151	—	—
Payments for acquisition of intangible assets	215	31,727	2,730	68	2,202
Total	32,926	47,494	61,793	6,155	8,231

We intend to fund our future capital expenditures and long-term investments with our existing cash balance, cash generated from operating activities, and proceeds from the Global Offering. See the section headed “Future Plans and Use of Proceeds” for more details. We may reallocate the fund to be utilized on capital expenditure and long-term investments based on our ongoing business needs.

See “Business—Risk Management and Internal Control—Investment Risk Management” for a discussion of our investment policy and investment risk management.

CONTRACTUAL OBLIGATIONS

Capital Commitments

The table below sets forth our capital commitment as of the dates indicated:

	As of March 31,			As of June 30,
	2018	2019	2020	2020
	(in thousands of RMB)			
Property, plant and equipment	2,689	73	455	—

Operating Lease Commitments

Our commitments primarily relate to the leases of office buildings under short-term lease agreements. Our future aggregate minimum lease payments under short-term leases are as follows:

	As of March 31,			As of June 30,
	2018	2019	2020	2020
	(in thousands of RMB)			
Within 1 year	149	140	78	183

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OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements.

MATERIAL RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. During the Track Record Period, we have entered into a number of related party transactions in relation to the sales and purchases of services with companies controlled by key management personnel, a company significantly influenced by the controlling shareholder of our Company, a company having significant influence over the Company, and a director and key management personnel. In the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020, the aggregate purchase amount with related parties was nil, nil, RMB2.2 million, nil and RMB0.6 million, respectively, and the aggregate sales amount with related parties was RMB2.6 million, RMB3.8 million, RMB8.5 million, nil and RMB0.2 million, respectively. As of March 31, 2018, 2019 and 2020 and June 30, 2020, (i) the total amount due to related parties was RMB9.5 million, RMB10.5 million, RMB8.5 million and nil, respectively, and (ii) the total amount due from related parties was RMB2.4 million, RMB2.7 million, RMB8.7 million and RMB7.7 million, respectively. For more details about our related party transactions, see note 37 to the Accountant's Report in Appendix I to this document.

Our Directors believe that our transactions with related parties during the Track Record Period were conducted on an arm's length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

FINANCIAL RISK DISCLOSURE

We are exposed to a variety of financial risks, including market risks (such as foreign exchange risk, cash flow and fair value interest rate risk, and price risk), credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. Risk management is carried out by our senior management and approved by the executive directors.

Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not our group entities' functional currency. The functional currency of our Company and the subsidiaries operate in the PRC are U.S. dollar and Renminbi, respectively. We manage our foreign exchange risk by performing regular reviews of our net foreign exchange exposures and try to minimize these exposures through natural hedges, wherever possible, and may enter into forward foreign exchange contracts, when necessary. We did not hedge against any fluctuation in foreign currency during the Track Record Period.

We operate mainly in the PRC with most of the transactions settled in Renminbi. Our management considers that the business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities denominated in the currencies other than the respective functional currencies of our group entities.

In the fiscal years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020, we had currency translation gain of RMB86.7 million, loss of RMB97.3 million, loss of

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RMB154.8 million, loss of RMB57.1 million and gain of RMB3.1 million, respectively, recognized as other comprehensive income/(loss) in the consolidated statements of comprehensive income. The currency translation gain recognized as other comprehensive gain in the fiscal year ended March 31, 2018 primarily arose from the depreciation of U.S. dollar against Renminbi. The currency translation losses recognized as other comprehensive loss in the fiscal years ended March 31, 2019 and 2020 and the three months ended June 30, 2019 and 2020 were mainly attributable to the appreciation of U.S. dollar against Renminbi.

Cash Flow and Fair Value Interest Rate Risk

Our income and operating cash flows are substantially independent of changes in market interest rates and we have no significant interest-bearing assets except for those investments in wealth management products and loan to a third party with warrant to purchase preferred shares which are classified as financial assets measured at fair value through profit or loss, cash and cash equivalents and pledged bank deposits, details of which have been disclosed in Notes 23 to the Accountant's Report in Appendix I to this document. We take a cautious approach with respect to investing in wealth management products. We primarily invest in de-risked products issued and managed by reputable foreign banks. Our Chief Executive Officer, Chief Financial Officer and Finance Vice President, who, in the aggregate, have extensive experience in investment, management consulting, accounting, auditing and financial management, are primarily responsible for making these investment decisions.

As of March 31, 2018, 2019 and 2020 and June 30, 2020, our convertible redeemable preferred shares and convertible notes were carried at fixed rates, which did not expose us to cash flow interest rate risk.

Credit Risk

We are exposed to credit risk primarily in relation to our cash and cash equivalent, wealth management products and pledged bank deposits placed with banks and financial institutions, as well as trade receivables and other financial assets at amortized cost. The carrying amount of each class of the above financial assets represents our maximum exposure to credit risk in relation to the corresponding class of financial assets.

To manage this risk, deposits are mainly placed with state-owned or reputable financial institutions in the PRC and reputable international financial institutions outside of the PRC. There has been no recent history of default in relation to these financial institutions.

For other receivables, our management makes periodic assessments as well as individual assessment on the recoverability based on historical settlement records and past experience. The directors of our Company believe that there is no material credit risk inherent in our outstanding balance of other receivables.

Liquidity Risk

We aim to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, we maintain flexibility in funding by maintaining adequate cash and cash equivalents.

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The table below analyzes our non-derivative financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
At March 31, 2018					
Trade and other payables (excluding tax payables)	20,014	—	—	—	20,014
Convertible redeemable preferred shares	—	—	1,065,700	—	1,065,700
Convertible notes	—	—	379,428	—	379,428
Lease liabilities	15,902	16,680	9,023	—	41,605
	<u>35,916</u>	<u>16,680</u>	<u>1,454,151</u>	<u>—</u>	<u>1,506,747</u>
At March 31, 2019					
Trade and other payables (excluding tax payables)	75,400	—	—	—	75,400
Convertible redeemable preferred shares	—	1,635,871	—	—	1,635,871
Convertible notes	—	—	406,304	—	406,304
Lease liabilities	16,914	9,369	2,328	4,027	32,638
	<u>92,314</u>	<u>1,645,240</u>	<u>408,632</u>	<u>4,027</u>	<u>2,150,213</u>
At March 31, 2020					
Trade and other payables (excluding tax payables)	178,088	—	—	—	178,088
Convertible redeemable preferred shares	1,200,774	—	1,547,474	—	2,748,248
Convertible notes	—	—	427,520	—	427,520
Lease liabilities	19,707	17,327	11,467	3,225	51,726
	<u>1,398,569</u>	<u>17,327</u>	<u>1,986,461</u>	<u>3,225</u>	<u>3,405,582</u>
At June 30, 2020					
Trade and other payables (excluding tax payables)	161,208	—	—	—	161,208
Convertible redeemable preferred shares	1,199,825	—	2,481,183	—	3,681,008
Lease liabilities	18,761	17,505	6,662	3,013	45,941
	<u>1,379,794</u>	<u>17,505</u>	<u>2,487,845</u>	<u>3,013</u>	<u>3,888,157</u>

Details of the description of convertible redeemable preferred shares and convertible notes are presented in notes 28 and 32 to the Accountant's Report in Appendix I to this document.

FUTURE DIVIDENDS

We are a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividend will also depend on the availability of dividends received from our subsidiaries. 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 IFRS. 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.

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Any amount of dividends we pay will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors consider relevant. As advised by Maples and Calder (Hong Kong) LLP, our Company's Cayman Islands counsel, the existence of accumulated losses or net deficit does not necessarily restrict us from declaring and paying dividends to our Shareholders. Under Cayman Islands law, our Company may pay a dividend out of either our profits or amounts standing to the credit of our share premium account, provided that this would not result in our Company being unable to pay our debts as they fall due in the ordinary course of business.

During the Track Record Period, no dividends have been paid or declared by us, and there is no assurance that dividends of any amount will be declared or be distributed in any year.

WORKING CAPITAL CONFIRMATION

Taking into account the financial resources available to us, including our cash and cash equivalents on hand and the estimated net proceeds from the Global Offering, our Directors are of the view that we have sufficient working capital to meet our present needs and for the next twelve months from the date of this document.

We had negative cash flows from operations during the Track Record Period. Our net cash used in operating activities was RMB167.7 million, RMB372.7 million and RMB360.6 million, respectively, during the fiscal years ended March 31, 2018, 2019 and 2020. Our Directors confirm that we had no material defaults in payment of trade and non-trade payables during the Track Record Period.

DISTRIBUTABLE RESERVES

As of June 30, 2020, we did not have any distributable reserves.

LISTING EXPENSE

Based on the mid-point Offer Price of HK\$24.90 and assuming over-allotment option is not exercised, the total estimated listing expenses in relation to the Global Offering is approximately RMB182.8 million. Listing expenses of approximately RMB8.4 million were incurred and charged to our consolidated statements of comprehensive income during the Track Record Period. We estimate that we will further incur listing expenses of RMB174.4 million of which RMB36.0 million will be charged to our consolidated income statement for the remaining period of 2020. The balance of approximately RMB138.4 million, which mainly includes underwriting commission, is expected to be accounted for as a deduction from equity upon the completion of the Global Offering.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of our adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is to illustrate the effect of the Global Offering on our net tangible assets as of June 30, 2020 as if the Global Offering had taken place on that date. The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not provide a true picture of our net tangible assets had the Global Offering been completed as of June 30, 2020 or at any future date. It is prepared based on our consolidated net assets as of June 30, 2020 as set forth in the Accountant's Report in Appendix I to this document, and adjusted as described below. No adjustment has been made

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to reflect any trading results or other transactions which we entered into subsequent to June 30, 2020. Our unaudited pro forma adjusted net tangible assets does not form part of the Accountant's Report in Appendix I to this document.

	Audited consolidated net tangible liabilities attributable to the owners of the Company as at June 30, 2020	Estimated net proceeds from the Global Offering	Estimated impact related to the changes of terms of convertible redeemable preferred shares upon Listing	Unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company	Unaudited pro forma adjusted consolidated net tangible assets per share	
	Note 1 RMB'000	Note 2 RMB'000	Note 3 RMB'000	Note 6 RMB'000	Note 4 RMB	Note 5 HK\$
Based on the Offer Price of HK\$23.50 per share	(4,226,052)	3,130,223	4,984,227	3,888,398	4.37	4.87
Based on the Offer Price of HK\$26.30 per share	(4,226,052)	3,507,288	4,984,227	4,265,463	4.80	5.35

Notes:

- (1) The audited consolidated net tangible assets attributable to the owners of the Company as at June 30, 2020 is extracted from the Accountant's Report set forth in Appendix I to the prospectus, which is based on the audited consolidated net liabilities attributable to the owners of the Company as at June 30, 2020 of RMB4,185,022,000 with an adjustment for the intangible assets attributable to the owners of the Company as at June 30, 2020 of RMB41,030,000.
- (2) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK\$23.50 and HK\$26.30 per share after deduction of the estimated underwriting fees and other related expenses payable by the Company (excluding RMB8,381,000 which had been charged to the consolidated statements of comprehensive income up to June 30, 2020), and takes no account of any shares which may be issued upon the exercise of the Over-allotment Option.
- (3) Upon the Listing and the completion of the Global Offering, all the Preference Shares will be automatically converted into ordinary shares. These Preference Shares will be re-designated from liabilities to equity. Accordingly, for the purpose of the unaudited pro forma financial information, the unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company will be increased by RMB4,984,227,000, being the carrying amounts of the Preference Shares as at June 30, 2020.
- (4) The unaudited pro forma adjusted consolidated net tangible assets per share are determined after the adjustments as described in note (2) and (3) above and on the basis that 889,541,535 shares are in issue (excluding the 8,146,985 and 4,073,490 Series C Preference Shares issued to Image Frame Investment (HK) Limited and Guiyang Big Data Industrial Group Co., Ltd. on July 3, 2020 respectively), as adjusted pursuant to the Share Subdivision, assuming the Global Offering had been completed on June 30, 2020 but takes no account of any shares which may fall to be issued upon the exercise of the Over-Allotment Option or upon the exercise of the share options granted under the Pre-IPO Share Option Scheme.
- (5) For the purpose of this unaudited pro forma adjusted net tangible assets, the balance stated in Renminbi is converted into Hong Kong dollars at a rate of HK\$1.00 to RMB0.8967. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.
- (6) No adjustments have been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to June 30, 2020. The unaudited pro forma adjusted net tangible assets per Share would have been HK\$5.27 (equivalent to RMB4.72) and HK\$5.73 (equivalent to RMB5.14) per Share based on the Offer Price of HK\$23.50 and HK\$26.30, being the low-end and high-end, respectively, after taking into account the issue of 12,220,475 Series C Preference Shares (as adjusted pursuant to the Share Subdivision) on July 3, 2020 and subsequent event described in "(iii) investment by an investor into EVYD Technology Limited, a subsidiary of the Company", "(iv) Purchase of share options by a third party individuals" in Note 38 Events occurring after the reporting period in the Accountant's Report set forth in Appendix I to the prospectus. Subsequent events described in "(ii) Supplemental agreement for Xinhexin acquisition" and "(vi) Transfer of equity interests of Hangzhou Qijing" in Note 38 Events occurring after the reporting period in the Accountant's Report set forth in Appendix I to the prospectus have no significant impact to the unaudited pro forma adjusted consolidated net tangible assets.

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 June 30, 2020, which is the end date of the periods reported on in the Accountant's Report included in Appendix I to this document, and there is no event since June 30, 2020 that would materially affect the information as set out in the Accountant's Report included in Appendix I to this document.

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DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this document, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See the section headed “Business—Strategies” for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$3,691.7 million after deducting the underwriting commissions and other estimated expenses paid and payable by us in relation to the Global Offering, assuming an Offer Price of HK\$24.90 per Share, being the mid-point of the indicative Offer Price range of HK\$23.50 to HK\$26.30 per Share, and that the Over-allotment Option is not exercised. We intend to use the net proceeds we will receive from this offering for the following purposes:

- approximately 35% (approximately HK\$1,292.1 million) to continue to strengthen our core capabilities, including data processing technology and machine learning algorithms, and enhance our ability to deliver solutions responsive to our customers’ needs. Specifically, we will continue to: (i) enhance federated learning capabilities and the research and implementation of information encryption technology, conduct joint research with universities such as Tsinghua University, and conduct technical cooperation with other technology companies; (ii) expand model knowledge graphs, which differ from traditional knowledge graphs, and are a set of concepts and technologies accumulated from our long-term work that are important in healthcare big data applications; (iii) construct basic NLP technology and invest resources to train the unique models in the healthcare field, including software and hardware, and continue to improve algorithms and strengthen the ability of basic structural standardization; and (iv) develop AI capabilities that are close to our business, including automated model building and knowledge discovery that empower doctors’ scientific research capabilities, intelligent health files and patient condition labels that empower doctors’ diagnosis and treatment. We will continue to attract and retain the best minds in the fields of AI and data science, experienced professionals with deep understanding of the healthcare industry and also top talents with strong knowledge in the healthcare domain. We will continue to improve and maintain our computing power. We also plan on expanding our cooperation with the world’s leading technology companies, universities and research centers, leveraging their advanced technologies and know-hows to facilitate our innovation, further strengthen our data processing capabilities and AI technology and shorten the development cycle of our solutions.

We intend to implement our planned use of proceeds on strengthening our core capabilities in the next three fiscal years, with detailed breakdown of the proceeds to be allocated as below:

- approximately 20% (approximately HK\$738.3 million) on (i) recruitment and compensation of more talent, such as those in the fields of AI, data science and healthcare, as we plan to increase our research, technology and product development personnel headcount by 10%-15% in the next fiscal year, recruit more talent in subsequent fiscal years and (ii) enhanced compensation and additional incentives to our existing research, technology and product development personnel;
- approximately 11% (approximately HK\$406.1 million) on computing power maintenance and improvement, including the expansion of our computing center in the PRC, as the increase in the number of big data platforms that we develop for regional

FUTURE PLANS AND USE OF PROCEEDS

regulators and policy makers will drive the consumption of a large amount of computing resources. We plan to add 5-10 such platforms per year going forward. We plan to expand our existing internet data center based on business needs and build an overseas internet data center for our overseas business first in Southeast Asian countries. Out of the total proceeds we plan to spend on the internal data center, we plan to spend 80% on expanding our existing internet data center and 20% on building overseas internet data center. The overseas internet data center will support our operations outside of China. We will conduct our overseas solutions prototyping, development and testing as well as our model training in the overseas internet data center. We will also host some of our overseas services such as health management services to consumer in the overseas internet data center. We will set up our own private cloud infrastructure and environment to support our platform and applications prototyping, development and testing as well as to host our online services to customers. We plan to leverage YiduCore to enter and penetrate new markets. YiduCore is highly scalable and the insights and knowledge generated are highly transferable to other markets. This allows us to extend our value proposition beyond China and offer cost-effective solutions to serve hospitals, regulators and policy makers in other countries and regions. For our first phase of global expansion, we will focus on Asia, particularly South East Asia which is home to 650 million people and has a combined annual healthcare expenditure of over US\$400 billion. We intend to partner with regulators and policy makers in the region to develop AI-enabled public health platforms and establish a regional research network to foster research collaborations in the region and with researchers in our network in China;

- approximately 4% (approximately HK\$147.7 million) on continued collaboration with technology companies, universities and research centers that possess cutting-edge technologies such as machine learning, big data analytics and other technologies related to our business that would allow us to enhance our data intelligence infrastructure, including establishing joint laboratories on basic research to enhance the medical capabilities of YiduCore. Our cooperation with these technology companies, universities and research centers may include: (i) talent training in internship projects; (ii) scientific and academic research cooperation with universities; (iii) inter-enterprise research and technical cooperation; and (iv) technical and business cooperation with medical institutions and governments. Our basic cooperation principle is to have common technical and business goals, meet industry-leading technical and business standard and achieve a win-win situation. These collaborations will help us accumulate various basic knowledge and enable us to explore new commercialization paths. In addition, as we continue to explore more use cases of our applications and solutions in healthcare industry, our collaborators can assist us with the feasibility study on such applications and solutions. As of the date of this document, we have not determined any cooperation target as we are still exploring our options among a number of potential targets.

As a result of such plans, we expect that our application and solution portfolio will be further diversified and enriched. Also, upgraded solutions are expected to facilitate the revenue mix shift from lower margin businesses to higher margin ones.

In the short term, we expect our research and development expenses and capital expenditure to increase and have a downward pressure on our profit margin. In the long term, we believe

FUTURE PLANS AND USE OF PROCEEDS

such impact will be absorbed by our revenue growth and gross margin expansion, as such investment in our core capabilities will allow us to develop and deliver additional and diversified products and solutions, expand and penetrate into new markets, and improve our operational efficiency.

- approximately 35% (approximately HK\$1,292.1 million) to fund our business operations and further our business expansion, including developing new applications and solutions for our existing and new markets and selling and marketing of such new applications and solutions in our existing or new markets. New markets that we currently plan to expand into include Southeast Asia, including Brunei and Singapore, and we plan to tap into these new markets through first providing our big data platforms and solutions to medical institutions and regulator and policy maker customers. Some of our existing applications and solutions could be upgraded into an international version, including expanding our natural language processing capabilities to cover multiple languages and customizing our health management platform and solutions to accommodate different medical systems in various countries. In lieu of feasibility studies, we plan to promote and explore these new projects on a pilot basis and talk to potential customers in small-scale business teams. We will leverage our robust customer base and continue to deepen our long-term relationship with, and increase the spending by, existing customers, such as seeking to generate recurring revenues and drive purchases of additional services and solutions. We intend to implement our planned use of proceeds on business expansion in the next three fiscal years, with the detailed breakdown of the proceeds to be allocated as below:
 - approximately 13% (approximately HK\$479.9 million) on broadening and upgrading our applications and solutions for policy makers and regulators, including building up the full suite for the epidemic response solutions and the population health management solutions, and selling and marketing these applications and solutions to targeted customers. Specifically, (i) for the epidemic response solutions, we plan to enhance the features of our comprehensive public health monitoring platform and our epidemic response system, both of which were developed and launched in the first half of this year, with such features including enhanced tools for patient engagement and management for patients contracted with infectious disease, enhanced data management and reporting tools for public health officials to increase the efficiency of their tracking and reporting workflow and enhanced analytics tools for public health officials; and (ii) for the population health management solutions, we plan to enhance our features and capabilities in three areas, including: (a) personal health management: we may build a personalized health scoring and accounting system, AI-enabled chatbot, personalized health content recommendation and an open platform to engage ecosystem participants; (b) critical illness detection: we plan to enhance disease models and translation; and (c) chronic disease management: we plan to develop management tools and care management operations;
 - approximately 18% (approximately HK\$664.5 million) on developing and/or upgrading and selling and marketing other applications and solutions, such as our solutions for the NCRC (2%, or approximately HK\$73.8 million), solutions for clinical development (1%, or approximately HK\$36.9 million) and health management platform (15%, or approximately HK\$553.8 million); and

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- approximately 4% (approximately HK\$147.7 million) on upgrading our existing platforms to serve the international markets, and business development efforts to expand into international markets.

Selling and marketing expenses associated with the aforementioned business expansion efforts include employee benefits and expenses and traveling, business development and general office expenses for employees engaging in selling and marketing function, and promotion and advertising expenses. We expect selling and marketing expenses will account for approximately 50% of this use of proceeds.

As a result of such plans, we expect that our revenue will continue to grow. In terms of cost structure, we expect that (i) our cost of sales and services as well as our research and development expenses will increase, as we develop new applications and solutions and further deepen and expand our market presence, and (ii) our selling and marketing expenses will increase as we invest more to develop our brand awareness and for customer acquisition for the new applications and solutions.

- approximately 20% (approximately HK\$738.3 million) to further enrich our ecosystem through strategic partnerships, investments and acquisitions. To complement our organic growth strategy, we will continue to enrich our ecosystem by selectively pursuing suitable strategic partnerships, investments and acquisitions in China and the international markets we plan to expand into, such as (i) businesses that possess cutting-edge technologies such as machine learning, big data analytics and other technologies related to our business that would allow us to enhance our data intelligence infrastructure; (ii) businesses with proven monetization models in the healthcare big data solutions market that synergize with our plans to broaden our service offerings; and (iii) companies that operate healthcare apps or social communities with meaningful user bases that would allow us to attract new participants to our ecosystem. We currently intend to make investments in targets located in China or Southeast Asian countries. We may invest in digital health companies, health management service providers, health content providers and strategic ecosystem providers that can operate on our big data platform or health management platform and can enrich our offerings to our customers. Our Directors believe that there are a sufficient number of potential targets as many digital health companies, health management service providers and health content providers exist both in China or overseas. We expect to implement this plan in the next three fiscal years.

During the Track Record Period, we acquired: (i) 100% equity interest in Beijing Causa Health Technology Co., Ltd. in April 2017 at nil consideration, (ii) 100% equity interests of Ningbo Century Kangtai Insurance Brokerage Co., Ltd. in December 2018, 98% equity interests in Beijing Causa Insurance Assessment Co., Ltd. in June 2018, and 100% equity interests of Beijing Zhongshi Hanming Enterprise Co., Ltd. in December 2018 at a total consideration of RMB32.2 million, (iii) 85% equity interests in Xinhexin Technology (Beijing) Co., Ltd. in August 2019 through the issuance of 122,953 options of our Company from the Share Incentive Plans and cash consideration of approximately RMB1.3 million, and (iv) 100% equity interests in Jiangxi Zhengyuan Medical Co., Ltd. in June 2020 at a total consideration of approximately RMB8.0 million. We have not conducted any acquisition after the Track Record Period.

As of the Latest Practicable Date, we did not expect to pursue any imminent acquisitions or investments, and as we operate in a fast-growing industry, we will thoroughly consider

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expanding our business scale and market share through strategic partnerships, investments and acquisitions. We plan to allocate approximately 15% (approximately HK\$616.9 million) on investments and acquisitions and approximately 5% (approximately HK\$205.6 million) on strategic partnerships. We determined the amount of allocated net proceeds for these purposes based on our past transactions and estimation of future market conditions.

As a result of such plans, in the short term, we may have net cash outflow in investing activities and increased goodwill. In the long term, we believe such impact will be absorbed by our growth, as such plans will allow us to increase the participants in our ecosystem, strengthen the network effects, and realize synergies from business integration and cooperation, so as to drive revenue growth and margin expansion.

- approximately 10% (approximately HK\$369.2 million) for working capital and general corporate purposes.

The above allocation of use of net proceeds is projected based on our current business plan and the amount of net proceeds that we expect to receive from the Global Offering. If we are unable to raise the amount of net proceeds from the Global Offering as we expect, we plan to scale down our planned expenditure on investments, acquisitions or joint ventures to prioritize funding for the expansion of our monetization initiatives. Based on the current business plan, we expect to finance any difference between our major costs and expenses and the net proceeds from the Global Offering through revenues or profits generated from our business and our existing cash on hand.

In the event that the Offer Price is set at the high point or the low point of the indicative Offer Price range, the net proceeds of the Global Offering will increase or decrease by approximately HK\$210.3 million, respectively. Under such circumstances, we will increase or decrease the allocation of the net proceeds to the above purposes on a pro-rata basis.

If the Over-allotment Option is exercised in full, the additional net proceeds that we will receive will be approximately HK\$560.9 million, assuming an Offer Price of HK\$24.90 per Share, being the mid-point of the indicative Offer Price range. We may be required to issue up to an aggregate of 23,467,500 additional Shares pursuant to the Over-allotment Option.

To the extent that the net proceeds of the Global Offering are not immediately required for the above purposes or if we are unable to put into effect any part of our plan as intended, we may hold such funds in short-term deposits with authorized financial institutions so long as it is deemed to be in the best interests of the Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

Since we are an offshore holding company, we will need to make capital contributions and loans to our PRC subsidiaries or through loans to our Consolidated Affiliated Entities such that the net proceeds of this offering can be used in the manner described above. Such capital contributions and loans are subject to a number of limitations and approval processes under PRC laws and regulations. There are no costs associated with registering loans or capital contributions with relevant PRC authorities, other than nominal processing charges. Under PRC laws and regulations, the PRC governmental authorities are required to process such approvals or registrations or deny our application within a prescribed period. The actual time taken, however, may be longer due to administrative delay. We cannot assure you that we can obtain the approvals from the relevant governmental authorities, or complete the registration and filing procedures required to use our net proceeds as described above, in each case on a timely basis, or at all. This is because PRC regulation of loans and direct investment by offshore

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holding companies to PRC entities may delay or prevent us from using the proceeds of this offering to make loans or additional capital contributions to our PRC subsidiaries or Consolidated Affiliated Entities, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

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HONG KONG UNDERWRITERS

Goldman Sachs (Asia) L.L.C.

China International Capital Corporation Hong Kong Securities Limited

Citigroup Global Markets Asia Limited

China Merchants Securities (HK) Co., Limited

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This document is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company on or before Thursday, January 14, 2021, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 15,645,000 Hong Kong Offer Shares and the International Offering of initially 140,805,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed “Structure of the Global Offering” as well as to the Over-allotment Option in the case of the International Offering.

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on December 30, 2020. Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription by the public in Hong Kong on the terms and conditions set out in this document and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (i) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including any additional Shares that may be issued pursuant to the exercise of the Over-allotment Option), on the Main Board of the Stock Exchange and such approval not having been withdrawn and (ii) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally, but not jointly, to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this document and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on, amongst other things, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Hong Kong Public Offering

Grounds for Termination

If any of the events set out below shall occur at any time prior to 8:00 a.m. on the Listing Date, the Joint Global Coordinators (for themselves and on behalf of the other Hong Kong Underwriters) in their

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sole and absolute discretion may, by giving a written notice to us, terminate the Hong Kong Underwriting Agreement with immediate effect:

- (a) there develops, occurs, exists or comes into force:
 - (i) any event or series of events or circumstances in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreaks of diseases or its escalation, mutation or aggravation (including, without limitation, COVID-19, Severe Acute Respiratory Syndrome (SARS), swine or avian flu, H5N1, H1N1, H1N7, H7N9, Ebola virus, Middle East respiratory syndrome (MERS) and such related/mutated forms), accidents or prolonged interruption or delay in transportation, economic sanctions, strikes, labour disputes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism (whether or not responsibility has been claimed)) in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), the Cayman Islands or any other jurisdiction relevant to any member of our Group (collectively, the “Relevant Jurisdictions”);
 - (ii) any change or development involving a prospective change, or any event or circumstance or series of events or circumstances resulting or likely to result in or representing any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, legal, fiscal, regulatory, currency, credit or market matters or conditions, equity securities or exchange control or any monetary or trading settlement system or other financial markets (including, without limitation, a change in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets), in or affecting any of the Relevant Jurisdictions;
 - (iii) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange;
 - (iv) any general moratorium on commercial banking activities in or affecting Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent Authority), New York (imposed at the U.S. Federal or New York State level or by any other competent Authority), London, the PRC or any of the other Relevant Jurisdictions (declared by the relevant authorities) or any disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services, procedures or matters in or affecting any of those places or jurisdictions;
 - (v) any new law or regulation or any change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or governmental authority in or affecting any of the Relevant Jurisdictions;

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- (vi) the imposition of economic sanctions, or the withdrawal of trading privileges, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions;
- (vii) any change or development involving a prospective change or amendment in or affecting taxation or foreign exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar or RMB against any foreign currencies or a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or RMB is linked to any foreign currency or currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions;
- (viii) any litigation, dispute, legal action or claim being threatened or instigated by any third party against any member of our Group;
- (ix) any Director or member of senior management of our Company being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company or the commencement by any governmental, political, regulatory body of any action against any Director or member of senior management in his or her capacity as such or any member of our Group or an announcement by any governmental, political, regulatory body that it intends to take any such action;
- (x) any Directors of our Company vacating his or her office;
- (xi) an Authority or a political body or organization in any Relevant Jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any Director;
- (xii) any contravention by our Company, any member of our Group, or any Director of any Law or the Listing Rules;
- (xiii) non-compliance of this prospectus (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable Laws;
- (xiv) the issue or requirement to issue by our Company of a supplement or amendment to this Prospectus, any Application Forms or other documents in connection with the offer and sale of the Shares pursuant to the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange and/or the SFC;
- (xv) an order or petition for the winding up or liquidation of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group;
- (xvi) any valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or
- (xvii) any material change or prospective change, or a materialization of, any of the risks set out in the section headed “Risk Factors”,

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which, individually or in the aggregate, in the sole and absolute opinion of the Joint Global Coordinators (for themselves and on behalf of the other Hong Kong Underwriters), (1) has or will have or could be reasonably expected to have a material adverse effect on the assets, liabilities, business, general affairs, management, shareholder's equity, profits, losses, prospects, results of operations, financial, operational or trading position or condition or performance, of our Group as a whole, or (2) has or will have or could be reasonably expected to have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering, or (3) makes or will make or is likely to make it inadvisable, inexpedient, impracticable or incapable for the Hong Kong Public Offering and/or the International Offering to proceed or to market the Global Offering, or (4) has or will have or could be reasonably expected to have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting), the Hong Kong Public Offering or the International Offering incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

- (b) there has come to the notice of the Joint Global Coordinators:
- (i) that any statement contained in this prospectus, the Application Forms, the Formal Notice and/or any notices, announcements, advertisements, communications or other documents (including any announcement, circular, document or other communication pursuant to the Hong Kong Underwriting Agreement) issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto, but excluding the information relating to the Underwriters for use in such documents, namely the marketing name, legal name, logo and address of such Underwriters) was, when it was issued, or has become, untrue, incorrect, inaccurate, incomplete or misleading in any material respect, or that any estimate, forecast, expression of opinion, intention or expectation contained in any of such documents is not fair and honest and based on reasonable grounds or reasonable assumptions;
 - (ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of the Hong Kong Prospectus, constitute a material omission from, or misstatement in, the Hong Kong Prospectus, the Application Forms, the Formal Notice and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto);
 - (iii) any breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Joint Global Coordinators, the Joint Sponsors or the Underwriters);
 - (iv) any event, act or omission which gives or is likely to give rise to any liability of any of our Company or our Controlling Shareholders (as applicable) pursuant to the indemnities given by any of them under the Hong Kong Underwriting Agreement or the International Underwriting Agreement;
 - (v) that there is any material adverse change or development or likely to be any prospective material adverse change or development in the assets, liabilities,

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general affairs, business, management, prospects, shareholders' equity, profits, losses, earnings, results of operations, financial or trading position or condition, financial, operational or otherwise, or performance of our Group as a whole;

- (vi) any breach of, or any event or circumstance rendering untrue or incorrect or misleading in any respect, any of the warranties given by any of our Company or our Controlling Shareholders (as applicable) in the Hong Kong Underwriting Agreement or the International Underwriting Agreement;
- (vii) that the approval by the Listing Committee of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option) is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld;
- (viii) any of the experts specified in the Hong Kong Prospectus (other than the Joint Sponsors) has withdrawn its respective consent to the issue of the Hong Kong Prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears;
- (ix) a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares (including the Option Shares) pursuant to the terms of the Global Offering; or
- (x) that our Company withdraws the Hong Kong Prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering.

Undertakings to the Stock Exchange pursuant to the Listing Rules

(A) Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that we will not, at any time within six months from the Listing Date, issue any Shares or other securities convertible into equity securities of us (whether or not of a class already listed) or enter into any agreement or arrangement to issue any Shares or such other securities (whether or not such issue of the Shares or such other securities will be completed within six months from the Listing Date), except pursuant to the Global Offering (including the exercise of the Over-allotment Option) or under any of the circumstances provided under Rule 10.08 of the Listing Rules.

(B) Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and to us that, except pursuant to the Global Offering or for any lending of the Shares pursuant to the Stock Borrowing Agreement, she/it will not (and will procure that the relevant registered holder(s) will not):

- (i) in the period commencing on the date by reference to which disclosure of her or its shareholding in our Company is made in this document and ending on the date which is six months from the

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Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which she/it is shown by this document to be the beneficial owner; and

- (ii) during the period of six months commencing on the date on which the period referred to in paragraph (i) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or securities referred to in the immediately preceding paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, she/it would cease to be a Controlling Shareholder of us,

in each case, save as permitted under the Listing Rules.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and to us that, within the period commencing on the date by reference to which disclosure of her/its shareholding in us is made in this document and ending on the date which is 12 months from the date on which dealings in the Shares commence on the Stock Exchange, she/it will:

- (a) when she/it pledges or charges any Shares or other securities beneficially owned by it/ him in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules for a bona fide commercial loan, immediately inform us of such pledge or charge together with the number of the Shares so pledged or charged; and
- (b) when she/it receives indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledged or charged Shares will be disposed of, immediately inform us of such indications.

Undertakings Pursuant to the Hong Kong Underwriting Agreement

(A) Undertakings by our Company

Lock-up on our Company

Our Company has undertaken to the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and each of them not to (save for the issue, offer, or sale of the Offer Shares pursuant to the Global Offering, including pursuant to the exercise of the Over-allotment Option and any Shares which may be issued pursuant to (a) any exercise of the options under the Pre-IPO Share Option Plans and the Post-IPO Share Option Scheme and (b) any grant of the awards under the Post-IPO Share Award Scheme), without the prior written consent of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules, at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date falling six months after the Listing Date (the “**First Six-Month Period**”):

- (i) offer, allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, hypothecate, hedge, lend, grant or sell any option, warrant, right or contract to subscribe for or purchase, grant or purchase any option, warrant, right or contract to allot, issue or sell, or otherwise transfer or dispose of, or create an encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, or

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repurchase, any legal or beneficial interest in any Shares or other securities of our Company or any interests in any of the foregoing (including, but not limited to, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or deposit any Shares or other securities of our Company with a depositary in connection with the issue of depositary receipts; or

- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership (legal or beneficial) of any Shares, debt capital or other securities of our Company or any interest therein (including, without limitation, any securities of which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Shares; or
- (iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; or
- (iv) offer to or agree to or contract to or announce, or publicly disclose any intention to enter into or effect any such transaction described in paragraphs (i), (ii) or (iii) above,

in each case, whether any such transaction described in paragraphs (i), (ii) or (iii) above is to be settled by delivery of the Shares or other securities of our Company in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-Month Period). In the event that, during the six-month period immediately following the First Six-Month Period (the “**Second Six-Month Period**”), our Company enters into any such transactions or offers or agrees or contracts to, or announces, or publicly discloses, any intention to, enter into any such transactions, our Company will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company in breach of the Listing Rules, the Securities and Futures Ordinance or other Applicable Laws.

Maintenance of public float

Each of our Company and our Controlling Shareholders has undertaken to the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and each of them that she/it will not effect any purchase of Shares, or agree to do so, which may reduce the holdings of Shares held by the public (as defined in Rule 8.24 of the Listing Rules) below the minimum public float requirements specified in the Listing Rules or any waiver granted and not revoked by the Stock Exchange on or before the date falling six months after the Listing Date without first having obtained the prior written consent of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters).

(B) Undertakings by our Controlling Shareholders

Each of our Controlling Shareholders agrees and has undertaken to our Company, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, without the prior written consent of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules:

- (a) save for any lending of the Shares by Sweet Panda Limited pursuant to the Stock Borrowing Agreement, during the First Six-Month Period, each of the Controlling

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Shareholders will not, and will procure that none of her/its affiliates or companies controlled by her/it will:

- (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, hedge, lend, grant or agree to grant or sell any option, warrant, contract or right to purchase or subscribe for, grant, or purchase any option, warrant, contract or right to sell, lend or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any of the share capital or other securities of our Company or of any companies controlled by the Controlling Shareholders or any interest therein (including but not limited to any securities that are convertible into or exchangeable or exercisable for, or that represent the right to receive, or any warrants or other rights to purchase, any such capital or securities or any interest therein), or deposit any Shares or other securities of our Company with a depository in connection with the issue of depository receipts; or
 - (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any such capital or securities or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Shares); or
 - (iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; or
 - (iv) offer to or agree to or contract to or announce, or publicly disclose any intention to enter into or effect any transaction described in paragraphs (i), (ii) or (iii) above, whether any such transaction described in (i), (ii) or (iii) above is to be settled by delivery of such Shares or other securities of our Company or any companies controlled by the Controlling Shareholders, in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period);
- (b) during the Second Six-Month Period, she/it will not, and will procure none of her/its affiliates will, enter into any transaction described in Clause 1.4.1(a), (b) or (c) above or offer to or agree to or contract to or announce or publicly disclose any intention to enter into or effect any such transaction if, immediately following such transaction or upon the exercise or enforcement of any option right, interest or Encumbrance pursuant to such transaction, she/it would cease to be a “controlling shareholder” (as defined in the Listing Rules) of our Company; and;
- (c) until the expiry of the Second Six-Month Period, in the event that she/it enters into any such transactions specified in paragraphs (a)(i), (ii) or (iii) above or offers to or agrees to or contracts to or announces or publicly discloses an intention to enter into or effect any such transactions, she/it will take all reasonable steps to ensure that she/it will not create a disorderly or false market in the securities of our Company;
- (d) at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling 12 months after the Listing Date, each of the Controlling Shareholders shall, amongst others:
- (i) if and when she/it pledges or charges any securities or interests in the securities of our Company beneficially owned by her/it, immediately inform our Company in writing

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of such pledge or charge together with the number of securities so pledged or charged; and

- (ii) if and when she/it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of our Company will be disposed of, immediately inform our Company in writing of such indications.

Our Company agrees and has undertaken that upon receiving such information in writing described in (B)(d)(i) or (B)(d)(ii) above from our Controlling Shareholders, it shall, as soon as practicable and if required pursuant to the Listing Rules, notify the Stock Exchange and make a public disclosure in relation to such information by way of press announcement

Each of our Controlling Shareholders has undertaken to the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters to procure our Company to comply with the undertakings on Lock-up on our Company and Maintenance of public float above.

Undertakings by certain Shareholders and Pre-IPO Investors

Each of the Pre-IPO Investors and Lucky Panda Limited (the “**Locked-up Shareholders**”), has agreed to provide lock-up undertakings (the “**Lock-up Undertakings**”) in favour of the Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters). Pursuant to the Lock-up Undertakings, which are largely similar in form save for certain special circumstances, each of the Locked-up Shareholders agrees to a lock-up in respect of certain Shares it held within the First Six-Month Period.

International Offering

International Underwriting Agreement

In connection with the International Offering, we and our Controlling Shareholders expect to enter into the International Underwriting Agreement with, among others, the International Underwriters on the Price Determination Date. Under the International Underwriting Agreement and subject to the Over-allotment Option, the International Underwriters would, subject to certain conditions set out therein, agree severally and not jointly to procure purchasers for, or themselves purchase, their respective proportions of the International Offering Shares being offered pursuant to the International Offering. It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential Investors should note that in the event that the International Underwriting Agreement is not entered into or is terminated, the Global Offering will not proceed. Please refer to the section headed “Structure of the Global Offering—The International Offering”.

Over-allotment Option

We are expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Global Coordinators (for themselves and on behalf of the International Underwriters) at any time from the date of the International Underwriting Agreement until 30 days after the last date for the lodging of applications under the Hong Kong Public Offering, pursuant to which we may be required to allot and issue up to an aggregate of 23,467,500 additional Shares representing no more than 15% of

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the initial Offer Shares, at the same price per Offer Share under the International Offering to cover over allocations (if any) in the International Offering.

Commissions and Expenses

The Hong Kong Underwriters will receive an underwriting commission of 3.0% of the aggregate Offer Price payable for the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the International Underwriters and not the Hong Kong Underwriters. In respect of the International Offering, we expect to pay an underwriting commission equal to 3.0% of the aggregate Offer Price payable in respect of all International Offer Shares (including any International Offer Shares reallocated to the Hong Kong Public Offering and any Hong Kong Offer Shares reallocated to the International Offering). The commissions payable to the Underwriters will be borne by our Company with respect to the new Offer Shares to be issued by our Company under the Global Offering (including pursuant to the exercise of the Over-allotment Option). We may, at our sole and absolute direction, pay to the Joint Global Coordinators (on behalf of the Underwriters) an incentive fee for the Global Offering up to 1.0% of the Offer Price multiplied by the total number of Offer Shares.

The aggregate underwriting commissions and fees payable to the Underwriters, together with the Stock Exchange listing fees, the SFC transaction levy and the Stock Exchange trading fee, legal and other professional fees and printing and all other expenses in relation to the Global Offering are estimated to be approximately RMB182.8 million (assuming an Offer Price of HK\$24.90 per Offer Share (which is the mid-point of the indicative Offer Price range) and the Over-allotment Option is not exercised at all) and will be paid by us.

Indemnity

We and our Controlling Shareholder have agreed to indemnify, among others, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners and the Hong Kong Underwriters for certain losses which they may suffer or incur, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us and our Controlling Shareholder of the Hong Kong Underwriting Agreement.

INDEPENDENCE OF THE JOINT SPONSORS

Goldman Sachs (Asia) L.L.C. and China International Capital Corporation Hong Kong Securities Limited satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own

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account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of us and/or persons and entities with relationships with the Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with our loans and other debts.

In relation to the Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the Shares (which financing may be secured by the Shares) in the Global Offering, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares, which may have a negative impact on the trading price of the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, which will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed “Structure of the Global Offering”. Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members (other than the Stabilizing Manager or any person acting for it) may not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to us and our affiliates for which

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such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

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THE GLOBAL OFFERING

This document is published in connection with the Hong Kong Public Offering as part of the Global Offering. Goldman Sachs (Asia) L.L.C., China International Capital Corporation Hong Kong Securities Limited and Citigroup Global Markets Asia Limited are the Joint Global Coordinators of the Global Offering.

The listing of the Shares on the Stock Exchange is sponsored by the Joint Sponsors. The Joint Sponsors have made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this document.

The Global Offering (subject to reallocation and the Over-allotment Option) comprises:

- (i) the Hong Kong Public Offering of initially 15,645,000 Shares (subject to reallocation) in Hong Kong as described in the subsection headed “—*The Hong Kong Public Offering*” below; and
- (ii) the International Offering of initially 140,805,000 Shares (subject to reallocation and the Over-allotment Option) (a) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in accordance with Regulation S and (b) in the United States to QIBs in reliance on an exemption from registration under the U.S. Securities Act provided by, and in accordance with the restrictions of, Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, as described in the subsection headed “—*The International Offering*” below.

Investors may either:

- (i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or
 - (ii) apply for or indicate an interest for International Offer Shares under the International Offering,
- but may not do both.

The Offer Shares will represent 17.35% of the issued share capital of our Company immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 19.45% of our enlarged issued share capital immediately following the completion of the Global Offering.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering may be subject to reallocation as described in the subsection headed “—*the Hong Kong Public Offering—Reallocation*” below.

References in this document to applications, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

We are initially offering 15,645,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Offer Shares initially available under the Global

STRUCTURE OF THE GLOBAL OFFERING

Offering. The Hong Kong Offer Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent 1.735% of the total issued share capital of our Company immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in the subsection headed “—*Conditions of the Global Offering*” below.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally (to the nearest board lot) into two pools: pool A and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK\$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK\$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) and up to the total value in pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are undersubscribed, such undersubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the “price” for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 7,822,500 Hong Kong Offer Shares (being approximately 50% of the 15,645,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering) are liable to be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation under the Listing Rules. If the number of Offer Shares validly

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applied for under the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times and (iii) 100 times or more of the total number of Offer Shares initially available under the Hong Kong Public Offering, and provided that the International Offering is not undersubscribed, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation, the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 46,935,000 Offer Shares (in the case of (i)), 62,580,000 Offer Shares (in the case of (ii)) and 78,225,000 Offer Shares (in the case of (iii)), representing approximately 30%, 40% and 50% of the total number of Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option). In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Global Coordinators deem appropriate.

In addition, the Joint Global Coordinators may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In accordance with Guidance Letter HKEx-GL91-18 issued by the Stock Exchange, if such reallocation is done other than pursuant to Practice Note 18 of the Listing Rules, (i) the maximum total number of Offer Shares that may be reallocated to the Hong Kong Public Offering following such reallocation shall not be more than double the initial allocation to the Hong Kong Public Offering, i.e. 31,290,000 Offer Shares, representing approximately 20% of the total number of Offer Shares initially available under the Global Offering; (ii) the final Offer Price shall be fixed at the bottom end of the indicative Offer Price range (i.e. HK\$23.50 per Offer Share).

If the Hong Kong Public Offering is not fully subscribed for, the Joint Global Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Global Coordinators deem appropriate. The Share Offer to be offered in the Public Offer and the Placing may be reallocated as between these offerings at the discretion of the Joint Bookrunners.

Details of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the allotment results announcement of the Global Offering, which is expected to be published on Thursday, January 14, 2021.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it and any person(s) for whose benefit he/she/it is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is breached and/or untrue (as the case may be) or if he/she/it has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum offer price of HK\$26.30 per Offer Share in addition to the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK\$2,656.50 for one board lot of 100 Shares. If the Offer Price, as finally determined in the manner described in the subsection headed “—Pricing and Allocation” below, is less than the maximum Offer Price of HK\$26.30 per Offer Share, appropriate refund payments (including the brokerage, the SFC transaction

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levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. See the section headed “How to Apply for Hong Kong Offer Shares”.

THE INTERNATIONAL OFFERING

Number of Offer Shares initially offered

Subject to reallocation as described above and the Over-allotment Option, the International Offering will consist of an offering of initially 140,805,000 Offer Shares, representing 90% of the total number of Offer Shares initially available under the Global Offering. The number of Offer Shares initially offered under the International Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 15.61% of our enlarged issued share capital immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Allocation

The International Offering will include selective marketing of Offer Shares to QIBs in the United States as well as institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the “book-building” process described in the subsection headed “—Pricing and Allocation” below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the Listing. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and the Shareholders as a whole.

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allocation of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued pursuant to the International Offering may change as a result of the clawback arrangement described in the subsection headed “—The Hong Kong Public Offering—Reallocation” above, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

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OVER-ALLOTMENT OPTION

In connection with the Global Offering, we are expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Global Coordinators on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Joint Global Coordinators at any time from the date of the International Underwriting Agreement until 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require us to issue up to an aggregate of 23,467,500 additional Offer Shares, representing not more than 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering to cover over-allocations in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 2.5% of the enlarged total Shares in issue immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. If the Over-allotment Option is exercised, an announcement will be made.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager (or any person acting for it) on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing action. Such stabilizing action, if taken, (i) will be conducted at the absolute discretion of the Stabilizing Manager or any person acting for it and in what the Stabilizing Manager reasonably regards as the best interest of us, (ii) may be discontinued at any time and (iii) is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering.

Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO includes (i) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the Shares, (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Shares, (iii) purchasing, or agreeing to purchase, the Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v) above.

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Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager (or any person acting for it) may, in connection with the stabilizing action, maintain a long position in the Shares;
- there is no certainty as to the extent to which and the time or period for which the Stabilizing Manager (or any person acting for it) will maintain such a long position;
- liquidation of any such long position by the Stabilizing Manager (or any person acting for it) and selling in the open market, may have an adverse impact on the market price of the Shares;
- no stabilizing action can be taken to support the price of the Shares for longer than the stabilization period, which will begin on the Listing Date, and is expected to expire on Saturday, February 6, 2021, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;
- the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and
- stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

We will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilization period.

Over-allocation

Following any over-allocation of the Shares in connection with the Global Offering, the Stabilizing Manager (or any person acting for it) may cover such over-allocations by, amongst others, exercising the Over-allotment Option in full or in part, by using Shares purchased by the Stabilizing Manager (or any person acting for it) in the secondary market at prices that do not exceed the Offer Price or through the stock borrowing arrangement as detailed below or a combination of these means.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations, if any, in connection with the Global Offering, the Stabilizing Manager (on its own or through its affiliates) may choose to borrow up to 23,467,500 Shares (being the maximum number of Shares which may be issued pursuant to the exercise of the Over-allotment Option) from Sweet Panda Limited, pursuant to the Stock Borrowing Agreement, which is expected to be entered into between the Stabilizing Manager and/or its affiliates and Sweet Panda Limited, on or around the Price Determination Date, or acquire Shares from other sources, including exercising the Over-allotment Option or by making purchases in the secondary market at prices that do not exceed the Offer Price.

If the Stock Borrowing Agreement with Sweet Panda Limited is entered into, the borrowing of Shares will only be effected by the Stabilizing Manager (on its own or through its affiliates) for the settlement of over-allocations in the International Offering and such borrowing arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules, provided that the requirements set out in Rule 10.07(3) of the Listing Rules, being that the Stock Borrowing Agreement will be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option in connection with the International Offering, are complied with.

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The same number of the Shares so borrowed must be returned to Sweet Panda Limited or its nominees, as the case may be, on or before the third Business Day following the earlier of (i) the last day for exercising the Over-allotment Option and (ii) the day on which the Over-allotment Option is exercised in full.

The stock borrowing arrangement described above will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to Sweet Panda Limited by the Stabilizing Manager (on its own or through its affiliates) in relation to such stock borrowing arrangement.

PRICING AND ALLOCATION

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or about Friday, January 8, 2021 and, in any event, not later than Thursday, January 14, 2021 by agreement between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and us, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK\$26.30 per Offer Share and is expected to be not less than HK\$23.50 per Offer Share unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering must pay, on application, the maximum offer price of HK\$26.30 per Offer Share plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, amounting to a total of HK\$2,656.50 for one board lot of 100 Shares. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the Offer Price range stated in this document.**

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

The Joint Global Coordinators (for themselves and on behalf of the Underwriters), may, where they deem appropriate, based on the level of interest expressed by prospective institutional, professional and other investors during the book-building process in respect of the International Offering, and with the consent of us, reduce the number of Offer Shares offered and/or the indicative Offer Price range below that stated in this document at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the websites of our Company and the Stock Exchange at www.yidutechgroup.com and www.hkexnews.hk, respectively, notices of the reduction. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the offering statistics as currently set out in this document and any other financial information which may change as a result of such reduction.

STRUCTURE OF THE GLOBAL OFFERING

We will also, as soon as practicable following the decision to make any such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering:

- (a) issue a supplemental prospectus, as the relevant laws or government authority or regulatory authorities may require as soon as practicable following the decision to make the change, updating investors of such reduction together with an update of all financial and other information in connection with such change;
- (b) where appropriate, extend the period under which the Global Offering was open for acceptance to allow potential investors the sufficient time to consider their subscriptions or reconsider their existing subscriptions; and
- (c) give potential investors who had applied for the Offer Shares the right to withdraw their applications given the change in circumstances.

Upon the issue of such a notice and such a supplemental prospectus, the revised number of Offer Shares and/or the indicative Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and us, will be fixed within such revised Offer Price range.

In the absence of any such notice and supplemental prospectus so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon between our Company and the Joint Global Coordinators (on behalf of the Underwriters), will under no circumstances be set outside the indicative Offer Price range stated in this document. If the number of Offer Shares and/or the Offer Price is reduced, applicants who have submitted an application under the Hong Kong Public Offering will be entitled to withdraw their applications unless positive confirmations from the applicants to proceed are received.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering.

In the event of a reduction in the number of Offer Shares being offered under the Global Offering, the Joint Global Coordinators may at their discretion reallocate the number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, provided that the number of the initial Hong Kong Offer Shares shall not be less than 10% of the total number of Offer Shares in the Global Offering. The International Offer Shares to be offered in the International Offering and the Offer Shares to be offered in the Hong Kong Public Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Global Coordinators.

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocation of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in the section headed “How to Apply for Hong Kong Offer Shares—11. Publication of Results”.

STRUCTURE OF THE GLOBAL OFFERING

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is conditional upon the International Underwriting Agreement being signed and becoming unconditional and is subject to, among other things, us and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

These underwriting arrangements, including the Underwriting Agreements, are summarized in the section headed “Underwriting”.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

- (i) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option) on the Main Board of the Stock Exchange, and such listing and permission not subsequently having been withdrawn or revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- (ii) the Offer Price having been agreed between us and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on or around the Price Determination Date;
- (iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and
- (iv) the obligations of the Underwriters under each of the Hong Kong Underwriting Agreement and the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in the respective Underwriting Agreements

(unless and to the extent such conditions are validly waived on or before such dates and times).

If, for any reason, the Offer Price is not agreed between us and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on or before Thursday, January 14, 2021, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, amongst other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by us in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the websites of the Stock Exchange at www.hkexnews.hk and us at www.yidutechgroup.com on the next day following such lapse. In such

STRUCTURE OF THE GLOBAL OFFERING

a situation, all application monies will be returned, without interest, on the terms set out in the section headed “How to Apply for Hong Kong Offer Shares—13. Refund of Application Monies”. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates for the Offer Shares will only become valid at 8:00 a.m. on Friday, January 15, 2021 provided that the Global Offering has become unconditional in all respects and the right of termination described in the section headed “Underwriting” has not been exercised.

DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, January 15, 2021, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, January 15, 2021.

The Shares will be traded in board lots of 100 Shares each and the stock code of the Shares will be 2158.

HOW TO APPLY FOR HONG KONG OFFER SHARES

IMPORTANT NOTICE TO INVESTORS: FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide any printed copies of this prospectus or any printed copies of any application forms for use by the public.

This prospectus is available at the website of the Hong Kong Stock Exchange at www.hkexnews.hk under the “HKEXnews > New Listings > New Listing Information” section, and our website at www.yidutechgroup.com. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

The contents of the electronic version of the prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Set out below are procedures through which you can apply for the Hong Kong Offer Shares electronically. We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public.

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

If you have any question about the application for the Hong Kong Offer Shares, you may call the enquiry hotline of our Hong Kong Share Registrar and White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited, at +852 2862 8646 on the following dates:

- **Thursday, December 31, 2020 – 9:00 a.m. to 9 p.m.**
- **Friday, January 1, 2021 – 9:00 a.m. to 6 p.m.**
- **Saturday, January 2, 2021 – 9:00 a.m. to 6 p.m.**
- **Sunday, January 3, 2021 – 9:00 a.m. to 6 p.m.**
- **Monday, January 4, 2021 – 9:00 a.m. to 9 p.m.**
- **Tuesday, January 5, 2021 – 9:00 a.m. to 9 p.m.**
- **Wednesday, January 6, 2021 – 9:00 a.m. to 9 p.m.**
- **Thursday, January 7, 2021 – 9:00 a.m. to 12:00 noon**

1. HOW TO APPLY

We will not provide any printed application forms for use by the public.

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

apply

- (1) online through the **White Form eIPO** service at www.eipo.com.hk; or
- (2) apply through **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:
 - (a) instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf; or

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- (b) (if you are an existing **CCASS Investor Participant**) giving **electronic application instructions** through the CCASS Internet System (<https://ip.ccass.com>) or through the CCASS Phone System by calling +852 2979 7888 (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants through HKSCC’s Customer Service Center at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

If you apply through channel (1) above, the Hong Kong Offer Shares successfully applied for will be issued in your own name.

If you apply through channels (2)(a) or (2)(b) above, the Hong Kong Offer Shares successfully applied for will be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant’s stock account.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

We, the Joint Global Coordinators, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application, in full or in part, for any reason at their discretion.

2. WHO CAN APPLY

Eligibility for Application

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC (except qualified domestic institutional investors).

If you are a firm, the application must be in the individual members’ names.

If an application is made by a person under a power of attorney, the Joint Global Coordinators may accept it at their discretion and on any conditions they think fit, including evidence of the attorney’s authority.

The number of joint applicants may not exceed four and they may not apply by means of the **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you:

- are an existing beneficial owner of the shares in the Company and/or any its subsidiaries;
- are a Director or chief executive of the Company and/or any of its subsidiaries;
- are a close associate (as defined in the Listing Rules) of any of the above;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- are a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Global Offering; or
- have been allocated or have applied for any International Offer Shares or otherwise participated in the International Offering.

Items Required for the Application

If you apply for the Hong Kong Offer Shares online through the **White Form eIPO** service, you must:

- (1) have a valid Hong Kong identity card number; and
- (2) provide a valid e-mail address and a contact telephone number.

If you are applying for the Hong Kong Offer Shares online by instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals, please contact them for the items required for the application.

3. TERMS AND CONDITIONS OF AN APPLICATION

By applying through the application channels specified in this document you:

- (i) undertake to execute all relevant documents and instruct and authorize the Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Cayman Companies Act and the Memorandum and Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this document and agree to be bound by them;
- (iv) confirm that you have received and read this document and have only relied on the information and representations contained in this document in making your application and will not rely on any other information or representations except those in any supplement to this document;
- (v) confirm that you are aware of the restrictions on the Global Offering set out in this document;
- (vi) agree that none of the Company, the Joint Global Coordinators, the Underwriters, their respective directors, officers, employees, partners, agents, advisers, the **White Form eIPO** Service Provider and any other parties involved in the Global Offering is or will be liable for any information and representations not in this document (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest in, and will not apply for or take up, or indicate an interest in, any International Offer Shares nor participated in the International Offering;
- (viii) agree to disclose to the Company, the Hong Kong Share Registrar, the receiving banks, the Joint Global Coordinators, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

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- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Joint Global Coordinators and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this document;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorize the Company to place your name(s) or the name of the HKSCC Nominees on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you and such other registers as may be required under the Memorandum and Articles of Association, and the Company and/or its agents to send any Share certificate(s) and/or any e-Refund payment instructions and/or any refund check(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the Share certificate(s) and/or refund check(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that the Company, the Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allocation of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service by you or by anyone as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to give **electronic application instructions** on behalf of that other person as his agent.

For the avoidance of doubt, we and all other parties involved in the preparation of this prospectus acknowledge that each applicant and CCASS Participant who gives or causes to give

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electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

4. MINIMUM APPLICATION AMOUNT AND PERMITTED NUMBERS

Your application through the **White Form eIPO** service or the **CCASS EIPO** service must be for a minimum of 100 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application
HK\$		HK\$		HK\$		HK\$	
100	2,656.50	3,500	92,977.59	40,000	1,062,601.00	800,000	21,252,020.08
200	5,313.00	4,000	106,260.10	45,000	1,195,426.13	900,000	23,908,522.59
300	7,969.50	4,500	119,542.62	50,000	1,328,251.26	1,000,000	26,565,025.10
400	10,626.01	5,000	132,825.13	60,000	1,593,901.51	2,000,000	53,130,050.20
500	13,282.52	6,000	159,390.15	70,000	1,859,551.76	4,000,000	106,260,100.40
600	15,939.02	7,000	185,955.18	80,000	2,125,202.01	6,000,000	159,390,150.60
700	18,595.52	8,000	212,520.20	90,000	2,390,852.26	7,822,500 ⁽¹⁾	207,804,908.85
800	21,252.02	9,000	239,085.23	100,000	2,656,502.51		
900	23,908.52	10,000	265,650.25	200,000	5,313,005.02		
1,000	26,565.03	15,000	398,475.38	300,000	7,969,507.53		
1,500	39,847.54	20,000	531,300.50	400,000	10,626,010.04		
2,000	53,130.05	25,000	664,125.63	500,000	13,282,512.55		
2,500	66,412.57	30,000	796,950.75	600,000	15,939,015.06		
3,000	79,695.08	35,000	929,775.88	700,000	18,595,517.57		

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

No application for any other number of the Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

5. APPLYING THROUGH THE WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in the section headed “—2. Who can apply” above may apply through the **White Form eIPO** service for the Offer Shares to be allocated and registered in their own names through the designated website at www.eipo.com.hk.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorize the **White Form eIPO** service provider to apply on the terms and conditions in this document, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you have any question about the application for the Hong Kong Offer Shares, you may call the enquiry hotline of our Hong Kong Share Registrar and White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited, at +852 2862 8646 on the following dates:

- Thursday, December 31, 2020 – 9:00 a.m. to 9 p.m.
- Friday, January 1, 2021 – 9:00 a.m. to 6 p.m.
- Saturday, January 2, 2021 – 9:00 a.m. to 6 p.m.
- Sunday, January 3, 2021 – 9:00 a.m. to 6 p.m.
- Monday, January 4, 2021 – 9:00 a.m. to 9 p.m.
- Tuesday, January 5, 2021 – 9:00 a.m. to 9 p.m.
- Wednesday, January 6, 2021 – 9:00 a.m. to 9 p.m.
- Thursday, January 7, 2021 – 9:00 a.m. to 12:00 noon

Time for Submitting Applications under the White Form eIPO service

You may submit your application through the **White Form eIPO** service at www.eipo.com.hk (24 hours daily, except on the last day for applications) from 9:00 a.m. on Thursday, December 31, 2020 until 11:30 a.m. on Thursday, January 7, 2021 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, January 7, 2021 or such later time under the section headed “—10. Effect of Bad Weather and/or Extreme Conditions on the Opening and Closing of the Application Lists” below.

Commitment to sustainability

The obvious advantage of the **White Form eIPO** service is to save the use of paper via the self-service and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK\$2.00 for each “Yidu Tech Inc.” **White Form eIPO** application submitted via www.eipo.com.hk to support sustainability.

6. APPLYING THROUGH CCASS EIPO SERVICES

General

You may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf. CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time).

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HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited

Customer Service Center
1/F, One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

and complete an input request form.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Global Coordinators and the Hong Kong Share Registrar.

Applying through CCASS EIPO services

Where you have applied through **CCASS EIPO services** (either indirectly through a **broker** or **custodian** or directly) and an application is made by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of this document;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - **agree** that the Hong Kong Offer Shares to be allocated shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - **agree** to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
 - **undertake** and **confirm** that you have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares nor participated in the International Offering;
 - (if the **electronic application instructions** are given for your benefit) **declare** that only one set of **electronic application instructions** has been given for your benefit;
 - (if you are an agent for another person) **declare** that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as his/her/its agent;
 - **confirm** that you understand that the Company, the Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allocation of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
 - **authorize** the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you

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and to such other register as may be required under the Memorandum and Articles of Association, and send Share certificate(s) and/or refund monies under the arrangements separately agreed between the Company and HKSCC;

- **confirm** that you have read the terms and conditions and application procedures set out in this document and agree to be bound by them;
- **confirm** that you have received and/or read a copy of this document and have relied only on the information and representations in this document in causing the application to be made and will not rely on any other information or representation, save as set out in any supplement to this document;
- **agree** that none of the Company and the Joint Global Coordinators, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not contained in this document (and any supplement to it);
- **agree** to disclose your personal data to the Company, the Hong Kong Share Registrar, the receiving bank and the Joint Global Coordinators, the Underwriters and/or their respective advisers and agents;
- **agree** (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- **agree** that any application made by HKSCC Nominees on your behalf is irrevocable on or before the 30th day after the prospectus date, or the latest business day before that date, such agreement to take effect as a collateral contract with the Company in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person on or before the 30th day after the prospectus date, or the latest business day before that date, except by means of one of the procedures referred to in this document. However, HKSCC Nominees may revoke the application on or before the 30th day after the prospectus date, or the latest business day before that date if a person responsible for this document under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provision) Ordinance) gives a public notice under that section on or before the fifth day after the time of the opening of the application lists) (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong) which excludes or limits that person's responsibility for this document;
- **agree** that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;
- **agree** to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;
- **agree** with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for the Company and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up

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and Miscellaneous Provisions) Ordinance, Cayman Companies Act and the Memorandum and Articles of Association; and

- **agree** that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

Effect of Applying through CCASS EIPO Service

By applying through **CCASS EIPO service**, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- **instructed** and **authorized** HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- **instructed** and **authorized** HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and Stock Exchange trading fee) by crediting your designated bank account; and
- **instructed** and **authorized** HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in this document.

Time for Inputting Electronic Application Instructions⁽¹⁾

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- Thursday, December 31, 2020—9:00 a.m. to 8:30 p.m.
- Saturday, January 2, 2021—8:00 a.m. to 1:00 p.m.
- Monday, January 4, 2021—8:00 a.m. to 8:30 p.m.
- Tuesday, January 5, 2021—8:00 a.m. to 8:30 p.m.
- Wednesday, January 6, 2021—8:00 a.m. to 8:30 p.m.
- Thursday, January 7, 2021—8:00 a.m. to 12:00 noon

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, December 31, 2020 until 12:00 noon on Thursday, January 7, 2021 (24 hours daily, except on, Thursday, January 7, 2021, the last day for applications).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, January 7, 2021, the last day for applications or such later time as described in the section headed “—10. Effect of Bad Weather and/or Extreme Conditions on the Opening and Closing of the Application Lists”.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you are instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this document acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The following Personal Information Collection Statement applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving bank, the Joint Global Coordinators, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. By applying through **CCASS EIPO** service, you agree to all of the terms of the Personal Information Collection Statement below.

Personal information collection statement

This Personal Information Collection Statement informs applicant for, and holder of, the Hong Kong Offer Shares, of the policies and practices of the Company and its Hong Kong Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

Reasons for the collection of your personal data

It is necessary for applicants and registered holders of the Hong Kong Offer Shares to supply correct personal data to the Company or its agents and the Hong Kong Share Registrar when applying for the Hong Kong Offer Shares or transferring the Hong Kong Offer Shares into or out of their names or in procuring the services of the Hong Kong Share Registrar.

Failure to supply the requested data may result in your application for the Hong Kong Offer Shares being rejected, or in delay or the inability of the Company or its Hong Kong Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of the Hong Kong Offer Shares which you have successfully applied for and/or the dispatch of share certificate(s) to which you are entitled.

It is important that the holders of the Hong Kong Offer Shares inform the Company and the Hong Kong Share Registrar immediately of any inaccuracies in the personal data supplied.

Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund check, where applicable, verification of compliance with the terms and application procedures set out in this document and announcing results of allocation of the Hong Kong Offer Shares;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the Company's Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the Company's register of members;
- verifying identities of the holders of the Company's Shares;
- establishing benefit entitlements of holders of the Company's Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the Company's Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the Hong Kong Share Registrar to discharge their obligations to holders of the Company's Shares and/or regulators and/or any other purposes to which the securities' holders may from time to time agree.

Transfer of personal data

Personal data held by the Company and its Hong Kong Share Registrar relating to the holders of the Hong Kong Offer Shares will be kept confidential but the Company and its Hong Kong Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisers, receiving bankers and overseas principal share registrar;
- where applicants for the Hong Kong Offer Shares request a deposit into CCASS, HKSCC or HKSCC Nominees, who will use the personal data for the purposes of operating CCASS;
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the Hong Kong Share Registrar in connection with their respective business operations;
- the Hong Kong Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations; and
- any persons or institutions with which the holders of the Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers etc.

Retention of personal data

The Company and its Hong Kong Share Registrar will keep the personal data of the applicants and holders of the Hong Kong Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance.

Access to and correction of personal data

Holders of the Hong Kong Offer Shares have the right to ascertain whether the Company or the Hong Kong Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that

HOW TO APPLY FOR HONG KONG OFFER SHARES

is inaccurate. The Company and the Hong Kong Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company, at the Company's registered address disclosed in "Corporate Information" or as notified from time to time, for the attention of the secretary, or the Company's Hong Kong Share Registrar for the attention of the privacy compliance officer.

7. WARNING FOR ELECTRONIC APPLICATIONS

The application for the Hong Kong Offer Shares by **CCASS EIPO** services (directly or indirectly through your **broker** or **custodian**) is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day for applications in making your electronic applications. The Company, the Directors, the Joint Bookrunners, the Joint Sponsors, the Joint Global Coordinators, the Underwriters and the **White Form eIPO** Service Provider take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allocated any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in connecting to the CCASS Phone System or the CCASS Internet System for submission of **electronic application instructions**, they should go to HKSCC's Customer Service Center to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, January 7, 2021, the last day for applications, or such later time as described in the section headed "—10. Effect of Bad Weather and/or Extreme Conditions on the Opening and Closing of the Application Lists" below.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees.

All of your applications will be rejected if more than one application through the **CCASS EIPO** service (directly or indirectly through your **broker** or **custodian**) or through the **White Form eIPO** service is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**), and the number of Hong Kong Offer Shares applied by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your behalf.

For the avoidance of doubt, giving an electronic application instruction under the **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application. However, any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your behalf to HKSCC will be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

HOW TO APPLY FOR HONG KONG OFFER SHARES

“Unlisted company” means a company with no equity securities listed on the Stock Exchange.

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum Public Offer Price is HK\$26.30 per Hong Kong Offer Share. You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for the Hong Kong Offer Shares.

You may submit an application through the **White Form eIPO** or the **CCASS EIPO** service in respect of a minimum of 100 Shares Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 100 Shares Hong Kong Offer Shares must be in one of specified numbers set out in the section “4. Minimum Application Amount and Permitted Numbers”.

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

For further details on the Offer Price, see the section headed “Structure of the Global Offering—Pricing and Allocation”.

10. EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE OPENING AND CLOSING OF THE APPLICATION LISTS

The application lists will not open or close if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning; or
- “extreme conditions”,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, January 7, 2021. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Thursday, January 7, 2021 or if there is a tropical cyclone warning signal number 8 or above or “extreme conditions” caused by a super typhoon or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in “Expected Timetable”, an announcement will be made in such event.

HOW TO APPLY FOR HONG KONG OFFER SHARES

11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Thursday, January 14, 2021 on the Company's website at www.yidutechgroup.com and the website of the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company's website at www.yidutechgroup.com and the Stock Exchange's website at www.hkexnews.hk by no later than 9:00 a.m. on Thursday, January 14, 2021;
- from the designated results of allocations website at www.iporeresults.com.hk (alternatively: English <https://www.eipo.com.hk/en/Allotment>; Chinese <https://www.eipo.com.hk/zh-hk/Allotment>) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Thursday, January 14, 2021 to 12:00 midnight on Wednesday, January 20, 2021; and
- by telephone enquiry line by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. from Thursday, January 14, 2021 to Friday, January 15, 2021, and from Monday, January 18, 2021 to Tuesday, January 19, 2021.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering".

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allocated to you:

If your application is revoked:

By applying through the **CCASS EIPO** service or through the **White Form eIPO** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the 30th day after the prospectus date, or the latest business day before that date. This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before the 30th day after the prospectus date, or the latest business day before that date:

- (i) if a person responsible for this document under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies

HOW TO APPLY FOR HONG KONG OFFER SHARES

(Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section on or before January 15, 2021 (being the fifth day after the time of the opening of the application lists) (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong) which excludes or limits that person's responsibility for this document; or

- (ii) if any supplement to this document is issued, in which case applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

If the Company or its agents exercise their discretion to reject your application:

The Company, the Joint Global Coordinators, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your application is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website at **www.eipo.com.hk**;
- your payment is not made correctly or the check or banker's cashier order paid by you is dishonored upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;

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- the Company or the Joint Global Coordinators believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK\$26.30 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the section headed “Structure of the Global Offering—Conditions of the Global Offering” or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the check or banker’s cashier order will not be cleared.

Any refund of your application monies will be made on or before Thursday, January 14, 2021.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allocated to you under the Hong Kong Public Offering (except pursuant to applications made CCASS EIPO service where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application.

Subject to arrangement on dispatch/collection of Share certificates and refund monies as mentioned below, any refund checks and Share certificates are expected to be posted on or before Thursday, January 14, 2021. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of check(s) or banker’s cashier’s order(s).

Share certificates will only become valid at 8:00 a.m. on Friday, January 15, 2021 provided that the Global Offering has become unconditional in all respects and the right of termination described in the section headed “Underwriting” has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

If you apply through the White Form eIPO Service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) (where applicable) in person from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen’s Road East, Wanchai, Hong Kong, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, January 14, 2021, or such other date as notified by the Company in the newspapers as the date of despatch/collection of Share certificates/e-Refund payment instructions/refund checks.

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If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Thursday, January 14, 2021 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund check(s) by ordinary post at your own risk.

If you apply through CCASS EIPO service

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Thursday, January 14, 2021 or on any other date determined by HKSCC or HKSCC Nominees.
- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allocation of the Hong Kong Public Offering in the manner specified in the subsection headed "—11. Publication of Results" above on Thursday, January 14, 2021. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, January 14, 2021 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, January 14, 2021. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account,

HOW TO APPLY FOR HONG KONG OFFER SHARES

HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, January 14, 2021.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and the Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

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

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

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

The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sponsors pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.



羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF YIDU TECH INC., GOLDMAN SACHS (ASIA) L.L.C. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of Yidu Tech Inc. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-106, which comprises the consolidated balance sheets as at March 31, 2018, 2019 and 2020 and June 30, 2020, the balance sheets of the Company as at March 31, 2018, 2019 and 2020 and June 30, 2020, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the years ended March 31, 2018, 2019 and 2020 and for the three months ended June 30, 2020 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-106 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated December 31, 2020 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at March 31, 2018, 2019 and 2020 and June 30, 2020 and the consolidated financial position of the Group as at March 31, 2018, 2019 and 2020 and June 30, 2020 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the three months ended June 30, 2019 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the International Auditing and Assurance Standards Board ("IAASB"). A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 41 to the Historical Financial Information which state that no dividends have been paid by Yidu Tech Inc. in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
December 31, 2020

I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The financial statements of the Group for the years ended March 31, 2018, 2019 and 2020 and for the three months ended June 30, 2020 (the "Track Record Period"), on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except otherwise indicated.

Consolidated Statements of Comprehensive Income

	Note	Year ended March 31,			Three months ended June 30,	
		2018	2019	2020	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue from contracts with customers	5	22,727	102,013	558,083	24,815	170,401
Cost of sales and services	5, 8	(23,661)	(96,300)	(411,546)	(22,921)	(138,899)
Gross (loss)/profit		(934)	5,713	146,537	1,894	31,502
Selling and marketing expenses	8	(49,212)	(101,327)	(170,702)	(40,270)	(43,888)
Administrative expenses	8	(40,792)	(83,515)	(301,990)	(64,297)	(55,441)
Research and development expenses	8	(153,610)	(257,615)	(263,683)	(70,796)	(48,297)
Net impairment losses on financial assets and contract assets	3.1 (b)(ii)	(2,524)	(7,958)	(22,725)	(3,803)	(1,840)
Other income	6	—	5,092	11,419	72	8,147
Other (losses)/gains—net	7	(5,274)	7,403	3,716	1,827	(369)
Operating loss		(252,346)	(432,207)	(597,428)	(175,373)	(110,186)
Finance income		139	250	5,496	643	227
Finance costs		(2,466)	(3,103)	(4,199)	(661)	(1,390)
Finance (costs)/income—net	10	(2,327)	(2,853)	1,297	(18)	(1,163)
Net loss on impairment of associates	12	(9,185)	—	—	—	—
Share of (loss)/profit from investments in associates	12	(2,137)	1	113	72	(410)
Fair value changes of convertible redeemable preferred shares	28	(646,901)	(406,980)	(821,584)	(470,366)	(400,381)
Fair value changes of convertible notes	32	(65,446)	(91,082)	(102,356)	(20,772)	(24,192)
Fair value changes of warrants		—	—	9,063	—	30,107
Loss before income tax		(978,342)	(933,121)	(1,510,895)	(666,457)	(506,225)
Income tax (expense)/credit	13	(26)	(569)	(533)	(184)	418
Loss for the year/period		(978,368)	(933,690)	(1,511,428)	(666,641)	(505,807)
Loss is attributable to:						
Owners of the Company		(978,368)	(933,588)	(1,509,878)	(666,474)	(505,687)
Non-controlling interests		—	(102)	(1,550)	(167)	(120)
		(978,368)	(933,690)	(1,511,428)	(666,641)	(505,807)
Other comprehensive income/(loss)						
<i>Item that will not be reclassified to profit or loss:</i>						
Currency translation differences		52,747	(62,320)	(93,751)	(34,355)	2,221
Fair value changes of convertible redeemable preferred shares due to own credit risk		(3,557)	(1,022)	(9,564)	(14)	(23)

APPENDIX I

ACCOUNTANT'S REPORT

	Note	Year ended March 31,			Three months ended June 30,	
		2018	2019	2020	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Fair value changes of convertible notes due to own credit risk		(3,260)	(984)	1,110	807	—
<i>Item that will be reclassified to profit or loss:</i>						
Currency translation differences		33,995	(34,942)	(61,097)	(22,753)	883
Other comprehensive income/(loss) for the year/period, net of tax		<u>79,925</u>	<u>(99,268)</u>	<u>(163,302)</u>	<u>(56,315)</u>	<u>3,081</u>
Total comprehensive loss for the year/period		<u>(898,443)</u>	<u>(1,032,958)</u>	<u>(1,674,730)</u>	<u>(722,956)</u>	<u>(502,726)</u>
Total comprehensive loss for the year/period is attributable to:						
Owners of the Company		(898,443)	(1,032,856)	(1,673,180)	(722,789)	(502,606)
Non-controlling interests		—	(102)	(1,550)	(167)	(120)
		<u>(898,443)</u>	<u>(1,032,958)</u>	<u>(1,674,730)</u>	<u>(722,956)</u>	<u>(502,726)</u>
Loss per share, basic and diluted (RMB)	14	<u>(2.07)</u>	<u>(2.18)</u>	<u>(3.74)</u>	<u>(1.65)</u>	<u>(1.25)</u>

Consolidated Balance Sheets

	Note	As at March 31,			As at June 30,
		2018	2019	2020	2020
		RMB'000	RMB'000	RMB'000	RMB'000
Assets					
Non-current assets					
Property, plant and equipment	15	32,705	26,758	32,945	33,805
Right-of-use assets	16	26,733	23,448	35,689	32,947
Intangible assets	17	164	32,202	39,067	41,030
Deferred income tax assets	33	298	286	225	643
Investments accounted for using the equity method	12	1,228	993	10,206	9,796
Financial assets at fair value through profit or loss	18, 22	—	—	20,840	21,020
Pledged bank deposits	23	—	192	585	585
Restricted bank balance and deposits	23	—	5,000	4,000	—
Total non-current assets		61,128	88,879	143,557	139,826
Current assets					
Inventories	21	—	27,194	67,496	23,984
Contract assets	5	73	2,673	8,766	14,764
Trade receivables	18, 20	18,362	68,067	287,271	186,866
Other financial assets at amortised cost	18, 19	4,852	37,323	19,050	19,849
Financial assets at fair value through profit or loss	18, 22	—	134,715	—	—
Pledged bank deposits	18, 23	—	6,731	10,740	—
Term deposits	18, 23	—	67,335	—	—
Restricted bank balance and deposits	23	—	—	1,000	5,000
Cash and cash equivalents	23	560,366	305,864	719,721	838,083
Other current assets	24	8,062	27,853	45,628	30,080
Total current assets		591,715	677,755	1,159,672	1,118,626
Total assets		652,843	766,634	1,303,229	1,258,452
Equity					
Equity attributable to owners of the Company					
Share capital	25	58	49	49	49
Treasury shares		(10)	(1)	(1)	(1)
Other reserves	26	62,616	(36,652)	25,860	72,023
Accumulated deficits	27	(1,307,940)	(2,241,528)	(3,751,406)	(4,257,093)
		(1,245,276)	(2,278,132)	(3,725,498)	(4,185,022)
Non-controlling interests		—	348	(766)	(886)
Deficits on total equity		(1,245,276)	(2,277,784)	(3,726,264)	(4,185,908)
Liabilities					
Non-current liabilities					
Convertible redeemable preferred shares	18, 28	1,540,449	2,395,644	1,053,173	1,676,852
Convertible notes	18, 32	253,851	364,215	486,392	—
Lease liabilities	16, 18	17,102	10,817	21,494	19,526
Deferred income	31	—	37,248	62,279	63,595
Total non-current liabilities		1,811,402	2,807,924	1,623,338	1,759,973

Consolidated Balance Sheets—continued

	Note	As at March 31,			As at June 30,
		2018	2019	2020	2020
		RMB'000	RMB'000	RMB'000	RMB'000
Current liabilities					
Convertible redeemable preferred shares	18, 28	—	—	2,952,075	3,307,375
Warrants	28	—	—	35,426	5,310
Trade and other payables	18, 30	28,328	78,980	187,086	170,994
Salary and welfare payable		45,156	93,125	122,585	152,076
Contract liabilities	5	1,687	48,902	93,805	30,617
Current income tax liabilities		—	557	234	245
Lease liabilities	16, 18	11,546	14,930	14,944	17,770
Total current liabilities		86,717	236,494	3,406,155	3,684,387
Total liabilities		<u>1,898,119</u>	<u>3,044,418</u>	<u>5,029,493</u>	<u>5,444,360</u>
Deficits on total equity and total liabilities		<u>652,843</u>	<u>766,634</u>	<u>1,303,229</u>	<u>1,258,452</u>

Balance Sheets of the Company

	Note	As at March 31,			As at June 30,
		2018 RMB'000	2019 RMB'000	2020 RMB'000	2020 RMB'000
Assets					
Non-current assets					
Investments in subsidiaries		239,576	323,881	566,640	590,226
Total non-current assets		239,576	323,881	566,640	590,226
Current assets					
Other financial assets at amortized cost	19	232,949	801,802	1,288,210	1,287,129
Financial assets at fair value through profit or loss ..	22	—	134,715	—	—
Term deposits	23	—	67,335	—	—
Cash and cash equivalents	23	483,386	32,046	438,053	525,718
Other current assets		—	31	258	1,179
Total current assets		716,335	1,035,929	1,726,521	1,814,026
Total assets		<u>955,911</u>	<u>1,359,810</u>	<u>2,293,161</u>	<u>2,404,252</u>
Equity					
Equity attributable to owners of the Company					
Share capital		58	49	49	49
Treasury shares		(10)	(1)	(1)	(1)
Other reserves		33,786	(30,540)	93,069	138,349
Accumulated deficits		(888,484)	(1,403,344)	(2,376,950)	(2,780,115)
Deficits on total equity		<u>(854,650)</u>	<u>(1,433,836)</u>	<u>(2,283,833)</u>	<u>(2,641,718)</u>
Liabilities					
Non-current liabilities					
Convertible redeemable preferred shares	28	1,540,449	2,395,644	1,053,173	1,676,852
Convertible notes	32	253,851	364,215	486,392	—
Total non-current liabilities		<u>1,794,300</u>	<u>2,759,859</u>	<u>1,539,565</u>	<u>1,676,852</u>
Current liabilities					
Convertible redeemable preferred shares	28	—	—	2,952,075	3,307,375
Warrants	28	—	—	35,426	5,310
Trade and other payables	30	16,261	33,787	49,928	56,433
Total current liabilities		<u>16,261</u>	<u>33,787</u>	<u>3,037,429</u>	<u>3,369,118</u>
Total liabilities		<u>1,810,561</u>	<u>2,793,646</u>	<u>4,576,994</u>	<u>5,045,970</u>
Deficits on total equity and total liabilities		<u>955,911</u>	<u>1,359,810</u>	<u>2,293,161</u>	<u>2,404,252</u>

Consolidated Statements of Changes in Equity

	Note	Attributable to owners of the Company						Deficits on total equity RMB'000
		Share capital RMB'000	Treasury shares RMB'000	Other reserves RMB'000	Accumulated deficits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	
Balance at April 1, 2017		58	(10)	(20,962)	(329,572)	(350,486)	(350,486)	
Comprehensive losses								
Loss for the year		—	—	—	(978,368)	(978,368)	(978,368)	
Fair value changes of convertible redeemable preferred shares due to own credit risk	28	—	—	(3,557)	—	(3,557)	(3,557)	
Fair value changes of convertible notes due to own credit risk	32	—	—	(3,260)	—	(3,260)	(3,260)	
Currency translation differences		—	—	86,742	—	86,742	86,742	
Total comprehensive income/(losses) for the year		—	—	79,925	(978,368)	(898,443)	(898,443)	
Transactions with owners in their capacity as owners:								
Share-based compensation for super voting right	29	—	—	3,653	—	3,653	3,653	
Total transactions with owners in their capacity as owners		—	—	3,653	—	3,653	3,653	
Balance at March 31, 2018		58	(10)	62,616	(1,307,940)	(1,245,276)	(1,245,276)	
Balance at April 1, 2018		58	(10)	62,616	(1,307,940)	(1,245,276)	(1,245,276)	
Comprehensive losses								
Loss for the year		—	—	—	(933,588)	(933,588)	(933,690)	
Fair value changes of convertible redeemable preferred shares due to own credit risk	28	—	—	(1,022)	—	(1,022)	(1,022)	
Fair value changes of convertible notes due to own credit risk	32	—	—	(984)	—	(984)	(984)	
Currency translation differences		—	—	(97,262)	—	(97,262)	(97,262)	
Total comprehensive losses for the year		—	—	(99,268)	(933,588)	(1,032,856)	(1,032,958)	
Transactions with owners in their capacity as owners:								
Capital injection from non-controlling interests		—	—	—	—	—	450	
Transfer from share capital to treasury shares	25	(9)	9	—	—	—	—	
Total transactions with owners in their capacity as owners		(9)	9	—	—	—	450	

Consolidated Statements of Changes in Equity—(Continued)

	Note	Attributable to owners of the Company						Non-controlling interests	Deficits on total equity
		Share capital	Treasury shares	Other reserves	Accumulated deficits	Sub-total	RMB'000		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at March 31, 2019		49	(1)	(36,652)	(2,241,528)	(2,278,132)	348	(2,277,784)	
Balance at April 1, 2019		49	(1)	(36,652)	(2,241,528)	(2,278,132)	348	(2,277,784)	
Comprehensive losses									
Loss for the year		—	—	—	(1,509,878)	(1,509,878)	(1,550)	(1,511,428)	
Fair value changes of convertible redeemable preferred shares due to own credit risk	28	—	—	(9,564)	—	(9,564)	—	(9,564)	
Fair value changes of convertible notes due to own credit risk	32	—	—	1,110	—	1,110	—	1,110	
Currency translation differences		—	—	(154,848)	—	(154,848)	—	(154,848)	
Total comprehensive losses for the year		—	—	(163,302)	(1,509,878)	(1,673,180)	(1,550)	(1,674,730)	
Transactions with owners in their capacity as owners:									
Share-based compensation	29	—	—	220,228	—	220,228	—	220,228	
Consideration for business combination	36	—	—	5,586	—	5,586	—	5,586	
Acquisition of a subsidiary	36	—	—	—	—	—	436	436	
Total transactions with owners in their capacity as owners		—	—	225,814	—	225,814	436	226,250	
Balance at March 31, 2020		49	(1)	25,860	(3,751,406)	(3,725,498)	(766)	(3,726,264)	
Balance at April 1, 2019		49	(1)	(36,652)	(2,241,528)	(2,278,132)	348	(2,277,784)	
Comprehensive losses									
Loss for the period		—	—	—	(666,474)	(666,474)	(167)	(666,641)	
Fair value changes of convertible redeemable preferred shares due to own credit risk		—	—	(14)	—	(14)	—	(14)	
Fair value changes of convertible notes due to own credit risk		—	—	807	—	807	—	807	
Currency translation differences		—	—	(57,108)	—	(57,108)	—	(57,108)	
Total comprehensive losses for the period		—	—	(56,315)	(666,474)	(722,789)	(167)	(722,956)	

Consolidated Statements of Changes in Equity—(Continued)

	Note	Attributable to owners of the Company						Non-controlling interests	Deficits on total equity
		Share capital	Treasury shares	Other reserves	Accumulated deficits	Sub-total	RMB'000		
Balance at June 30, 2019 (Unaudited)		49	(1)	(92,967)	(2,908,002)	(3,000,921)	181	(3,000,740)	
Balance at April 1, 2020		49	(1)	25,860	(3,751,406)	(3,725,498)	(766)	(3,726,264)	
Comprehensive losses									
Loss for the period		—	—	—	(505,687)	(505,687)	(120)	(505,807)	
Fair value changes of convertible redeemable preferred shares due to own credit risk	28	—	—	(23)	—	(23)	—	(23)	
Currency translation differences		—	—	3,104	—	3,104	—	3,104	
Total comprehensive losses for the period		—	—	3,081	(505,687)	(502,606)	(120)	(502,726)	
Transactions with owners in their capacity as owners:									
Share-based compensation	29	—	—	23,860	—	23,860	—	23,860	
Purchasing of the Company's share options by third parties	29	—	—	19,222	—	19,222	—	19,222	
Total transactions with owners in their capacity as owners		—	—	43,082	—	43,082	—	43,082	
Balance at June 30, 2020		49	(1)	72,023	(4,257,093)	(4,185,022)	(886)	(4,185,908)	

Consolidated Statements of Cash Flows

	Note	Year ended March 31,			Three months ended June 30,	
		2018	2019	2020	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cash flows from operating activities						
Cash (used in)/generated from operations	34	(165,398)	(369,873)	(358,361)	(89,642)	42,349
Interest received		139	250	5,496	643	227
Interest paid		(2,466)	(3,103)	(4,199)	(661)	(1,390)
Income tax paid		—	—	(3,490)	—	—
Net cash (used in)/generated from operating activities		<u>(167,725)</u>	<u>(372,726)</u>	<u>(360,554)</u>	<u>(89,660)</u>	<u>41,186</u>
Cash flows from investing activities						
Payments for investments in wealth management products	22	—	(471,390)	(1,994,975)	—	—
Payments for property, plant and equipment		(20,161)	(15,767)	(28,812)	(2,087)	(6,029)
Loan advanced to a third party with warrants option	22	—	—	(20,000)	—	—
Payments for investments in associates	12	(12,550)	—	(9,100)	(4,000)	—
Payments for acquisition of intangible assets		(215)	(31,727)	(2,730)	(68)	(2,202)
Payment for acquisition of a subsidiary, net of cash acquired	36	—	—	(1,151)	—	—
Placement of term deposits and restricted bank balance and deposits		—	(72,335)	(1,000)	—	—
Proceeds from wealth management products	22	—	336,934	2,131,042	135,148	—
Withdrawals of term deposits and restricted bank balance and deposits		—	—	68,335	—	1,000
Interest on term deposits and restricted bank balance and deposits received		—	50	559	40	440
Proceeds from disposal of investments in associates		—	1,550	—	—	—
Net cash (used in)/ generated from investing activities		<u>(32,926)</u>	<u>(252,685)</u>	<u>142,168</u>	<u>129,033</u>	<u>(6,791)</u>
Cash flows from financing activities						
Proceeds from issuance of convertible notes	34(b)	188,643	—	—	—	—
Proceeds from issuance of convertible redeemable preferred shares	28, 34(b)	252,483	344,470	619,995	410,925	70,555
Proceeds from issuance of share options	29(d)	—	—	—	—	19,222
Repurchase of own equity interest	29(c)	—	—	—	—	(4,313)
Principal elements of lease payments	34(b)	(6,662)	(13,166)	(16,653)	(4,677)	(577)
Capital injection from non-controlling interests		—	450	—	—	—
Net cash generated from financing activities		<u>434,464</u>	<u>331,754</u>	<u>603,342</u>	<u>406,248</u>	<u>84,887</u>
Net increase/(decrease) in cash and cash equivalents						
Cash and cash equivalents at beginning of the year/period		372,875	560,366	305,864	305,864	719,721
Exchange effect on cash and cash equivalents		(46,322)	39,155	28,901	1,106	(920)
Cash and cash equivalents at end of the year/period		<u>560,366</u>	<u>305,864</u>	<u>719,721</u>	<u>752,591</u>	<u>838,083</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 General information

Yidu Tech Inc. (formerly known as “Happy Life Tech Inc.” or “Yidu Inc.”) (the “Company”) was incorporated in the Cayman Islands on December 9, 2014 as an exempted company with limited liability under the Companies Act of the Cayman Islands (Cap. 22, Law 3 of 1961 as consolidated and revised). The address of the Company is Suite#4-210, Governors Square, 23 Lime Tree Bay Avenue, PO Box 32311, Grand Cayman KY1-1209, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together, the “Group”) are primarily engaged in the provision of the following services: (i) big data platform and solutions, ii) life sciences solutions, iii) health management and solutions, and iv) others in the People’s Republic of China (“PRC”).

This Historical Financial Information is presented in Renminbi (“RMB”), unless otherwise stated.

2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of the consolidated financial statements of the Group (the “Historical Financial Information”) are set out below. These policies have been consistently applied throughout the years ended March 31, 2018, 2019 and 2020 and three months ended June 30, 2020, unless otherwise stated. The Historical Financial Information is for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

(i) Contractual arrangements

The Group conducts its business through Tianjin Joyful Life Technology Co., Ltd. (“Tianjin Joyful Life”), Tianjin Happy Life Technology Co., Ltd. (“Tianjin Happy Life”), Guizhou Yidu Cloud Technology Co., Ltd. (“Guizhou Yidu Cloud”) and Beijing Yidu Cloud Technology Co., Ltd. (“Beijing Yidu Cloud”) (restructured from a Variable Interest Entity (“VIE”) of the Group to a subsidiary of Guizhou Yidu Cloud in 2018) (“VIE companies”) and their subsidiaries in the PRC due to regulatory restrictions on foreign ownership in the value-added telecommunication services in the PRC. The Group’s wholly-owned subsidiary, Beijing Yiyi Cloud Technology Co., Ltd. (“Beijing Yiyi Cloud”), has entered into contractual arrangements with Beijing Yidu Cloud, Tianjin Happy Life, Tianjin Joyful Life and Guizhou Yidu Cloud and its respective equity holders on November 25, 2016, January 24, 2017, March 1, 2017 and October 10, 2018, respectively.

Pursuant to the series of contractual arrangements indicated above (collectively, the “Contractual Arrangements”), Beijing Yiyi Cloud is able to:

- exercise effective financial and operational control over VIE companies;
- exercise equity holders’ voting rights of VIE companies;
- receive substantially all of the economic interest returns generated by VIE companies in consideration for the business support, technical and consulting services provided by Beijing Yiyi Cloud;

- obtain an irrevocable and exclusive right to purchase all or part of equity interests in VIE companies from the respective equity holders at a minimum purchase price permitted under PRC laws and regulations. Beijing Yiyi Cloud may exercise such options at any time until they have acquired all equity interests and/or all assets of VIE companies. In addition, VIE companies are not allowed to sell, transfer, or dispose of any assets, or make any distributions to their equity holders without prior consent of Beijing Yiyi Cloud; and
- obtain a pledge over the entire equity interest of VIE companies from their equity holders as collateral security for payments of VIE companies due to Beijing Yiyi Cloud and to secure performance of VIE companies' obligations under the Contractual Arrangements.

Nevertheless, there are still uncertainties regarding the interpretation and application of current and future PRC laws and regulations. The directors of the Company, based on the advice of its legal counsel, consider that the use of Contractual Arrangements is currently enforceable in the PRC except for certain provisions and does not constitute a breach of the relevant laws and regulations.

(ii) Going concern

The Group's net liabilities were approximately RMB1,245.3 million, RMB2,277.8 million, RMB3,726.3 million and RMB4,185.9 million at March 31, 2018, 2019 and 2020 and June 30, 2020, respectively. These net liabilities were mainly due to convertible redeemable preferred shares of RMB1,540.4 million, RMB2,395.6 million, RMB4,005.2 million, and RMB4,984.2 million, respectively. The convertible redeemable preferred shares will be automatically converted into ordinary shares upon occurrence of (A) Qualified Initial Public Offerings ("QIPO") or (B) the written consent of the holders of at least seventy five percent (75%) of the then outstanding Series A preferred shares for conversion of Series A preferred shares or (C) the written consent of the holders of at least seventy five percent (75%) of the then outstanding Series A-1 preferred shares for conversion of Series A-1 preferred shares, or (D) the written consent of the holders of at least seventy five percent (75%) of the then outstanding Series A-2 preferred shares for conversion of Series A-2 preferred shares; (E) the written consent of the holders of at least seventy five percent (75%) of the then outstanding Series B preferred shares for conversion of Series B preferred shares; or (F) the written consent of the holders of at least fifty percent (50%) of the then outstanding Series C preferred shares for conversion of Series C preferred shares (note 28). In any situation, the convertible redeemable preferred shares will not have cash flow impact to the Group in the next twelve months from the end of the reporting period.

At June 30, 2020, the Group's current liabilities exceeded current assets by approximately RMB2,565.8 million mainly due to convertible redeemable preferred shares amounting to RMB3,307.4 million which would be due for redemption on January 29, 2021. On August 17, 2020, the Company signed an agreement with the preferred shareholders to extend the redemption date of these convertible redeemable preferred shares to January 29, 2022.

Based on the cash flow projections of the Group and taking into account the available financial resources, including cash and cash equivalents, the directors of the Company are of the opinion that the Group will have sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and accordingly, the Historical Financial Information has been prepared on a going concern basis.

The Historical Financial Information has been prepared in accordance with the accounting policies as set out in note 2.

(iii) Compliance with IFRS

The Historical Financial Information of the Group has been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by International Accounting Standards Board (“IASB”).

The preparation of Historical Financial Information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in note 4.

(iv) Historical cost convention

The Historical Financial Information have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, convertible redeemable preferred shares, convertible notes and warrants which are carried at fair value.

(v) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2017:

- IFRS 9 *Financial Instruments*
- IFRS 15 *Revenue from Contracts with Customers*
- IFRS 16 *Leases*

The Group also elected to early adopt the Amendment to IFRS 16 *COVID-19 Related Rent Concessions* in the Historical Financial Information. The directors of the company are of the view that this new amendment doesn’t have any significant impact on the Group’s consolidated financial statements.

(vi) New standards and interpretations not yet adopted

The Group has not early applied the following new and amendments to IFRS that have been issued but are not yet effective:

	<u>Effective for annual periods beginning on or after</u>
IFRS 17—Insurance Contracts	January 1, 2023
Amendments to IAS 1—Classification of Liabilities as Current or Non-current	January 1, 2023
Amendments to IAS 37— Onerous contract—Cost of Fulfilling a Contract	January 1, 2022
Amendments to IAS 16—Property, plant and equipment: Proceeds before Intended Use	January 1, 2022
Amendments to IFRS 3—Reference to the Conceptual Framework	January 1, 2022
Amendments to IFRS 10 and IAS 28—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Annual improvements to IFRS standards 2018-2020	January 1, 2022
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Interest rate benchmark (IBOR) reform – phase 2	January 1, 2021

The directors of the Company anticipate that the application of the above new standard, amendments and annual improvements will have no material impact on the Group's consolidated financial statements in the foreseeable future.

2.2 Principles of consolidation and equity accounting

(i) *Subsidiaries*

Subsidiaries are all entities (including VIE companies and their subsidiaries) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 2.3).

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of comprehensive income, statements of changes in equity and balance sheets respectively.

(ii) *Associates*

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iii) below), after initially being recognized at cost.

(iii) *Equity method*

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.9.

(iv) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable IFRS.

If the ownership interest in or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

2.3 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,

- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss.

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The shareholders of the Company have appointed a board of director which assesses the financial performance and position of the Group, and makes strategic decisions. The Chief Operating Decision Maker ("CODM") who is responsible for making strategic decisions, allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer and the chief financial officer.

2.6 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The function currency of the Company is United States Dollar ("US\$"). The Company's primary subsidiaries were incorporated in the PRC and these subsidiaries considered RMB as their functional currencies. As the major operations of the Group are within the PRC, the Group determined to present the Historical Financial Information in RMB.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in equity if they are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of comprehensive income on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognized in other comprehensive income.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognized in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(iv) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (that is, reductions in the group's ownership interest in associates or joint ventures that do not result in the group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses (if any). Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

- Electronic equipment 3 years
- Office furniture 3 years
- Leasehold improvement 1—3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.9).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

2.8 Intangible assets

(i) Goodwill

Goodwill is measured as described in note 2.3. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses (if any). Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (note 5).

(ii) License, technology and software

Separately acquired license, technology and software are shown at historical cost. License, technology and software acquired in a business combination are recognized at fair value at the acquisition date. They have the finite useful lives and are subsequently carried at cost less accumulated amortization and impairment losses (if any).

(iii) Research and development

Research expenditure and development expenditure that do not meet below criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use,
- management intends to complete the software and use or sell it,
- there is an ability to use or sell the software,
- it can be demonstrated how the software will generate probable future economic benefits,
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

(iv) Amortization methods and periods

The Group amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

- | | |
|--------------|-------------|
| ● Licenses | 10—20 years |
| ● Technology | 5 years |
| ● Software | 3 years |

The intangible assets on licenses comprise insurance license and Goods Supply Practice (“GSP”) license, each has an estimated useful life of 20 years and 10 years, respectively (the “respective amortization periods”), which represent the time periods that the Group expects these assets will generate economic benefits to the Group’s Health Management Platform and Solutions business, specifically the internet insurance and internet hospital business, respectively. Insurance license and GSP license each has a term of validity of 3 and 5 years, respectively, and is subject to certain administrative renewal at the relevant government authorities upon their expiries. The renewal criteria for each license are the same as the criteria when applying for these licenses. The Group assesses that the Group can continue to meet these criteria throughout the respective amortization periods and these licenses will be renewed upon their expiries.

2.9 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that

they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.10 Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ('OCI') or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.
- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in profit or loss and presented within other gains/(losses) in the statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables, see note 20 for further details.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where the Company currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.12 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. Costs of purchased inventory are determined after deducting rebates and

discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.13 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within one year and therefore all classified as current.

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See note 20 for further information about the Group's accounting for trade receivables and note 3.1 for a description of the Group's impairment policies.

2.14 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.15 Term deposits, restricted bank balance and deposits

Term deposits represent short-term bank deposits with original maturities over three months. Restricted bank balance and deposits with initial terms over three months are deposited in an escrow account with bank for certain limited purposes. The term deposits and restricted bank balance and deposits are unsecured and carry fixed interest per annum for the years ended March 31, 2018, 2019 and 2020.

2.16 Shares capital

Ordinary shares are classified as equity (note 25).

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the company.

Shares held by the Company's Employee Option Plan are disclosed as treasury shares and deducted from contributed equity.

2.17 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 180 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

2.18 Convertible redeemable preferred shares

During the Track Record Period, the Company has issued Series A, A-1, A-2, B and C convertible redeemable preferred shares to a group of investors.

The Group designated the convertible redeemable preferred shares as financial liabilities at fair value through profit or loss. They are initially recognized at fair value. Any directly attributable transaction costs are recognized as finance costs in profit or loss.

Subsequent to initial recognition, the convertible redeemable preferred shares are carried at fair value with changes in fair value recognized in profit or loss, except for the portion attributable to credit risk change that should be charged to other comprehensive income.

The convertible redeemable preferred shares are classified as non-current liabilities if the convertible redeemable preferred shares holders cannot demand the Company to redeem the convertible redeemable preferred shares for at least 12 months after the end of the reporting period.

2.19 Convertible notes

During the Track Record Period, the Company issued certain series of convertible notes to one of the existing investors. The convertible notes holder (the "Holder") has the right to require the Company to redeem all of the convertible notes (plus any accrued and unpaid interest of these convertible notes) held by the Holder at certain redemption events or convert those convertible notes into the Company's preferred shares at certain conversion price, which are out of the control of the Company.

The convertible notes issued to the Holder are accounted for in their entirety at fair value through profit or loss, with fair value changes recognized in profit or loss and presented as "fair value changes of convertible notes" in the consolidated statements of comprehensive income, except for the portion attributable to credit risk change that should be charged to other comprehensive income. Accordingly, the embedded conversion features do not require future evaluation, bifurcation, and separate accounting as embedded derivatives as the change in fair value of embedded features are reflected in the change in fair value in the compound instrument under such "whole instrument" approach. The convertible notes are classified as non-current liabilities unless the Company has an obligation to settle the liability within 12 months after the end of the reporting period.

2.20 Warrants

The Company records warrants for convertible redeemable preferred shares issued to investors as cash-settled share-based compensation. The initial fair value is measured at the grant date of warrants and the expense are recorded immediately upon the grant date as the warrants are vested and can be exercised during certain period after grant. The fair value of the warrants for cash-settled transaction is

remeasured at each reporting date and at the date of settlement. Any changes in fair value of warrants are recognized in profit or loss. Upon exercise of the warrants, the share-based compensation are settled with preferred shares and accounted for as financial liabilities measured at fair value (Note 2.18).

2.21 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred income tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current income tax assets and liabilities and where the deferred income tax balances relate to the same taxation authority. Current income tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.22 Employee benefits*(i) Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Pension obligations

The Group has only defined contribution plan in which the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

(iii) Medical and other benefits

The Group makes monthly contributions for medical and other benefits to the local authorities in accordance with relevant local regulations for the employees. The Group's liability in respect of employee medical benefits is limited to the contributions payable in each period.

(iv) Housing benefits

The employees of the Group are entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees. The Group's liability in respect of these funds is limited to the contributions payable in each period.

2.23 Share-based compensation

Share-based compensation benefits are provided to employees via the Company's Employee Option Plan.

(i) Employee options

The fair value of options granted under the Company's Employee Option Plan is recognized as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- Including any market performance conditions (for example, an entity's share price);
- Excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- Including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its

estimates of the number of options that are expected to vest based on the service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

If the terms of an equity-settled award are modified, at a minimum an expense is recognized as if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the share-based compensation arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

For an award with a performance (i.e. QIPO condition) and service condition that affects vesting, the performance and service condition is not considered in determining the award's fair value on the grant date. Performance and service conditions should be considered when the Group is estimating the quantity of awards that will vest. The Group recognizes compensation expenses for awards with performance conditions if and when the Group concludes that it is probable that the performance condition will be achieved, net of actual pre-vesting forfeitures over the requisite service period. The Group reassesses the probability of vesting at each reporting period for awards with performance conditions and adjusts compensation expenses based on its probability assessment, unless on certain situations, the Group may not be able to determine that it is probable that a performance condition will be satisfied until the event occurs.

The fair value of the liability for cash-settled transactions is re-measured at each reporting date and at the date of settlement. Any changes in fair value are recognized in profit or loss for the period. Equity-settled awards are not remeasured after the grant date.

2.24 Provisions

Provisions for legal claims and make good obligations are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

2.25 Revenue recognition

Revenues are recognized when, or as, the control of the goods or services is transferred to the customer. Depending on the terms of the contract and the laws applicable, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group's performance:

- provides all the benefits received and consumed simultaneously by the customer;

- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

The progress towards complete satisfaction of performance obligation, depending on the nature of the good and service to be transferred, is measured based on one of the following methods that best depicts the Group's performance in satisfying the performance obligation:

- direct measurements of the value of individual services transferred by the Group to the customer; or
- the Group's efforts or inputs to the satisfaction of the performance obligation.

If contracts involve the sale of multiple goods, goods followed by related services, or multiple services, the transaction price will be allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin, depending on the availability of observable information.

When either party to a contract has performed, the Group presents the contract in the balance sheets as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract as a contract liability when the payment is made or the receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

The following is a description of the accounting policy for the principal revenue streams of the Group.

(a) Big data platform and solutions

Big data platform and solutions consists of the Company's big data platform applications and other solutions services that are provided to their customers mainly hospitals, regulators and policy makers.

(i) *Provision of bundled contracts*

Big data platform applications and solutions consist primarily of the development and construction of big data platform in the healthcare industry, including the sales of hardware, development of software applications and the provision of other related services. The project-based big data platform applications and solutions are provided through integrating the hardware, software and other related

services, all of which are highly interdependent and interrelated with each other and represent multiple inputs to a combined output (i.e. the integrated solution) that is transferred to the customer. Accordingly, the integrated solution is accounted for as a single performance obligation.

Revenue is generally recognized at a point in time when the integrated solution (comprises mainly hardware, software and other related services for a project) is delivered to the customer's designated place, inspected and accepted by the customer. For certain integrated solution contracts where the performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment from the customer for its performance completed to date, the revenue is recognised over time. Based on the progress towards complete satisfaction of the contracts using input method which is determined as the proportion of the costs incurred for the work performed to date relative to the estimated total costs to complete the contract, to the extent that the amount can be measured reliably and its recovery is considered probable.

Input method requires the Group to make estimates of costs to complete its projects on an ongoing basis. Significant judgment is required to evaluate assumptions related to these estimates. The effect of revisions to estimates related to the transaction price or costs to complete a project are recorded in the period in which the estimate is revised.

The Group also provides big data platform solution packages which consist of multiple applications and solutions to their customers. The multiple applications and solutions are regarded as a separate performance obligation. The transaction price is allocated to each application and solution included in the package based on their relative stand-alone selling prices. If the stand-alone selling price is not directly observable, the directors of the Company estimate the stand-alone selling price of each of the performance obligations based on the expected cost of satisfying each of the performance obligations (i.e. direct cost and staff costs incurred) plus an estimated margin for each of the performance obligations.

The revenue of systems is recognized upon the individual performance obligation is rendered to customers.

(ii) *Sales of stand-alone items: hardware, software, medical devices and supplies or other service contract*

The Group also provides hardware, software application, medical devices and supplies or other solutions services separately. Revenue is recognized at a point in time when the stand-alone hardware, software application, medical devices and supplies or other solutions service are delivered to the customer's designated place, inspected and accepted by the customer.

For the development of software applications provided in (i) and (ii), the Group also provides related maintenance and upgrade services for a specific period (normally 1-5 years after the customer's acceptance) after sale as stipulated in the same contract. These maintenance and upgrade services are provided to maintain and improve the effectiveness of the software application and therefore are accounted for as a separate performance obligation. Revenue from provision of maintenance and upgrade services is recognized over the service period.

A contract liability is recognized for advances from the customer in which revenue has not yet been recognized.

(b) Life sciences solutions

Life sciences solutions consist primarily of the provision of pharmaceutical development cooperation services and customized pharmaceutical research report to customers mainly pharmaceutical companies.

(i) *Pharmaceutical development cooperation services*

The performance obligation is satisfied over time as the output in the form of data collection and analysis documentation is made available for the customer to consume simultaneously over the course of the arrangement during the clinical trial. Accordingly, the Group recognizes revenue over time using input method where the progress of the performance obligation is measured by the proportion of actual costs incurred to the total costs expected to complete the contract. Costs included in the measure of progress include direct labor and third-party costs (such as payments to investigators and other third-party expenditures).

(ii) *Customized pharmaceutical research report*

For the revenue derived from customized pharmaceutical research report, the Group recognizes revenue over time using input method since the performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment from the customer for performance completed to date. Progress on the performance obligation is measured by the proportion of actual costs incurred to the total costs expected to complete the contract. Costs included in the measure of progress include direct labor and third-party costs (such as payments to investigators and other third-party expenditures).

Input method requires the Group to make estimates of costs to complete its projects on an ongoing basis. Significant judgment is required to evaluate assumptions related to these estimates. The effect of revisions to estimates related to the transaction price or costs to complete a project are recorded in the period in which the estimate is revised.

A contract liability is recognized for advances from the customer in which revenue has not yet been recognized.

(c) Health management platform and solutions

Health management platform and solutions consist primarily of (i) the provision of health management platform applications and solution services to insurance companies, (ii) distribution of insurance companies' products, and sales of related hardware and software.

(i) *Provision of health management platform and solution services to insurance companies*

The Group provides health management platform application and solution packages which consist of multiple applications and services to their customers.

The service packages are considered to consist of multiple elements of services items and are regarded as separate performance obligations. The transaction price is allocated to each of the service items in the service package based on their relative stand-alone selling prices. If a stand-alone selling price is not directly observable, the directors of the Company estimate the stand-alone selling price of each of the performance obligations based on the expected cost of satisfying each of the performance obligations (i.e. direct cost and staff costs incurred) plus an estimated margin for each of the performance obligations.

The revenue of services is recognized upon the individual performance obligation is rendered to customers.

(ii) *Distribution of insurance companies' products*

The Group sells the consumer healthcare packages of different insurance companies to individual consumer on a retail basis or to corporate customers for the benefit of their employees on a wholesale basis, as an agent through its insurance brokerage license. The consumer healthcare service packages are offered to corporate customers through the sales team of the Group, and to individual customers through its own platform or individual agents. The commission fees are generally charged as a percentage of sales of insurance slips depending on the product category and terms of contracts with the insurance companies.

(d) Others

Others consist primarily of (i) sales of hardware and software, and (ii) data processing service to other customers.

The Group provides hardware, software, data processing service to customers separately, which is a single performance obligation for each contract. Revenue is recognized at a point in time when hardware, software or data processing service is delivered to the customer's designated place, inspected and accepted by the customer.

2.26 Earnings per share

(i) *Basic earnings per share*

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares,
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.27 Leases

- (a) The Group leases buildings as lessee. Rental contracts are typically made for fixed periods of 2 to 10 years.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third party financing, and makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

(b) The Group's leasing activities and how these are accounted for

The Group leases various offices premises. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

2.28 Dividend distribution

Dividend distribution to the shareholders is recognized as a liability in the consolidated financial statements in the year in which the dividends are approved by the entities' shareholders or directors, where appropriate.

2.29 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property and equipment, and other non-current assets are included in the current liabilities and are credited to consolidated statements of comprehensive income on a straight-line basis over the expected lives of the related assets.

2.30 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets, see note 7 below.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see note 10 below. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group and approved by the executive directors.

(a) *Market risk*

(i) *Foreign exchange risk*

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the group entities' functional currency. The functional currency of the Company and the subsidiaries operate in the PRC are US\$ and RMB, respectively. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and tries to minimize these exposures through natural hedges, wherever possible, and may enter into forward foreign exchange contracts, when necessary.

The Group operates mainly in the PRC with most of the transactions settled in RMB. Management considers that the business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities of the Group denominated in the currencies other than the respective functional currencies of the Group's entities.

(ii) *Cash flow and fair value interest rate risk*

The Group's income and operating cash flows are substantially independent of changes in market interest rates and the Group has no significant interest-bearing assets except for those investments in wealth management products and Loan to a third party with warrants to purchase preferred shares of Trifo which are classified as financial assets at fair value through profit or loss, cash and cash equivalents, pledged bank deposits, term deposits and restricted bank balance and deposits, details of which have been disclosed in notes 22 and 23.

(b) *Credit risk*

(i) *Risk management*

The Group is exposed to credit risk primarily in relation to its cash and cash equivalents, wealth management products, pledged bank deposits and term deposits and restricted bank balance and deposits placed with banks and financial institutions, as well as contract assets, trade receivables and other financial assets at amortized cost. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

To manage this risk, deposits are mainly placed with state-owned or reputable financial institutions in the PRC and reputable international financial institutions outside of the PRC. There has been no recent history of default in relation to these financial institutions.

(ii) *Impairment of financial assets*

The Group has the following types of financial assets subject to expected credit loss model:

- contract assets
- trade receivables
- other financial assets at amortized cost

While cash and cash equivalents, pledged bank deposits and term deposits and restricted bank balance and deposits with the maturity over three months are also subject to the impairment requirements of IFRS 9, the identified impairment loss was nil.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all contract assets, trade receivables and other financial assets at amortized cost.

To measure the expected credit losses, contract assets, trade receivables and other financial assets at amortized cost have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the historical credit losses and adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified economic policies, macroeconomic conditions, industry risks, probabilities of default and expected operating performance of the debtors in which it sells its services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

For other financial assets at amortized cost, management makes periodic assessments as well as individual assessment on the recoverability based on historical settlement records, experience and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balance of other financial assets at amortized cost.

(iii) Net impairment losses on financial assets recognized in profit or loss

During the year ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020, the following losses were recognized in profit or loss in relation to impaired financial assets:

	Year ended March 31,			Three months ended June 30,	
	2018	2019	2020	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Impairment losses					
Movement in loss allowance for trade receivables (note 20)	(1,765)	(7,821)	(22,532)	(3,803)	(1,654)
Movement in loss allowance for contract assets (note 5)	(7)	(137)	(193)	—	(186)
Impairment losses on other financial assets (note 19)	(752)	—	—	—	—
Net impairment losses on financial assets	<u>(2,524)</u>	<u>(7,958)</u>	<u>(22,725)</u>	<u>(3,803)</u>	<u>(1,840)</u>

(c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate cash and cash equivalents, pledged bank deposits and term deposits and restricted deposits.

The table below analyzes the Group's non-derivative financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	
Group					
At March 31, 2018					
Trade and other payables (excluding tax payables)	20,014	—	—	—	20,014
Convertible redeemable preferred shares	—	—	1,065,700	—	1,065,700
Convertible notes	—	—	379,428	—	379,428
Lease liabilities	15,902	16,680	9,023	—	41,605
	<u>35,916</u>	<u>16,680</u>	<u>1,454,151</u>	<u>—</u>	<u>1,506,747</u>
At March 31, 2019					
Trade and other payables (excluding tax payables)	75,400	—	—	—	75,400
Convertible redeemable preferred shares	—	1,635,871	—	—	1,635,871
Convertible notes	—	—	406,304	—	406,304
Lease liabilities	16,914	9,369	2,328	4,027	32,638
	<u>92,314</u>	<u>1,645,240</u>	<u>408,632</u>	<u>4,027</u>	<u>2,150,213</u>
At March 31, 2020					
Trade and other payables (excluding tax payables)	178,088	—	—	—	178,088
Convertible redeemable preferred shares	1,200,774	—	1,547,474	—	2,748,248
Convertible notes	—	—	427,520	—	427,520
Lease liabilities	19,707	17,327	11,467	3,225	51,726
	<u>1,398,569</u>	<u>17,327</u>	<u>1,986,461</u>	<u>3,225</u>	<u>3,405,582</u>
At June 30, 2020					
Trade and other payables (excluding tax payables)	161,208	—	—	—	161,208
Convertible redeemable preferred shares	1,199,825	—	2,481,183	—	3,681,008
Lease liabilities	18,761	17,505	6,662	3,013	45,941
	<u>1,379,794</u>	<u>17,505</u>	<u>2,487,845</u>	<u>3,013</u>	<u>3,888,157</u>

3.2 Capital risk management

The Group's objectives on managing capital are to safeguard the Group's ability to continue as a going concern and support the sustainable growth of the Group in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance equity holders' value in the long term.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on basis of the gearing ratio. This ratio is calculated as net debt divided by deficits on total equity. Net debt calculated as total liabilities which are considered as borrowings less cash and cash equivalents. As of March 31, 2018, 2019 and 2020 and June 30, 2020, the Group has a net debt position and the gearing ratio is 101%, 103%, 102% and 100%, respectively.

	As at March 31,			As at June 30,
	2018	2019	2020	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Net debt (note 34(b))	1,262,582	2,345,027	3,808,357	4,183,440
Deficits on total equity	(1,245,276)	(2,277,784)	(3,726,264)	(4,185,908)
Gearing ratio	101%	103%	102%	100%

3.3 Fair value estimation

(a) Financial assets and liabilities

(i) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

<i>Recurring fair value measurements</i>	Level 1	Level 2	Level 3	Total
As of March 31, 2018	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities				
Convertible redeemable preferred shares	—	—	1,540,449	1,540,449
Convertible notes	—	—	253,851	253,851
Total financial liabilities	—	—	1,794,300	1,794,300

<i>Recurring fair value measurements</i>	Level 1	Level 2	Level 3	Total
As of March 31, 2019	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Wealth management products	—	—	134,715	134,715
Total financial assets	—	—	134,715	134,715
Financial liabilities				
Convertible redeemable preferred shares	—	—	2,395,644	2,395,644
Convertible notes	—	—	364,215	364,215
Total financial liabilities	—	—	2,759,859	2,759,859

<i>Recurring fair value measurements</i>	Level 1	Level 2	Level 3	Total
As of March 31, 2020	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Loan to a third party with warrants to purchase preferred shares of Trifo	—	—	20,840	20,840
Total financial assets	—	—	20,840	20,840
Financial liabilities				
Convertible redeemable preferred shares	—	—	4,005,248	4,005,248
Convertible notes	—	—	486,392	486,392
Total financial liabilities	—	—	4,491,640	4,491,640

APPENDIX I

ACCOUNTANT'S REPORT

<i>Recurring fair value measurements</i>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
As of June 30, 2020	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Loan to a third party with warrants to purchase preferred shares of Trifo	—	—	21,020	21,020
Total financial assets	<u>—</u>	<u>—</u>	<u>21,020</u>	<u>21,020</u>
Financial liabilities				
Convertible redeemable preferred shares	—	—	4,984,227	4,984,227
Total financial liabilities	<u>—</u>	<u>—</u>	<u>4,984,227</u>	<u>4,984,227</u>

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- for other financial instruments—discounted cash flow analysis.

For unlisted equity securities, a contingent consideration receivable and certain derivative contracts, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

(iii) Valuation processes

The finance department of the Group includes a team that performs the valuations of non-property items required for financial reporting purposes, including level 3 fair values. This team reports directly to the chief financial officer (CFO). Discussions of valuation processes and results are held between the CFO and the valuation team on a periodical basis, in line with the Group's reporting periods.

The main level 3 inputs used by the Group are derived and evaluated as follows:

- Discount rates for financial assets and financial liabilities are determined using a capital asset pricing model to calculate discount rate that reflects current market assessments of the time value of money and the risk specific to the asset.
- Credit risk factors specific to the Group (including assumptions about credit default rates) are derived from credit risk gradings determined by the Group's internal credit risk management group.

- Expected revenue growth and profit margins factors for unlisted equity securities are estimated based on market information of comparable companies with similar business.

(iv) Fair value measurements using significant unobservable inputs (level 3)

	Financial assets at fair value through profit or loss	Convertible redeemable preferred shares	Convertible notes	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Opening balance at April 1, 2017	—	736,859	—	736,859
Acquisitions	—	252,483	188,643	441,126
Changes in fair value recognized in profit or loss	—	646,901	65,446	712,347
Changes in fair value recognized in other comprehensive loss	—	3,557	3,260	6,817
Currency translation differences	—	(99,351)	(3,498)	(102,849)
Closing balance at March 31, 2018	<u>—</u>	<u>1,540,449</u>	<u>253,851</u>	<u>1,794,300</u>
Acquisitions	471,390	344,470	—	344,470
Redemption	(336,934)	—	—	—
Changes in fair value recognized in profit or loss	259	406,980	91,082	498,062
Changes in fair value recognized in other comprehensive loss	—	1,022	984	2,006
Currency translation differences	—	102,723	18,298	121,021
Closing balance at March 31, 2019	<u>134,715</u>	<u>2,395,644</u>	<u>364,215</u>	<u>2,759,859</u>
Acquisitions	2,014,975	619,995	—	639,995
Redemption	(2,131,042)	—	—	—
Changes in fair value recognized in profit or loss	2,192	821,584	102,356	924,780
Changes in fair value recognized in other comprehensive loss	—	9,564	(1,110)	8,454
Currency translation differences	—	158,461	20,931	179,392
Closing balance at March 31, 2020	<u>20,840</u>	<u>4,005,248</u>	<u>486,392</u>	<u>4,512,480</u>

APPENDIX I

ACCOUNTANT'S REPORT

	Financial assets at fair value through profit or loss	Convertible redeemable preferred shares	Convertible notes	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Opening balance at April 1, 2019	134,715	2,395,644	364,215	2,759,859
Acquisitions	—	410,925	—	410,925
Redemption	(135,148)			
Changes in fair value recognized in profit or loss	433	470,366	20,772	491,138
Changes in fair value recognized in other comprehensive loss	—	14	(807)	(793)
Currency translation differences	—	56,004	7,815	63,819
Closing balance at June 30, 2019 (Unaudited)	—	3,332,953	391,995	3,724,948
Opening balance at April 1, 2020	20,840	4,005,248	486,392	4,512,480
Acquisitions	—	70,555	—	70,555
Conversion from convertible notes into convertible redeemable preferred shares ...	—	509,742	(509,742)	—
Changes in fair value recognized in profit or loss	180	400,381	24,192	424,753
Changes in fair value recognized in other comprehensive loss	—	23	—	23
Currency translation differences	—	(1,722)	(842)	(2,564)
Closing balance at June 30, 2020	21,020	4,984,227	—	5,005,247

Description	Fair value				Significant unobservable inputs	Range of inputs				Relationship of unobservable inputs to fair value
	As of March 31,		As of June 30,			As of March 31,			As of June 30,	
	2018	2019	2020	2020		2018	2019	2020	2020	
	RMB'000	RMB'000	RMB'000	RMB'000						
Financial assets at fair value through profit or loss - Wealth management products	—	134,715	—	—	Interest rate	—	1.2%	—	—	The higher the interest rate, the higher the fair value
Financial assets at fair value through profit or loss - Loan to a third party with warrants to purchase preferred shares of Trifo	—	—	20,840	21,020	Discount rate			25.0%	25.0%	The higher the discount rate, the lower the fair value
					Risk-free interest rate			3.3%	3.6%	The higher the risk-free rate, the lower the fair value
					Discount for lack of marketability ("DLOM")			25.0%	25.0%	The higher the DLOM, the lower the fair value
Convertible redeemable preferred shares	1,540,449	2,395,644	4,005,248	4,984,227	Discount rate	19.5%-22.5%	17.5%-18.0%	16.0%-16.5%	16.0%	The higher the discount rate, the lower the fair value

Description	Fair value				Significant unobservable inputs	Range of inputs				Relationship of unobservable inputs to fair value
	As of March 31,			As of June 30,		As of March 31,			As of June 30,	
	2018	2019	2020	2020		2018	2019	2020	2020	
	RMB'000	RMB'000	RMB'000	RMB'000						
					Risk-free interest rate	0.8%-1.6%	1.4%-1.8%	0.6%-1.8%	0.2%-0.3%	The higher the risk-free rate, the lower the fair value
					Volatility	32.0%-33.0%	30.0%-33.0%	34.0%-45.0%	50%-54%	The higher the expected volatility, the higher the fair value
					Discount for lack of marketability ("DLOM")	15%	15%	10%-15%	10%	The higher the DLOM, the lower the fair value
Convertible notes	253,851	364,215	486,392	—	Discount rate	17.0%	16.5%	16.0%	—	The higher the discount rate, the lower the fair value

Fair value of financial assets at fair value through profit or loss—Wealth management products is affected by changes in the interest rate. If the interest rate had increased/decreased by 1% with all other variables held constant, the loss before income tax for the year ended March 31, 2019 would have been approximately RMB235 thousand lower/higher.

If the fair values of financial assets at fair value through profit or loss—Loan to a third party with warrants to purchase preferred shares of Trifo held by the Group had been 10% higher/lower, the loss before income tax for the year ended March 31, 2020 and the three months ended June 30 2020 would have been approximately RMB2.1 million lower/higher and RMB2.1 million lower/higher, respectively.

Fair value of convertible redeemable preferred shares is affected by changes in the Company's equity value. If the Company's equity value had increased/decreased by 10% with all other variables held constant, the loss before income tax for the years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020 would have been approximately RMB123.4/123.2 million higher/lower, RMB193.5/191.7 million higher/lower, RMB343.0/338.9 million higher/lower, RMB276.2/274.2 million higher/lower and RMB463.6/462.6 million higher/lower, respectively.

Fair value of convertible notes is affected by changes in the discount rate. If the discount rate had increased/decreased by 1% with all other variables held constant, the loss before income tax for the years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 would have been approximately RMB6.4/6.8 million lower/higher, RMB6.3/6.5 million lower/higher RMB0.9/1.0 million lower/higher, and RMB5.9/6.1 million lower/higher, respectively.

There were no transfers between level 1, 2 and 3 of fair value hierarchy classifications during the years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020.

4 Critical estimates, judgments and errors

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment assessment of trade receivables and contract assets

The Group has used provision matrix to calculate Expected Credit Loss (“ECL”) for the trade receivables and contract assets. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group’s historical default rates, taking into consideration forward-looking information that is reasonable and supportable, available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables and contract assets with significant balances and credit impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group’s trade receivables and contract assets is disclosed in note 20.

(b) Fair value of financial assets at fair value through profit or loss

The fair value of financial assets that are not traded in an active market (for example, the loan to a third party with warrants to purchase preferred shares of Trifo) is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Changes in these assumptions and estimates could materially affect the respective fair value of these investments.

(c) Fair value of convertible redeemable preferred shares, convertible notes and warrants

As disclosed in notes 28, 32 and 2.20, the fair value of convertible redeemable preferred shares, convertible notes and warrants at the dates of issue and balance sheet dates were determined based on the valuation performed by an independent valuer, using valuation techniques. The Group uses its judgments to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The Group has used discounted cash flow to determine the business value of the Group, followed by option pricing models to determine the fair value of convertible redeemable preferred shares, convertible notes and warrants, which involved the use of significant accounting estimates and judgments.

(d) Revenue recognition

(i) Input method of revenue recognition

Big data platform and solutions— Provision of bundled contracts

For certain contracts that the Group provides a total solution of which, revenue is recognized over time since the performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Such revenue is recognized based on the progress towards complete satisfaction in the contracts using input method which is determined

as the proportion of the costs incurred for the work performed to date relative to the estimated total costs to complete the contract, to the extent that the amount can be measured reliably and its recovery is considered probable.

Life sciences solutions—Pharmaceutical development cooperation services and Customized pharmaceutical research report

The Group recognizes revenue over time using input method since 1) the Group provides services whereby its benefits received and consumed simultaneously by the customer, or 2) the performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment from the customer for the performance completed to date. Progress on the performance obligation is measured by the proportion of actual costs incurred to the total costs expected to complete the contract. Costs included in the measure of progress include direct labor and third-party costs.

Input method requires the Group to make estimates of costs to complete its projects on an ongoing basis. Significant judgment is required to evaluate assumptions related to these estimates. The effect of revisions to estimates related to the transaction price or costs to complete a project are recorded in the period in which the estimate is revised.

(ii) *Allocation of transaction price to performance obligations*

Health management platform and solutions—Provision of services to insurance companies

Revenue arrangements with distinct performance obligation are divided into separate units of accounting and the transaction price is allocated based on relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin.

Significant assumptions and estimates have been made in estimating the standalone selling price of each distinct performance obligation, and changes in judgments on these assumptions and estimates could materially impact the timing of revenue recognition.

(e) *Recognition of share-based compensation expenses*

As mentioned in note 2.23, an equity-settled share-based compensation plan was granted to the employees. The directors have used the option pricing models to determine the total fair value of the options granted to employees, which is to be expensed over the vesting period. Significant estimate on key assumptions, such as discount rate, risk-free interest rate, expected volatility and discount for lack of marketability, is required to be made by the directors in applying the option pricing models.

As the awards granted in equity-settled share-based compensation plan are conditional on a QIPO. The directors have estimated the QIPO's probability and QIPO date when they calculated share-based compensation expenses at each reporting period end. Since QIPO condition is considered as vesting condition, the entity also needs to consider when QIPO is probable. If the service period under the service condition ends before QIPO, then the vesting period will end on QIPO date; if the service period under the service condition ends after QIPO, then the vesting period will end according to the service conditions.

5 Segment information

(a) Disaggregation of revenue from contracts with customers

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the CODM. As a result of this evaluation, the Group determined that it has operating segments as follows:

- Big data platform and solutions
- Life sciences solutions
- Health management platform and solutions
- Others

CODM assesses the performance of the operating segments mainly based on segment revenue and gross profit of each operating segment which is used by management as a basis for the purpose of resource allocation and assessment of segment performance. The selling and marketing expenses, administrative expenses and research and development expenses are not included in the measurement of the segments' performance. Other income, other (losses)/gains—net, finance (costs)/income—net, shares of (loss)/profit from investments in associates and fair value changes of convertible redeemable preferred shares, fair value changes of convertible notes, fair value changes of warrants and income tax expense are also not allocated to individual operating segments.

Revenues from external customers reported to CODM are measured as segment revenue, which is derived from the customers in each segment. Cost of revenue primarily comprises cost for purchasing of hardware and software, cost of development services, salary and compensation expenses, and others.

The segment information provided to CODM is measured in a manner consistent with that applied in these financial statements. There was no information on separate segment assets and segment liabilities provided to CODM, as CODM does not use such information to allocate resources to or evaluate the performance of the operating segments.

The revenue segment information reported to CODM for the Track Record Period is as follows:

	Year ended March 31, 2018				
	Big data platform and solutions	Life sciences solutions	Health management platform and solutions	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers	17,672	5,055	—	—	22,727
Cost of sales and services	(18,713)	(4,948)	—	—	(23,661)
Gross (loss)/profit	<u>(1,041)</u>	<u>107</u>	<u>—</u>	<u>—</u>	<u>(934)</u>
	Year ended March 31, 2019				
	Big data platform and solutions	Life sciences solutions	Health management platform and solutions	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers	45,895	34,842	10,758	10,518	102,013
Cost of sales and services	(44,404)	(31,988)	(9,814)	(10,094)	(96,300)
Gross profit	<u>1,491</u>	<u>2,854</u>	<u>944</u>	<u>424</u>	<u>5,713</u>

Year ended March 31, 2020					
	Big data platform and solutions	Life sciences solutions	Health management platform and solutions	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers	371,864	102,793	55,648	27,778	558,083
Cost of sales and services	(247,506)	(89,017)	(47,937)	(27,086)	(411,546)
Gross profit	<u>124,358</u>	<u>13,776</u>	<u>7,711</u>	<u>692</u>	<u>146,537</u>

Three months ended June 30, 2019 (Unaudited)					
	Big data platform and solutions	Life sciences solutions	Health management platform and solutions	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers	2,918	8,188	5,807	7,902	24,815
Cost of sales and services	(2,404)	(7,281)	(5,640)	(7,596)	(22,921)
Gross profit	<u>514</u>	<u>907</u>	<u>167</u>	<u>306</u>	<u>1,894</u>

Three months ended June 30, 2020					
	Big data platform and solutions	Life sciences solutions	Health management platform and solutions	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers	133,767	27,508	9,126	—	170,401
Cost of sales and services	(104,432)	(23,337)	(11,130)	—	(138,899)
Gross profit	<u>29,335</u>	<u>4,171</u>	<u>(2,004)</u>	<u>—</u>	<u>31,502</u>

For the years ended March 31, 2020 and the three months ended June 30, 2020, the revenue from contracts with customers in the Big Data Platform and Solutions segment included sales of medical devices and other COVID-19 prevention supplies of RMB47.7 million and RMB76.8 million relating to the Group's epidemic response solutions, respectively.

The Company is domiciled in the Cayman Islands while the Group mainly operates its businesses in the PRC. For the years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020, the Group earns approximately 100% and nil, 100% and nil, 85% and 15%, 100% and nil, 45% and 55% of total revenue from external customers located in the PRC and other countries, respectively.

As at March 31, 2018, 2019 and 2020 and June 30, 2020, substantially all of the non-current assets of the Group were located in the PRC.

	Year ended March 31,			Three months ended June 30,	
	2018	2019	2020	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Segment revenue					
—recognized over time	5,347	39,052	180,189	8,600	59,578
—recognized at a point in time	17,380	62,961	377,894	16,215	110,823
	<u>22,727</u>	<u>102,013</u>	<u>558,083</u>	<u>24,815</u>	<u>170,401</u>
Segment revenue					
—gross	22,727	100,906	544,818	22,045	164,929
—net	—	1,107	13,265	2,770	5,472
	<u>22,727</u>	<u>102,013</u>	<u>558,083</u>	<u>24,815</u>	<u>170,401</u>

The major customers which contributed more than 10% of the total revenue of the Group for the years ended March 31, 2018, 2019 and 2020 and for the three months ended June 30, 2019 and 2020 are listed as below:

	Year ended March 31,			Three months ended June 30,	
	2018	2019	2020	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Percentage of revenue from the major customers to the total revenue of the Group					
Client A (Big data platform and solutions)	62%	*	*	*	*
Client B (Big data platform and solutions)	*	18%	*	*	*
Client C (Big data platform and solutions)	*	*	22%	*	*
Client D (Life sciences solutions)	11%	*	*	*	*
Client E (Health management platform and solutions)	*	*	*	32%	*
Client F (Health management platform and solutions)	*	*	*	11%	*
Client G (Big data platform and solutions)	*	*	*	*	37%
Client H (Big data platform and solutions)	*	*	*	*	18%

* represents that the amount of aggregate revenue from such customer is less than 10% of the total revenue for respective year.

(b) Contract assets and contract liabilities

The Group has recognized the following revenue-related contract assets and liabilities:

	As at March 31,			As at
	2018	2019	2020	June 30,
	RMB'000	RMB'000	RMB'000	2020
				RMB'000
Contract assets (i)				
Big data platform and solutions	—	—	603	—
Life sciences solutions	80	2,817	8,500	15,287
Less: allowance for impairment of contract assets	(7)	(144)	(337)	(523)
	<u>73</u>	<u>2,673</u>	<u>8,766</u>	<u>14,764</u>
Contract liabilities (ii)				
Big data platform and solutions	800	42,353	82,374	11,207
Life sciences solutions	287	5,461	6,562	15,816
Health management platform and solutions	600	234	3,991	2,716
Others	—	854	878	878
	<u>1,687</u>	<u>48,902</u>	<u>93,805</u>	<u>30,617</u>

- (i) Contract assets are the Company's right to consideration in exchange for goods or services that the Company has transferred to the customer. The increase in the contract assets is mainly attributable to the significant increase of sales of big data platform and solutions and life sciences solutions segments.
- (ii) Contract liabilities mainly arise from the advanced payments from customers of the i) big data platform and solutions, ii) life sciences solutions, and iii) health management platform and solutions segments upon which the performance obligations have been established while the underlying services are yet to be provided.

(c) Revenue recognized in relation to contract liabilities

The following table shows how much of the revenue recognized in the current reporting period relates to carried-forward contract liabilities.

	Year ended March 31,			Three months ended	
	2018	2019	2020	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Big data platform and solutions	—	613	36,218	111	75,066
Life sciences solutions	—	271	2,953	1,825	1,315
Health management platform and solutions	—	566	221	51	1,726
Total	<u>—</u>	<u>1,450</u>	<u>39,392</u>	<u>1,987</u>	<u>78,107</u>

(d) Unsatisfied performance obligations

The following table shows unsatisfied performance obligations as at March 31, 2018, 2019 and 2020 and June 30, 2020:

	As at March 31,			As at June 30,
	2018	2019	2020	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Big data platform and solutions	8,005	107,926	177,319	164,212
Life sciences solutions	1,845	21,604	85,775	97,098
Health management platform and solutions	458	6,010	3,779	29,554
Others	—	294	2,925	388
Total	10,308	135,834	269,798	291,252

Management expects that 88%, 75%, 85% and 85% of the transaction price allocated to the unsatisfied contracts as at March 31, 2018, 2019 and 2020 and June 30, 2020 will be recognized as revenue within one year. The remaining 12%, 25%, 15% and 15% will be recognized over one year.

(e) Impairment and risk exposure

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all contract assets.

On the basis as described in note 3.1(b), the loss allowance for contract assets as at March 31, 2018, 2019 and 2020 and June 30, 2020 are determined as follows:

(f) As at March 31, 2018, 2019 and 2020 and June 30, 2020, the loss allowance of impaired contract assets is determined as follows:

	As at March 31,			As at June 30,
	2018	2019	2020	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Expected loss rate	8.8%	5.1%	3.7%	3.4%
Gross carrying amount—contract assets	80	2,817	9,103	15,287
Loss allowance	7	144	337	523

(g) The movements on the provision for impairment of contract assets are as follows:

	Year ended March 31,			Three months ended June 30,	
	2018	2019	2020	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
At beginning of the year/period	—	7	144	144	337
Provision for impairment of contract assets	7	137	193	—	186
At end of the year/period	<u>7</u>	<u>144</u>	<u>337</u>	<u>144</u>	<u>523</u>

6 Other income

	Year ended March 31,			Three months ended June 30,	
	2018	2019	2020	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Government grants (i)	—	5,032	5,830	—	5,601
Value added tax (“VAT”) refund and VAT reduction	—	—	3,175	—	1,304
Rent concessions (ii)	—	—	1,843	32	802
Interest income (iii)	—	60	571	40	440
	—	<u>5,092</u>	<u>11,419</u>	<u>72</u>	<u>8,147</u>

(i) Government grants

Government grants are mainly for scientific research project funds and awards for scientific and technological innovation enterprises.

(ii) The Company recognized the reduction in lease payments that arose from COVID-19 pandemic as other income.**(iii) Interest income is from pledged bank deposits and term deposits and restricted bank balance and deposits.****7 Other (losses)/gains—net**

	Year ended March 31,			Three months ended June 30,	
	2018	2019	2020	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Net gain on disposal of associates	—	1,314	—	—	—
Net fair value gains on financial assets at fair value through profit or loss (i) (note 22)	—	259	2,192	433	180
Net foreign exchange (losses)/gains	(5,274)	6,390	2,411	1,735	(481)
Other items	—	(560)	(887)	(341)	(68)
	<u>(5,274)</u>	<u>7,403</u>	<u>3,716</u>	<u>1,827</u>	<u>(369)</u>

(i) Net fair value gains on financial assets at fair value through profit or loss consists of fair value changes of (a) wealth management products; and (b) a loan to third party with warrants to purchase preferred shares of Trifo (note 22).

8 Expenses by nature

Expenses included in cost of sales and services, selling and marketing expenses, administrative expenses and research and development expenses are further analyzed as follows:

	Year ended March 31,			Three months ended June 30,	
	2018	2019	2020	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Employee benefits expenses (note 9)	200,945	369,918	679,341	102,432	139,426
Cost of sales of hardware, software and other goods . . .	—	37,301	201,074	7,841	84,766
Outsourcing services fee	300	12,227	68,407	8,412	19,424
Share-based compensation expenses—warrants	—	—	43,461	43,461	—
Traveling, entertainment and general office expenses	16,307	24,523	38,903	11,536	8,166
Depreciation of property, plant and equipment (note 15)	14,210	19,280	19,217	4,913	4,634
Consulting and other professional fee	14,667	34,510	46,519	8,031	10,271
Depreciation of right-of-use assets (note 16)	7,282	13,550	15,103	3,489	3,538
Promotion and advertising expenses	6,130	10,936	13,359	4,943	4,097
Labor dispatching	4,697	6,833	7,741	1,565	2,724
Taxes and surcharges	870	5,768	3,519	284	231
Amortization of intangible assets (note 17)	54	578	2,437	412	834
Auditors' remuneration —Audit services	165	662	1,270	432	89
Listing expenses	—	—	1,260	-	7,121
Other expenses	1,648	2,671	6,310	533	1,204
Total cost of sales and services, selling and marketing expenses, administrative expenses and research and development expenses	<u>267,275</u>	<u>538,757</u>	<u>1,147,921</u>	<u>198,284</u>	<u>286,525</u>

9 Employee benefits expenses

	Year ended March 31,			Three months ended June 30,	
	2018	2019	2020	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Wages, salaries and bonuses	144,613	271,249	360,654	77,863	98,526
Pension costs—defined contribution plans (i)	15,064	30,183	31,287	9,368	1,708
Other social security costs	8,440	17,053	19,427	5,195	2,200
Housing benefits	9,234	19,003	26,452	5,624	6,921
Share-based compensation expenses	13,100	16,289	229,486	1,774	28,258
Other employee welfare	10,494	16,141	12,035	2,608	1,813
	<u>200,945</u>	<u>369,918</u>	<u>679,341</u>	<u>102,432</u>	<u>139,426</u>

- (i) Employees of the Group are required to participate in a defined contribution plan administrated and operated by the local municipal government. The Group contributes funds which are calculated on certain percentages of the employee salary as agreed by the local municipal government to the plan to fund the retirement benefits of the employees.

The Group also provides an annuity plan to some senior employees, which is also a defined contribution plan.

The Group has no other material obligation for the payment of retirement benefits associated with these plans beyond the annual contributions described above.

(ii) Five highest paid individuals

The five individuals whose emoluments are the highest in the Group for the years ended March 31, 2018, 2019 and 2020 and for the three months ended June 30, 2019 and 2020 include 1, 1, 3, 1 and 3 directors respectively whose emoluments are reflected in the analysis shown in note 39. The emoluments payable to the remaining 4, 4, 2, 4 and 2 individuals are as follows:

	Year ended March 31,			Three months ended June 30,	
	2018	2019	2020	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Wages, salaries and bonuses	3,586	8,196	2,129	1,042	1,049
Pension costs—defined contribution plans	191	217	71	47	6
Other social security costs	105	118	44	27	6
Housing benefits	115	129	56	27	18
Share-based compensation expenses	7,386	5,678	49,071	1,587	5,664
	<u>11,383</u>	<u>14,338</u>	<u>51,371</u>	<u>2,730</u>	<u>6,743</u>

The emoluments of the 4, 4, 2, 4, 2 individuals fell within the following bands:

	Year ended March 31,			Three months ended June 30,	
	2018	2019	2020	2019	2020
				(Unaudited)	(Unaudited)
Emoluments bands:					
Nil to HK\$1,000,000	—	—	—	3	—
HK\$1,000,001 to HK\$1,500,000	1	—	—	1	—
HK\$1,500,001 to HK\$2,000,000	1	—	—	—	—
HK\$2,000,001 to HK\$2,500,000	—	1	—	—	—
HK\$2,500,001 to HK\$3,000,000	—	1	—	—	—
Over HK\$3,000,000	2	2	2	—	2
	<u>4</u>	<u>4</u>	<u>2</u>	<u>4</u>	<u>2</u>

During the years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020, no director or the five highest paid individuals received any emolument from the Group as an inducement to join, upon joining the Group, leave the Group or as compensation for loss of office.

10 Finance income and costs

	Year ended March 31,			Three months ended June 30,	
	2018	2019	2020	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Finance income					
Interest income on current deposits	139	250	5,496	643	227
Finance costs					
Interest expenses for lease liabilities	(2,466)	(3,103)	(4,199)	(661)	(1,390)
Finance (costs)/income—net	<u>(2,327)</u>	<u>(2,853)</u>	<u>1,297</u>	<u>(18)</u>	<u>(1,163)</u>

11 Subsidiaries

The Group's principal subsidiaries at March 31, 2018, 2019 and June 30, 2020 are set out below. Unless otherwise stated, the proportion of ownership interests held equals to the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name	Country /place and date of incorporation/ establishment	Principal activities and place of operation	Paid in capital	Ownership interest held by the Group as at			date of report	Statutory auditors for the years ended March 31, 2018, 2019 and 2020
				2018	2019	2020		
Directly held—								
Golden Panda Limited	Hong Kong / December 23, 2014	Investment holding	HK\$1	100%	100%	100%	100%	Uniwin International CPA Limited
Indirectly held -								
Singapore Happy Life Technology Private Limited	Singapore / October 9, 2019	Technology services	—	—	—	100%	100%	Not applicable
Beijing Yiyi Cloud Technology Co., Ltd. (北京懿醫雲科技有限公司) (“Beijing Yiyi Cloud”)	PRC / January 15, 2015	Computer technology R&D	RMB 471,638,836	100%	100%	100%	100%	BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP
Tianjin New Happy Life Technology Co., Ltd. (天津新開心生活科技有限公司)	PRC / May 28, 2018	Medical technology development	RMB 41,200,400	—	100%	100%	100%	BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP

Name	Country /place and date of incorporation/ establishment	Principal activities and place of operation	Paid in capital	Ownership interest held by the Group as at		June 30, 2020	date of report	Statutory auditors for the years ended March 31, 2018, 2019 and 2020
				2018	2019			
Nanjing Yiyiyun Big Data Technology Co., Ltd. (南京懿醫雲大數據科技有限公司)	PRC / August 31, 2018	Computer technology R&D	RMB 139,137,600	—	100%	100%	100%	BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP
EVYD TECHNOLOGY SDN BHD	Brunei / April 27, 2020	Technology services	—	—	—	100%	100%	Not applicable
EVYD Technology Limited	BVI / June 8, 2020	Investment holding	—	—	—	100%	100%	Not applicable
Bright Panda Limited	BVI / May 22, 2020	Investment holding	—	—	—	100%	100%	Not applicable
Causa Life Technology Limited	Hong Kong / June 19, 2020	Investment holding	—	—	—	100%	100%	Not applicable
Happy Med Limited	BVI / May 22, 2020	Investment holding	—	—	—	100%	100%	Not applicable
Causa Med Technology Limited	Hong Kong / June 19, 2020	Investment holding	—	—	—	100%	100%	Not applicable
Health Panda Limited	BVI / May 22, 2020	Investment holding	—	—	—	100%	100%	Not applicable
Indirectly controlled by the Company pursuant to the Contractual Agreements—								
Yidu Cloud (Beijing) Technology Co., Ltd.(醫渡雲(北京)技術有限公司)* (“Yidu Cloud Beijing”)	PRC / February 3, 2012	Computer technology R&D	RMB 34,000,000	100%	—	—	—	Not applicable
Tianjin Joyful Life Technology Co., Ltd. (天津幸福壽命科技有限公司) (“Tianjin Joyful Life”)	PRC / November 7, 2016	Computer technology R&D	RMB 10,776,600	100%	100%	100%	100%	Not applicable

Name	Country /place and date of incorporation/ establishment	Principal activities and place of operation	Paid in capital		Ownership interest held by the Group as at		June 30, 2020	date of report	Statutory auditors for the years ended March 31, 2018, 2019 and 2020
			2018	2019	2020	2020			
Tianjin Happy Life Technology Co., Ltd. (天津開心生活科技有限公司)("Tianjin Happy Life")	PRC / January 23, 2017	Medical technology development	—	100%	100%	100%	100%	100%	SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP
Guizhou Yidu Cloud Technology Co., Ltd. (貴州醫渡雲技術有限公司)("Guizhou Yidu Cloud")	PRC / July 10, 2018	Computer technology R&D	—	—	100%	100%	100%	100%	BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP

* In October 2018, Yidu Cloud Beijing was restructured from being a VIE of Beijing Yiyi Cloud to a subsidiary of Guizhou Yidu Cloud which was a new VIE established in July 2018.

Name	Country /place and date of incorporation/ establishment	Principal activities and place of operation	Paid in capital		Ownership interest held by the Group as at		June 30, 2020	date of report	Statutory auditors for the years ended March 31, 2018, 2019 and 2020
			2018	2019	2020	2020			
Direct subsidiaries of Tianjin Joyful Life—									
Beijing Zhongshi Hanming Enterprise Co., Ltd. (北京中世漢明實業有限公司)	PRC / June 8, 2010	Computer technology R&D	RMB 33,500,000	—	100%	100%	100%	100%	BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP
Beijing Causa Insurance Assessment Co., Ltd. (北京因數保險公估有限公司)	PRC / December 24, 2014	Insurance subject evaluation	RMB 2,000,000	—	98%	98%	98%	98%	Not applicable
Beijing Causa Health Technology Co., Ltd. (北京因數健康科技有限公司)	PRC / April 9, 2015	Computer technology R&D	RMB 4,974,000	100%	100%	100%	100%	100%	Not applicable
Ningbo Century Kangtai Technology Co., Ltd. (寧波世紀康泰科技有限公司)	PRC / February 20, 2020	Technology services	—	—	—	100%	100%	100%	BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP

Name	Country /place and date of incorporation/ establishment	Principal activities and place of operation	Paid in capital	Ownership interest held by the Group as at		June 30, 2020	date of report	Statutory auditors for the years ended March 31, 2018, 2019 and 2020
				2018	2019			
Indirect subsidiaries of Tianjin Joyful Life—								
Ningbo Century Kangtai Insurance Brokerage Co., Ltd. (“Century Kangtai”) (寧波世紀康泰保險經紀有限公司)	PRC / July 3, 2008	Insurance brokerage	RMB 50,000,000	—	100%	100%	100%	BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP
Direct subsidiaries of Tianjin Happy Life—								
Guizhou Gelin Meida Medical Research Co., Ltd. (貴州格林美達醫學研究有限公司)	PRC / June 27, 2018	Medical technology development	RMB 100,000	—	100%	100%	100%	BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP
Happy Life (Guangzhou) Technology Co., Ltd. (開心生活 (廣州) 科技有限公司)	PRC / May 29, 2019	Medical technology development	—	—	100%	100%	100%	BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP
Indirect subsidiaries of Guizhou Yidu Cloud—								
Yidu Cloud (Beijing) Technology Co., Ltd. (醫渡雲 (北京) 技術有限公司)* (“Yidu Cloud Beijing”) . . .	PRC / February 3, 2012	Computer technology R&D	RMB 34,000,000	—	100%	100%	100%	BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP
Indirect subsidiaries of Guizhou Yidu Cloud—								
Xinhexin Technology (Beijing) Co., Ltd. (心核心科技 (北京) 有限公司) (“Xinhexin”)	PRC / April 26, 2018	Medical device sales	RMB 8,800,000	—	—	85%	85%	BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP
Nanjing Yidu Cloud Medical Technology Co., Ltd. (南京醫渡雲醫學技術有限公司)	PRC / July 19, 2018	Computer technology R&D	—	—	100%	100%	100%	Not applicable

Name	Country /place and date of incorporation/ establishment	Principal activities and place of operation	Paid in capital	Ownership interest held by the Group as at March 31,			June 30, 2020	date of report	Statutory auditors for the years ended March 31, 2018, 2019 and 2020
				2018	2019	2020			
Nanjing Yiji Cloud Medical Data Research Institute Co., Ltd. (南京醫基雲醫療數據研究院有限公司)	PRC / September 27, 2018	Medical technology development	RMB 3,000,000	—	85%	85%	85%	Not applicable	
Yidu Cloud (Chongqing) Technology Co., Ltd. (醫渡雲 (重慶) 科技有限公司)	PRC / November 26, 2018	Medical technology development	—	—	100%	100%	100%	Not applicable	
Yidu Cloud (Guangzhou) Technology Co., Ltd. (醫渡雲 (廣州) 技術有限公司)	PRC / April 22, 2019	Computer technology R&D	RMB 30,000,000	—	100%	100%	100%	BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP	

12 Investments accounted for using the equity method

	Year ended March 31,		Three months ended June 30,	
	2018	2019	2020	2020
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period	—	1,228	993	10,206
Additions (a)	12,550	—	9,100	—
Share of (loss)/profit from investments in associates	(2,137)	1	113	(410)
Impairment of associates (b(i))	(9,185)	—	—	—
Disposal of associates	—	(236)	—	—
At end of the year/period	1,228	993	10,206	9,796

(a) Additions

Shanghai Geping

On October 26, 2015, the Group entered into an investment agreement with Shanghai Geping Information Technology Co., Ltd. (“Shanghai Geping”) and the Group subscribed for 4.78% equity interests of Shanghai Geping. The cash consideration equivalent to approximately RMB10.0 million was fully paid by the Group on July 30, 2017.

Shanghai Youanzhi

On March 15, 2017, the Group entered into an investment agreement with Shanghai Youanzhi Medical Technology Co., Ltd. (“Shanghai Youanzhi”) and the Group subscribed for 42.5% equity interests of Shanghai Youanzhi. The cash consideration equivalent to approximately RMB1.55 million was fully paid by the Group on September 30, 2017. Shanghai Youanzhi was disposed by the Group in August 2018.

Beijing Zhongyan Baicao

In January 2018, Beijing Huixu Jintai transferred 5% (subsequently diluted to 4.67% due to the capital injected by one of other investors) equity interests in Beijing Zhongyan Baicao to the Group by a consideration of approximately RMB1.0 million. The cash consideration was fully paid by the Group on January 31, 2018.

Guiyang Wudang Yiduyun

On April 4, 2019, the Group entered into an investment agreement with Guiyang Wudang Yiduyun Medical Healthcare Industry Investment Fund (Limited Partnership (“Guiyang Wudang Yiduyun”) and the Group subscribed for 19.98% equity interests of Guiyang Wudang Yiduyun. The cash consideration equivalent to approximately RMB4.0 million was fully paid by the Group on April 30, 2019.

Hangzhou Qijing

In August 2019, the Group entered into the shareholders’ agreement with other investors and subscribed for 51% equity interests of Hangzhou Qijing Technology Co., Ltd. (“Hangzhou Qijing”). The cash consideration equivalent to approximately RMB5.1 million was fully paid by the Group on October 31, 2019.

Since the Group has appointed one member in the Board of Directors (the “BoD”) of Shanghai Geping, Shanghai Youanzhi and Beijing Zhongyan Baicao, two members in the investment decision committee of Guiyang Wudang Yiduyun, three members in the BoD of Hangzhou Qijing, the Group is considered to have significant influence but not control over above associates.

- (b) Set out below are the associates of the Group as at March 31, 2018, 2019 and 2020 and June 30, 2020. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of business/ country of incorporation	% of ownership interest as at March 31,			Nature of relationship	Measurement method	Carrying amount as at March 31,			June 30,	
		2018 %	2019 %	2020 %			2018 RMB'000	2019 RMB'000	2020 RMB'000	2020 RMB'000	2020 RMB'000
Shanghai Geping Information Technology Co., Ltd. ("Shanghai Geping") (上海格平信息科技有限公司)(i)	PRC	4.78%	4.78%	4.78%	Associate	Equity method	—	—	—	—	—
Shanghai Youanzhi Medical Technology Co., Ltd. ("Shanghai Youanzhi") (上海悠安致醫療科技有限公司)	PRC	42.50%	—	—	Associate	Equity method	236	—	—	—	—
Beijing Zhongyan Baicao Testing and Certification Co., Ltd. ("Beijing Zhongyan Baicao") (北京中研百草檢測認證有限公司)	PRC	5.00%	4.67%	4.67%	Associate	Equity method	992	993	1,100	1,099	1,099
Guiyang Wudang Yiduyun Medical Healthcare Industry Investment Fund (Limited Partnership) ("Guiyang Wudang Yiduyun") (貴陽烏當醫渡雲醫療健康產業投資基金(有限合伙))	PRC	—	—	19.98%	Associate	Equity method	—	—	4,000	4,000	4,000
Hangzhou Qijing Technology Co., Ltd. ("Hangzhou Qijing") (杭州祺鯨科技有限公司)(ii)	PRC	—	—	51.00%	Associate	Equity method	—	—	5,106	4,697	4,697
Total equity account investments							1,228	993	10,206	9,796	9,796

(i) The Group calculates the amount of impairment as the difference between the recoverable amount of Shanghai Geping and its carrying value and recognized the impairment loss amount of approximately RMB9.2 million in the consolidated statement of comprehensive income for the year ended March 31, 2018.

(ii) In accordance with the Shareholders Agreement ("Shareholders Agreement") of Hangzhou Qijing Technology Co., Ltd. ("Hangzhou Qijing"), the Group is entitled to nominate three directors to Hangzhou Qijing's board of directors which consisted of a total of six directors. The other three directors are the representatives as nominated by the other investors of Hangzhou Qijing.

In accordance with the Shareholders Agreement and Hangzhou Qijing's articles of associations, all of its shareholders' and board of directors' resolutions could only be approved by a special majority vote (which requires two-thirds of the total voting rights). Accordingly, the Group does not have control over Hangzhou Qijing based on its existing voting rights.

Hangzhou Qijing is not jointly controlled by the shareholders because the votes from the board representatives of the Group together with any one of board representatives of the other investors are already sufficient for passing the shareholders' or the board of directors' resolution.

Considering the Group has significant influence over Hangzhou Qijing, the Group's investment in Hangzhou Qijing has been accounted as an associate using the equity method.

- (c) The Group's share of loss of Shanghai Geping and the amount of impairment loss recognized already exceed the Group's investment in the associate. Therefore, the Group has not shared further losses of Shanghai Geping and the related unrecognized share of losses amounted to approximately nil, RMB0.2 million, RMB0.1 million, RMB26.9 thousand and RMB4.3 thousand for years ended March 31, 2018, 2019 and 2020 and for the three months ended June 30, 2019 and 2020 respectively. As of March 31, 2018, 2019 and 2020 and June 30, 2020, the accumulated unrecognized share of losses of Shanghai Geping amounted to approximately nil, RMB0.2 million, RMB0.3 million and RMB0.3 million, respectively.

13 Income tax expenses**(a) Cayman Islands**

The Company is incorporated as an exempted company with limited liability under the Companies Act of the Cayman Islands and is not subject to Cayman Islands income tax.

(b) Hong Kong Income Tax

Subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at a rate of 16.5% for assessable profits earned in Hong Kong before April 1, 2018. Starting from the financial year commencing on April 1, 2018, the two-tiered profits tax regime took effect, under which the tax rate is 8.25% for assessable profits on the first HK\$2 million and 16.5% for any assessable profits in excess of HK\$2 million.

(c) Singapore Income Tax

Singapore income tax rate is 17%. No Singapore profits tax was provided for as there was no estimated assessable profit that was subject to Singapore profits tax during the Track Record Period.

(d) PRC Enterprise Income Tax ("EIT")

The income tax provision of the Group in respect of its operations in the PRC was subject to statutory tax rate of 25% on the assessable profits for the Track Record Period, based on the existing legislation, interpretations and practices in respect thereof.

On October 31, 2018, Beijing Yiyi Cloud and Yidu Cloud (Beijing) were qualified as "High and New Technology Enterprises" ("HNTEs") under the relevant PRC laws and regulations. Accordingly, both entities was entitled to a preferential income tax rate of 15% during the calendar years of 2018, 2019 and 2020. This status is subject to a requirement that Beijing Yiyi Cloud and Yidu Cloud (Beijing) reapply for HNTEs status every three years.

(e) PRC Withholding Tax ("WHT")

According to the Corporate Income Tax ("CIT") Law, distribution of profits earned by PRC companies since January 1, 2008 to foreign investors is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investor, upon the distribution of profits to overseas-incorporated immediate holding companies.

During the years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020, no deferred income tax liability on WHT was accrued as at the end of each reporting period because the subsidiaries of the Group were loss making in these years or periods.

	Year ended March 31,			Three months ended June 30,	
	2018	2019	2020	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Current tax	—	557	472	—	—
Deferred income tax (note 33)	26	12	61	184	(418)
Income tax expense/(credit)	<u>26</u>	<u>569</u>	<u>533</u>	<u>184</u>	<u>(418)</u>

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits/losses of the consolidated entities as follows:

	Year ended March 31,			Three months ended June 30,	
	2018	2019	2020	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Loss before income tax expense	(978,342)	(933,121)	(1,510,895)	(666,457)	(506,225)
Tax calculated at statutory tax rate of 25%	(244,586)	(233,281)	(377,724)	(166,614)	(126,556)
Tax effects of:					
Expenses not deductible for tax purposes	4,424	1,859	2,285	819	244
Research and development tax credit	(14,873)	(16,502)	(20,966)	(5,242)	(2,191)
Income not subject to tax	(203)	(993)	(8,728)	—	(15,371)
Tax losses and temporary differences for which no deferred income tax asset was recognized	63,479	86,415	117,026	27,965	25,930
Deferred income	—	9,000	5,250	—	—
Effect of preferential tax rates	9,390	25,593	34,950	9,025	9,893
Effect of different tax rates	182,395	128,478	248,440	134,231	111,631
Utilisation of previously unrecognised tax losses	—	—	—	—	(3,998)
	<u>26</u>	<u>569</u>	<u>533</u>	<u>184</u>	<u>(418)</u>
Unused tax losses for which no deferred income tax assets has been recognized for entities subject to the income tax rate of 25%	46,991	26,024	30,765	5,909	5,118
Unused tax losses for which no deferred income tax assets has been recognized for entities subject to the income tax rate of 15%	8,588	47,743	38,858	20,023	16,889
	<u>55,579</u>	<u>73,767</u>	<u>69,623</u>	<u>25,932</u>	<u>22,007</u>

The expiry dates of the unused tax losses as of the respective balance sheet dates are listed as below.

	As at March 31,			As at June 30,
	2018	2019	2020	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Year ending March 31, 2021	1,648	1,995	1,995	—
Year ending March 31, 2022	3,621	4,031	4,031	2,687
Year ending March 31, 2023	9,496	10,022	10,022	7,008
Year ending March 31, 2024	—	104,096	104,133	105,968
Year ending March 31, 2025	3,389	3,389	123,060	114,320
Year ending March 31, 2026	38,970	38,970	38,970	58,690
Year ending March 31, 2027	137,061	137,061	137,061	134,807
Year ending March 31, 2028	235,721	235,721	235,721	222,621
Year ending March 31, 2029	—	318,287	318,285	313,462
Year ending March 31, 2030	—	—	259,053	168,031
Year ending March 31, 2031	—	—	—	112,595
	<u>429,906</u>	<u>853,572</u>	<u>1,232,331</u>	<u>1,240,189</u>

14 Loss per share

- (a) Basic loss per share for the years ended March 31, 2018, 2019 and 2020 and for the three months ended June 30, 2019 and 2020 are calculated by dividing the loss attributable to the

Company's owners by the weighted average number of ordinary shares in issue during historical years.

The calculation of loss per share is based on the following:

	Year ended March 31,			Three months ended June 30,	
	2018	2019	2020	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Loss attributable to owners of the Company	(978,368)	(933,588)	(1,509,878)	(666,474)	(505,687)
Weighted average number of ordinary shares in issue (*000)	472,222	429,163	403,889	403,889	403,889
Basic loss per share (RMB yuan)	<u>(2.07)</u>	<u>(2.18)</u>	<u>(3.74)</u>	<u>(1.65)</u>	<u>(1.25)</u>

- (b) Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

As the Group incurred losses for the years ended March 31, 2018, 2019 and 2020 and for the three months ended June 30, 2019 and 2020, the potential ordinary shares were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the years ended March 31, 2018, 2019 and 2020 and for the three months ended June 30, 2019 and 2020 are same as basic loss per share for the respective years/periods.

- (c) On December 28, 2020, the Company carried out a share subdivision (the "Share Subdivision") pursuant to which each share in the then issued and unissued share capital was split into five shares of the corresponding class with a par value of US\$0.00002 each.

Due to the Share Subdivision was occurred after the reporting period but before the financial statements authorized for issue, the calculations for loss per share are adjusted retrospectively, based on the number of ordinary shares after the Share Subdivision.

15 Property, plant and equipment

	Electronic equipment	Office furniture	Leasehold improvement	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost:				
At April 1, 2017	32,988	450	2,291	35,729
Additions	15,487	710	1,035	17,232
At March 31, 2018	<u>48,475</u>	<u>1,160</u>	<u>3,326</u>	<u>52,961</u>
Additions	10,583	564	2,445	13,592
Disposal	(443)	(111)	—	(554)
At March 31, 2019	<u>58,615</u>	<u>1,613</u>	<u>5,771</u>	<u>65,999</u>
Additions	20,820	891	3,840	25,551
Disposal	(2,340)	—	—	(2,340)
At March 31, 2020	<u>77,095</u>	<u>2,504</u>	<u>9,611</u>	<u>89,210</u>
At April 1, 2020	77,095	2,504	9,611	89,210
Additions	1,473	2,761	1,260	5,494
At June 30, 2020	<u>78,568</u>	<u>5,265</u>	<u>10,871</u>	<u>94,704</u>
Accumulated depreciation:				
At April 1, 2017	(5,686)	(88)	(272)	(6,046)
Depreciation	(12,702)	(282)	(1,226)	(14,210)
At March 31, 2018	<u>(18,388)</u>	<u>(370)</u>	<u>(1,498)</u>	<u>(20,256)</u>
Depreciation	(16,378)	(459)	(2,443)	(19,280)
Disposal	239	56	—	295
At March 31, 2019	<u>(34,527)</u>	<u>(773)</u>	<u>(3,941)</u>	<u>(39,241)</u>
Depreciation	(16,615)	(511)	(2,091)	(19,217)
Disposal	2,193	—	—	2,193
At March 31, 2020	<u>(48,949)</u>	<u>(1,284)</u>	<u>(6,032)</u>	<u>(56,265)</u>
At April 1, 2020	(48,949)	(1,284)	(6,032)	(56,265)
Depreciation	(2,717)	(1,250)	(667)	(4,634)
At June 30, 2020	<u>(51,666)</u>	<u>(2,534)</u>	<u>(6,699)</u>	<u>(60,899)</u>
Net carrying amount:				
At March 31, 2018	<u>30,087</u>	<u>790</u>	<u>1,828</u>	<u>32,705</u>
At March 31, 2019	<u>24,088</u>	<u>840</u>	<u>1,830</u>	<u>26,758</u>
At March 31, 2020	<u>28,146</u>	<u>1,220</u>	<u>3,579</u>	<u>32,945</u>
At June 30, 2020	<u>26,902</u>	<u>2,731</u>	<u>4,172</u>	<u>33,805</u>

Depreciation expenses have been charged to profit or loss and presented in the consolidated statements of comprehensive income as follows:

	Year ended March 31,			Three months ended June 30,	
	2018	2019	2020	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cost of sales	345	637	969	155	299
Administrative expenses	2,021	3,908	3,135	1,204	1,565
Research and development expenses	11,677	14,620	14,830	3,520	2,663
Selling and marketing expenses	167	115	283	34	107
	<u>14,210</u>	<u>19,280</u>	<u>19,217</u>	<u>4,913</u>	<u>4,634</u>

16 Leases

(a) Amounts recognized in the consolidated balance sheets

	As at March 31,			As at June 30,
	2018	2019	2020	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Right-of-use assets (i)				
Buildings	26,733	23,448	35,689	32,947
Lease liabilities				
Current	11,546	14,930	14,944	17,770
Non-current	17,102	10,817	21,494	19,526
	<u>28,648</u>	<u>25,747</u>	<u>36,438</u>	<u>37,296</u>

(i) The movement in right-of-use assets in the consolidated balance sheets are as follows:

	Year ended March 31,			Three months ended June 30,	
	2018	2019	2020	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cost					
At beginning of the year/period	22,080	38,799	48,295	48,295	69,220
Additions	16,719	11,626	28,231	747	796
Lease expiration	—	—	(5,176)	—	—
Termination of lease contracts	—	(2,130)	(2,130)	—	—
At end of the year/period	<u>38,799</u>	<u>48,295</u>	<u>69,220</u>	<u>49,042</u>	<u>70,016</u>
Accumulated depreciation					
At beginning of the year/period	(4,784)	(12,066)	(24,847)	(24,847)	(33,531)
Depreciation charge for the year/period	(7,282)	(13,550)	(15,103)	(3,489)	(3,538)
Lease expiration	—	—	5,176	—	—
Termination of lease contracts	—	769	1,243	—	—
At end of year/period	<u>(12,066)</u>	<u>(24,847)</u>	<u>(33,531)</u>	<u>(28,336)</u>	<u>(37,069)</u>
Net book amount					
At end of the year/period	<u>26,733</u>	<u>23,448</u>	<u>35,689</u>	<u>20,706</u>	<u>32,947</u>

(b) Amounts recognized in the consolidated statements of comprehensive income

	Year ended March 31,			Three months ended June 30,	
	2018	2019	2020	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Depreciation charge of right-of-use assets	7,282	13,550	15,103	3,489	3,538
Interest expense	2,466	3,103	4,199	661	1,390
Expense relating to short-term leases	25	398	265	112	585

The total cash outflow for leases for the years ended March 31, 2018, 2019 and 2020 and for the three months ended June 30, 2019 and 2020 were approximately RMB9.2 million, RMB16.7 million, RMB21.1 million, RMB5.5 million and RMB2.6 million respectively.

17 Intangible assets

	Goodwill	License	Technology	Software	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:					
At April 1, 2017	—	—	—	87	87
Additions	—	—	—	215	215
Disposal	—	—	—	(19)	(19)
At March 31, 2018	—	—	—	283	283
Additions (a)	—	32,240	—	376	32,616
At March 31, 2019	—	32,240	—	659	32,899
Additions	—	—	—	1,040	1,040
Business combination (b) (note 36)	4,362	—	3,900	—	8,262
At March 31, 2020	4,362	32,240	3,900	1,699	42,201
At April 1, 2020	4,362	32,240	3,900	1,701	42,203
Additions (a)	—	2,795	—	—	2,795
At June 30, 2020	4,362	35,035	3,900	1,701	44,998
Accumulated amortization					
At April 1, 2017	—	—	—	(67)	(67)
Amortization	—	—	—	(54)	(54)
Disposal	—	—	—	2	2
At March 31, 2018	—	—	—	(119)	(119)
Amortization	—	(449)	—	(129)	(578)
At March 31, 2019	—	(449)	—	(248)	(697)
Amortization	—	(1,612)	(520)	(305)	(2,437)
At March 31, 2020	—	(2,061)	(520)	(553)	(3,134)
At April 1, 2020	—	(2,061)	(520)	(553)	(3,134)
Amortization	—	(426)	(195)	(213)	(834)
At June 30, 2020	—	(2,487)	(715)	(766)	(3,968)
Net carrying amount:					
At March 31, 2018	—	—	—	164	164
At March 31, 2019	—	31,791	—	411	32,202
At March 31, 2020	4,362	30,179	3,380	1,146	39,067
At June 30, 2020	4,362	32,548	3,185	935	41,030

- (a) Major additions during the year ended March 31, 2019 and the three months ended June 30, 2020

The additions of license during the year ended March 31, 2019 are mainly included insurance licenses obtained from acquisitions of Ningbo Century Kangtai Insurance Brokerage Co., Ltd. (寧波世紀康泰保險經紀有限公司), Beijing Causa Insurance Assessment Co., Ltd. (北京因數保險公估有限公司) and Beijing Zhongshi Hanming Enterprise Co., Ltd. (北京中世漢明實業有限公司) at a total consideration of RMB32.2 million. The acquisitions of these entities did not qualify for a “Business combination” but in substance for the acquisitions of the underlying assets and assets acquired did not constitute a business.

In May 2020, the Group acquired the entire 100% equity interest of Jiangxi Zhengyuan Pharmaceutical Co., Ltd. (“Jiangxi Zhengyuan” 江西正源醫藥有限公司) at a total consideration of approximately RMB8.0 million. At the acquisition date, the majority of assets as owned by Jiangxi Zhengyuan include a Good Supply Practice (“GSP”) license and certain amounts of cash and cash equivalents. The addition to intangible assets for the three months ended June 30, 2020 represents the consideration for acquiring the aforesaid GSP licence of approximately RMB2.8 million. The acquisition of Jiangxi Zhengyuan Pharmaceutical Co., Ltd. did not qualify for a “Business combination” but in substance for the acquisition of the underlying assets and assets acquired did not constitute a business.

- (b) Business combination during the year ended March 31, 2020

This is mainly due to acquisition of Xinhexin Technology (Beijing) Co., Ltd. (“Xinhexin”) on August 21, 2019 (note 36). Xinhexin is an entity engaged in sales and development of healthcare devices in the PRC. The Group acquired technology of RMB3.9 million and goodwill of RMB4.4 million, respectively.

- (c) Impairment tests for goodwill

Goodwill arose from the acquisition of a subsidiary through business combinations as below:

	<u>Xinhexin</u> <u>RMB'000</u>
At March 31, 2020 and June 30, 2020	
Goodwill	<u>4,362</u>

As at March 31, 2020, the carrying amount of goodwill was allocated to a Cash Generating Unit (“CGU”) related to the business of Xinhexin. The recoverable amount of the CGU was determined based on value-in-use calculations which required the use of assumptions. The calculations used cash flow projections based on financial budgets approved by management of the Group covering a six-year period. A period longer than five years can be used projections if it is justifiable, and the management of the Group used a six-year period, which takes into account the length of the post projection period for the cash flow forecast will be perpetuity, and this shall be achieved by identifying a ‘steady state’ set of assumptions for the cash flows in the last year of the forecasts and applying a terminal value multiple to those cash flows. Given the Group expects to maintain an extended high growth rate over a period longer than 5 years, management of the Group considers that Xinhexin’s business is expected to reach a steady and stable terminal growth state likely after a six-year period, with a terminal growth rate of 3% as of March 31, 2020 and June 30, 2020, respectively. For the years ended March 31, 2020 and the three months ended June 30, 2020, cash flows for the six-year period were extrapolated using the estimated annual revenue growth rate of 36% and 21%. Pre-tax discount rate of 25% and 25% were used to reflect market assessments of time value and the specific risks relating to the industry in which

the Group operated. The financial projection was determined by the management of the Group based on its expectation for market development.

Based on the result of the impairment reviews of goodwill, the estimated recoverable amount exceeded its carrying amount by approximately RMB 13.8 million and RMB10.3 million as of March 31, 2020 and June 30, 2020, respectively. The management of the Group has not identified that a reasonable possible change in any of the key assumptions that could cause the carrying amount to exceed the recoverable amount.

The Group has performed a sensitivity analysis on key assumptions used in management's impairment test of goodwill. Had the estimated annual revenue growth rate during the forecast period been 1% lower, the estimated recoverable amount exceeding its carrying amount would decrease to RMB10.3 million and RMB8.3 million as of March 31, 2020 and June 30, 2020, respectively. Reasonably possible changes in key assumptions would not lead to impairment as of March 31, 2020 and June 30, 2020, respectively.

(d) Amortization expenses have been charged to profit or loss and presented in the consolidated statements of comprehensive income as follows:

	Year ended March 31,			Three months ended June 30,	
	2018	2019	2020	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Administrative expenses	6	75	305	5	251
Research and development expenses	48	54	520	—	195
Selling and marketing expenses	—	449	1,612	407	388
	<u>54</u>	<u>578</u>	<u>2,437</u>	<u>412</u>	<u>834</u>

18 Financial instruments by category

	Note	As at March 31,			As at June 30,
		2018	2019	2020	2020
		RMB'000	RMB'000	RMB'000	RMB'000
Financial assets					
Financial assets at amortized cost:					
Trade receivables	20	18,362	68,067	287,271	186,866
Other financial assets at amortized cost	19	4,852	37,323	19,050	19,849
Cash and cash equivalents	23	560,366	305,864	719,721	838,083
Pledged bank deposits	23	—	6,923	11,325	585
Term deposits	23	—	67,335	—	—
Restricted bank balance and deposits	23	—	5,000	5,000	5,000
Financial assets at fair value through profit or loss . . .	22	—	134,715	20,840	21,020
		<u>583,580</u>	<u>625,227</u>	<u>1,063,207</u>	<u>1,071,403</u>
Financial liabilities					
Financial liabilities at amortized cost:					
Trade and other payables (excluding tax payables)	30	20,014	75,400	178,088	161,208
Lease liabilities	16	28,648	25,747	36,438	37,296
Financial liabilities at fair value through profit or loss:					
Convertible redeemable preferred shares	28	1,540,449	2,395,644	4,005,248	4,984,227
Convertible notes	32	253,851	364,215	486,392	—
		<u>1,842,962</u>	<u>2,861,006</u>	<u>4,706,166</u>	<u>5,182,731</u>

The Group's exposure to various risks associated with the financial instruments is discussed in note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

19 Other financial assets at amortized cost

Other financial assets at amortized cost include the following:

The Group	As at March 31,			As at June 30,
	2018	2019	2020	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Payments on behalf of a third party (a)	—	29,903	—	—
Deposits (b)	4,232	5,921	10,250	10,253
Loans to third parties (c)	752	752	4,752	4,752
Advance to staff	560	1,159	3,768	3,931
Other	60	340	1,032	1,665
	5,604	38,075	19,802	20,601
Less: provision for impairment of other receivables (d)	(752)	(752)	(752)	(752)
	<u>4,852</u>	<u>37,323</u>	<u>19,050</u>	<u>19,849</u>
The Company	As at March 31,			As at June 30,
	2018	2019	2020	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Amount due from subsidiaries	220,084	787,820	1,275,672	1,274,686
Amount due from related parties	12,800	13,707	12,369	12,359
Others	65	275	169	84
	232,949	801,802	1,288,210	1,287,129
Less: provision for impairment of other receivables (d)	—	—	—	—
	<u>232,949</u>	<u>801,802</u>	<u>1,288,210</u>	<u>1,287,129</u>

(a) It consists primarily of the amounts paid by the Group on behalf of a third party for the acquisition of information stream. Those outstanding amounts were fully repaid by the third party to the Group in January 2020.

(b) Deposits consists primarily of security deposits for rental and projects.

(c) Loans to third parties

(i) Geping Loan

On December 7, 2015, the Group granted a RMB10.0 million loan to Geping mHealth Hong Kong Limited (“Geping”) (“Geping Loan”) for its general business operations. This loan is originally for a term of one year, unsecured and non-interest bearing. On December 7, 2016, the Group entered into an agreement to extend the expiry date to December 6, 2017. Pursuant to these agreements and series of amendment letters of repayments, the Geping Loan shall be fully repaid before July 20, 2017. Geping has repaid around RMB9.2 million to the Group in April 2017. The Group made full impairment losses for the rest of the Geping Loan after assessment of its collectability during the year ended March 31, 2018.

(ii) On December 30, 2019, the Group granted a loan of RMB4.0 million to a third party for its general business operations. This loan was pledged by an asset from a designated person of this third party and non-interest bearing. This loan was for a term of one year and repayable on July 31, 2020. This loan was subsequently fully repaid in July 2020.

(d) Impairment and risk exposure

All of the financial assets at amortized cost are denominated in RMB. As a result, there is no exposure to foreign currency risk.

On the basis as described in note 3.1(b), the loss allowance for other financial assets at amortized cost as at March 31, 2018, 2019 and 2020 and June 30, 2020 are determined as follows:

(i) As at March 31, 2018, the loss allowance of individually impaired other financial assets at amortized cost is determined as follows:

<u>Individual</u>	<u>Loans to third parties</u>	<u>Expected credit loss rate</u>	<u>Loss allowance</u>	<u>Reason</u>
Other financial assets at amortized cost	<u>752</u>	<u>100%</u>	<u>752</u>	The likelihood of recovery

(ii) As at March 31, 2019, the loss allowance of individually impaired other financial assets at amortized cost is determined as follows:

<u>Individual</u>	<u>Loans to third parties</u>	<u>Expected credit loss rate</u>	<u>Loss allowance</u>	<u>Reason</u>
Other financial assets at amortized cost	<u>752</u>	<u>100%</u>	<u>752</u>	The likelihood of recovery

(iii) As at March 31, 2020, the loss allowance of individually impaired other financial assets at amortized cost is determined as follows:

<u>Individual</u>	<u>Loans to third parties</u>	<u>Expected credit loss rate</u>	<u>Loss allowance</u>	<u>Reason</u>
Other financial assets at amortized cost	<u>752</u>	<u>100%</u>	<u>752</u>	The likelihood of recovery

(iv) As at June 30, 2020, the loss allowance of individually impaired other financial assets at amortised cost is determined as follows:

<u>Individual</u>	<u>Loans to third parties</u>	<u>Expected credit loss rate</u>	<u>Loss allowance</u>	<u>Reason</u>
Other financial assets at amortised cost	<u>752</u>	<u>100%</u>	<u>752</u>	The likelihood of recovery

Except loans to third parties, the loss allowance for other categories of other financial assets at amortized cost as at March 31, 2018, 2019 and 2020 and June 30, 2020 is nil, nil, nil and nil, respectively.

20 Trade receivables

	As at March 31,			As at June 30,
	2018	2019	2020	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables from contracts with customers				
—Third parties	17,690	74,916	310,713	212,945
—Related parties	2,437	2,737	8,676	7,693
Less: allowance for impairment of trade receivables	(1,765)	(9,586)	(32,118)	(33,772)
	<u>18,362</u>	<u>68,067</u>	<u>287,271</u>	<u>186,866</u>

- (a) The credit terms given to trade customers are determined on an individual basis with normal credit period mainly around 180 days. The ageing analysis of the trade receivables based on invoice date is as follows:

	As at March 31,			As at June 30,
	2018	2019	2020	2020
	RMB'000	RMB'000	RMB'000	RMB'000
—Up to 3 months	270	10,770	91,673	47,756
—3 to 6 months	19,857	50,632	189,550	23,782
—6 months to 1 year	—	937	10,405	122,720
—1-2 years	—	15,314	15,784	13,142
—Over 2 years	—	—	11,977	13,238
	20,127	77,653	319,389	220,638
Less: allowance for impairment of trade receivables	(1,765)	(9,586)	(32,118)	(33,772)
Total	<u>18,362</u>	<u>68,067</u>	<u>287,271</u>	<u>186,866</u>

- (b) Fair values of trade receivables

Due to the short-term nature of the current receivables, their carrying amounts are considered to be approximately the same as their fair values.

- (c) Impairment and risk exposure

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

On the basis as described in note 3.1(b), the loss allowance for trade receivables as at March 31, 2018, 2019 and 2020 and June 30, 2020 are determined as follows:

- (i) As at March 31, 2018, the loss allowance of individually impaired trade receivables is determined as follows:

Individual	Trade receivables	Expected credit loss rate	Loss allowance	Reason		
				Current	No more than 1 year past due	1 year to 2 years past due
Trade receivables	==	==	==	The likelihood of recovery		
At March 31, 2018						
Expected loss rate		8.8%	—	—	—	8.8%
Gross carrying amount—trade receivables	20,127	—	—	—	—	20,127
Loss allowance	1,765	—	—	—	—	1,765

- (ii) As at March 31, 2019, the loss allowance of individually impaired trade receivables is determined as follows:

<u>Individual</u>	<u>Trade receivables</u>	<u>Expected credit loss rate</u>	<u>Loss allowance</u>	<u>Reason</u>		
Trade receivables	<u>11,329</u>	<u>50%</u>	<u>5,665</u>	The likelihood of recovery		
			<u>Current</u>	<u>No more than 1 year past due</u>	<u>1 year to 2 years past due</u>	<u>More than 2 years past due</u>
						<u>Total</u>
At March 31, 2019						
Expected loss rate		5.1%	10.8%	16.6%	—	5.9%
Gross carrying amount—trade receivables		61,402	937	3,985	—	66,324
Loss allowance		3,160	101	660	—	3,921

- (iii) As at March 31, 2020, the loss allowance of individually impaired trade receivables is determined as follows:

<u>Individual</u>	<u>Trade receivables</u>	<u>Expected credit loss rate</u>	<u>Loss allowance</u>	<u>Reason</u>		
Trade receivables	<u>11,179</u>	<u>100%</u>	<u>11,179</u>	The likelihood of recovery		
			<u>Current</u>	<u>No more than 1 year past due</u>	<u>1 year to 2 years past due</u>	<u>More than 2 years past due</u>
						<u>Total</u>
At March 31, 2020						
Expected loss rate		3.7%	10.1%	18.2%	43.6%	6.8%
Gross carrying amount—trade receivables		183,385	108,242	15,785	798	308,210
Loss allowance		6,824	10,890	2,877	348	20,939

- (iv) As at June 30, 2020, the loss allowance of individually impaired trade receivables is determined as follows:

<u>Individual</u>	<u>Trade receivables</u>	<u>Expected credit loss rate</u>	<u>Loss allowance</u>	<u>Reason</u>		
Trade receivables	<u>11,729</u>	<u>100%</u>	<u>11,179</u>	The likelihood of recovery		
			<u>Current</u>	<u>No more than 1 year past due</u>	<u>1 year to 2 years past due</u>	<u>More than 2 years past due</u>
						<u>Total</u>
At June 30, 2020						
Expected loss rate		3.4%	11.7%	32.2%	75.9%	10.8%
Gross carrying amount—trade receivables		71,538	122,720	13,142	2,059	209,459
Loss allowance		2,454	14,346	4,231	1,562	22,593

- (d) The movements on the provision for impairment of trade receivables are as follows:

	<u>Year ended March 31,</u>			<u>Three months ended June 30,</u>	
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
At beginning of the year/period	—	(1,765)	(9,586)	(9,586)	(32,118)
Provision for impairment of trade receivables	<u>(1,765)</u>	<u>(7,821)</u>	<u>(22,532)</u>	<u>(3,803)</u>	<u>(1,654)</u>
At end of the year/period	<u>(1,765)</u>	<u>(9,586)</u>	<u>(32,118)</u>	<u>(13,389)</u>	<u>(33,772)</u>

21 Inventories

	As at March 31,			As at June 30,
	2018	2019	2020	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Purchased goods—at cost	—	27,194	67,496	23,984
Less: allowance for impairment of inventories	—	—	—	—
	—	27,194	67,496	23,984

(i) Amounts recognized in profit or loss

Inventories recognized as cost of sales and services during the years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020 amounted to approximately nil, RMB37.3 million, RMB201.1 million, RMB7.8 million and RMB84.8 million, respectively.

(ii) As of March 31, 2020, the inventory for Big data platform and solutions segment included certain medical devices and other COVID-19 prevention supplies of RMB49.4 million relating to the Group's epidemic response solutions.

22 Financial assets at fair value through profit or loss

(a) Classification of financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss (FVPL):

- Debt investments that do not qualify for measurement at amortized cost (see note 19 above)

Financial assets mandatorily measured at FVPL include the following:

	As at March 31,			As at June 30,
	2018	2019	2020	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets				
Loan to a third party with warrants to purchase preferred shares of Trifo (i)	—	—	20,840	21,020
Current assets				
Investment in wealth management products (ii)	—	134,715	—	—

(i) On January 3, 2020, a subsidiary of the Group, Guizhou Yidu Cloud Technology Co., Ltd. ("Guizhou Yidu Cloud"), entered into an agreement and granted a loan with amount of RMB20 million to Nanjing Trifo Technology Co., Ltd. ("Nanjing Trifo"), which were secured by guarantee of Nanjing Trifo's affiliates (including its ultimate parent company incorporated in Cayman, Trifo) and pledge of shares in Trifo indirectly held by Mr. Zhang (the founder of Trifo). The interest rate is 10% per annum and the loan will be expired in 18 months since the actual payment by Guizhou Yidu Cloud ("Term of Loan").

On the same date, Guizhou Yidu Cloud, Nanjing Trifo and Nanjing Trifo's affiliates entered into a Warrants Purchase Agreement, pursuant to which Trifo issued a warrants to Guizhou Yidu Cloud or its designated party a right to purchase up to 762,776 newly issued Series C-4 preferred shares of Trifo (the "Warrants Shares"). Before the expiration of the Term of Loan, if Guizhou Yidu Cloud completes

the governmental registration or filings with respect to its Outbound Direct Investment (“ODI Filings”) into Trifo, Nanjing Trifo should repay the loan to Guizhou Yidu Cloud with the interest waived by Guizhou Yidu Cloud. After the receipt of the repaid loan, Guizhou Yidu Cloud will exchange the repaid money at the amount of RMB20 million into an amount denominated in US\$ and pay such amount to Trifo to subscribe the Warrants Shares.

Key valuation assumptions used to determine the fair value of the loan to a third party with warrants to purchase preferred shares of Trifo are as follows:

	<u>As at March 31, 2020</u>	<u>As at June 30, 2020</u>
Discount rate	25.0%	25.0%
Risk-free interest rate	3.3%	3.6%
Discount for lack of marketability (“DLOM”)	<u>25.0%</u>	<u>25.0%</u>

- (ii) The wealth management products (“WMP”) of the Company and the Group during the year ended March 31, 2019 were related to EUR-USD linked structured investment issued by a reputable bank in Hong Kong. The WMP were non-principal protected with maturity of less than 1 month. The expected interest rate of WMP was 1.2% per annum and interest was paid on the maturity date. The WMP was redeemed during the year ended March 31, 2020 with principal and interest returned.

The movements of WMP are as follows:

	<u>Year ended March 31,</u>			<u>Three months ended</u>	
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
At beginning of the year/period	—	—	134,715	134,715	—
Purchase	—	471,390	1,994,975	—	—
Redemption	—	(336,934)	(2,131,042)	(135,148)	—
Change in fair value	—	259	1,352	433	—
At end of the year/period	<u>—</u>	<u>134,715</u>	<u>—</u>	<u>—</u>	<u>—</u>

- (b) Amounts recognized in profit or loss

During the years/periods, the following losses were recognized in profit or loss:

	<u>Year ended March 31,</u>			<u>Three months ended</u>	
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Fair value gains on investments in wealth management products	—	259	1,352	433	—
Fair value losses on loan to a third party with warrants to purchase preferred shares of Trifo	—	—	840	—	180
	<u>—</u>	<u>259</u>	<u>2,192</u>	<u>433</u>	<u>180</u>

- (c) Risk exposure and fair value measurements

Information about the Group’s exposure to financial risk is provided in note 3.1 and information about the methods and assumptions used in determining fair value are set out in note 3.3.

23 Cash and bank balances**(a) Cash and cash equivalents**

The Group	As at March 31,			As at June 30,
	2018	2019	2020	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Bank balances and term deposits and restricted bank balance and deposits	560,366	378,199	724,721	843,083
Less:	—	(72,335)	(5,000)	(5,000)
Term deposits	—	(67,335)	—	—
Restricted bank balance and deposits with original maturities over three months but less than one year*	—	—	(1,000)	(4,000)
Restricted bank balance and deposits with original maturities over one year *	—	(5,000)	(4,000)	(1,000)
Cash and cash equivalents	<u>560,366</u>	<u>305,864</u>	<u>719,721</u>	<u>838,083</u>

* Restricted bank balance and deposits are deposited in an escrow account with China Construction Bank Company Limited Xiamen Branch for the register capital of Century Kangtai to operate insurance brokerage business.

The directors of the Company considered that the carrying amount of the term deposits and restricted bank balance and deposits with initial terms over three months approximated to their fair value as at March 31, 2018, 2019 and 2020 and June 30, 2020.

The weighted average effective interest rate of the term deposits and restricted bank balance and deposits of the Group for the years ended March 31, 2019 and 2020 and for the three months ended June 30, 2019 and 2020 are 1.82%, 2.75%, 2.47% and 2.75% respectively.

Bank balances and term deposits and restricted bank balance and deposits of the Group are denominated in the following currencies:

	As at March 31,			As at June 30,
	2018	2019	2020	2020
	RMB'000	RMB'000	RMB'000	RMB'000
US\$	535,629	282,425	628,722	703,968
HK\$	81	86	90	90
RMB	<u>24,656</u>	<u>95,688</u>	<u>95,909</u>	<u>139,025</u>
Total	<u>560,366</u>	<u>378,199</u>	<u>724,721</u>	<u>843,083</u>

The Company	As at March 31,			As at June 30,
	2018	2019	2020	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Bank balances and term deposits	483,386	99,381	438,053	525,718
Less: Term deposits	—	(67,335)	—	—
Cash and cash equivalents	<u>483,386</u>	<u>32,046</u>	<u>438,053</u>	<u>525,718</u>

Bank balances and term deposits of the Company are denominated in the following currencies:

	As at March 31,			As at June 30,
	2018	2019	2020	2020
	RMB'000	RMB'000	RMB'000	RMB'000
US\$	483,305	99,295	437,963	525,628
HK\$	81	86	90	90
Total	<u>483,386</u>	<u>99,381</u>	<u>438,053</u>	<u>525,718</u>

(b) Pledged bank deposits

The Group	As at March 31,			As at
	2018	2019	2020	June 30,
	RMB'000	RMB'000	RMB'000	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	—	192	585	585
Current assets	—	6,731	10,740	—
Total	<u>—</u>	<u>6,923</u>	<u>11,325</u>	<u>585</u>

Pledged bank deposits represent deposits pledged to banks to obtain letters of guarantees for the fulfillment or quality promise in certain project contracts. Pledged bank deposits with maturities over one year as of the respective balance sheet dates were classified as non-current assets.

Pledged bank deposits of the Group are all denominated in RMB and carried interests at market rates at 0.3%, 0.3% and 0.3% as at March 31, 2019, 2020 and June 30, 2020, respectively.

24 Other current assets

	As at March 31,			As at
	2018	2019	2020	June 30,
	RMB'000	RMB'000	RMB'000	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayment :				
Advance payments to suppliers for inventories	—	2,434	19,370	3,774
Prepaid professional fee	2,211	3,672	7,818	7,390
Business insurance for employees	812	812	1,701	1,351
Others	767	661	900	680
Deductible input VAT	<u>4,272</u>	<u>20,274</u>	<u>15,839</u>	<u>16,885</u>
	<u>8,062</u>	<u>27,853</u>	<u>45,628</u>	<u>30,080</u>

25 Share capital

Issued ordinary shares with par value of US\$0.0001 each	<u>Number of shares</u>	<u>Share capital</u> US\$'000	<u>Share capital</u> RMB'000
Issued:			
At March 31, 2017	94,444,445	9	58
Addition	—	—	—
At March 31, 2018	94,444,445	9	58
Decrease (a)	(13,666,667)	(1)	(9)
At March 31, 2019	80,777,778	8	49
Addition	—	—	—
At March 31, 2020	80,777,778	8	49
At April 1, 2019	80,777,778	8	49
Addition	—	—	—
At June 30, 2019 (Unaudited)	80,777,778	8	49
At April 1, 2020	80,777,778	8	49
Addition	—	—	—
At June 30, 2020	80,777,778	8	49

On December 9, 2014, the Company was incorporated in the Cayman Islands with an authorized share capital of US\$50,000 divided into 100,000,000 ordinary shares of par value of US\$ 0.0005 each, of which 10,000,000 ordinary shares had been issued. Sweet Panda Limited and Lucky Panda Limited, companies organized under the laws of the British Virgin Islands, held 99% and 1% of total equities of the Company, respectively.

On March 16, 2015, the Company split 100,000,000 ordinary shares to 500,000,000 ordinary shares of par value of US\$ 0.0001 each and reissued 50,000,000 ordinary shares of par value of US\$ 0.0001. Immediately after the share split and reissue, Sweet Panda Limited and Lucky Panda Limited still held 99% and 1% of total equities of the Company, respectively.

On March 16, 2015, the Company repurchased 5,555,555 ordinary shares from Sweet Panda Limited.

On March 16, 2015, Sweet Panda Limited and Lucky Panda Limited together owned 94,444,445 issued ordinary shares of the Company, totalling US\$ 9,444. All issued ordinary shares were still unpaid by those shareholders up to now.

On December 17, 2017, pursuant to the articles of association and board of director resolutions, the Company re-designated ordinary shares into class A ordinary shares and class B ordinary shares. Immediately after the re-designation, Sweet Panda Limited holds 15,371,667 class A ordinary shares (note 29) and 78,072,778 class B ordinary shares. Lucky Panda Limited holds 1,000,000 class B ordinary shares. The holder of each class A ordinary shares shall have twenty (20) votes in respect of each class A ordinary shares held by such holder, and the holder of each class B ordinary share shall have one (1) vote in respect of each class B ordinary shares at any general meeting of the Company.

(a) On August 14, 2018, 13,666,667 class B ordinary shares were surrendered by Sweet Panda Limited to the Company's Employee Incentive Plan.

On December 28, 2020, the Company carried out a share subdivision (the “Share Subdivision”) pursuant to which each share in the then issued and unissued share capital was split into five shares of the corresponding class with a par value of US\$0.00002 each.

26 Other reserves

The Group	Share-based compensation reserve	Currency translation differences	Other Comprehensive Income reserve	Other reserves	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At April 1, 2017	—	(16,418)	—	(4,544)	(20,962)
Fair value change of convertible redeemable preferred shares due to own credit risk	—	—	(3,557)	—	(3,557)
Fair value change of convertible notes due to own credit risk	—	—	(3,260)	—	(3,260)
Share-based compensation for super voting right (note 29)	3,653	—	—	—	3,653
Currency translation differences	—	86,742	—	—	86,742
At March 31, 2018	<u>3,653</u>	<u>70,324</u>	<u>(6,817)</u>	<u>(4,544)</u>	<u>62,616</u>
Fair value change of convertible redeemable preferred shares due to own credit risk	—	—	(1,022)	—	(1,022)
Fair value change of convertible notes due to own credit risk	—	—	(984)	—	(984)
Currency translation differences	—	(97,262)	—	—	(97,262)
At March 31, 2019	<u>3,653</u>	<u>(26,938)</u>	<u>(8,823)</u>	<u>(4,544)</u>	<u>(36,652)</u>
Fair value change of convertible redeemable preferred shares due to own credit risk	—	—	(9,564)	—	(9,564)
Fair value change of convertible notes due to own credit risk	—	—	1,110	—	1,110
Share-based compensation (note 29)	220,228	—	—	—	220,228
Consideration for business combination (note 36)	5,586	—	—	—	5,586
Currency translation differences	—	(154,848)	—	—	(154,848)
At March 31, 2020	<u>229,467</u>	<u>(181,786)</u>	<u>(17,277)</u>	<u>(4,544)</u>	<u>25,860</u>
At April 1, 2019	3,653	(26,938)	(8,823)	(4,544)	(36,652)
Fair value change of convertible redeemable preferred shares due to own credit risk	—	—	(14)	—	(14)
Fair value change of convertible notes due to own credit risk	—	—	807	—	807
Currency translation differences	—	(57,108)	—	—	(57,108)
At June 30, 2019 (Unaudited)	<u>3,653</u>	<u>(84,046)</u>	<u>(8,030)</u>	<u>(4,544)</u>	<u>(92,967)</u>
At April 1, 2020	229,467	(181,786)	(17,277)	(4,544)	25,860
Fair value change of convertible redeemable preferred shares due to own credit risk	—	—	(23)	—	(23)
Share-based compensation (note 29)	23,860	—	—	—	23,860
Purchasing of the Company's options from third parties (note 29(c))	—	—	—	19,222	19,222
Currency translation differences	—	3,104	—	—	3,104
At June 30, 2020	<u>253,327</u>	<u>(178,682)</u>	<u>(17,300)</u>	<u>14,678</u>	<u>72,023</u>

APPENDIX I
ACCOUNTANT'S REPORT

The Company	Share-based compensation reserve	Currency translation differences	Other Comprehensive Income reserve	Other reserves	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At April 1, 2017	—	(7,253)	—	(8,544)	(15,797)
Fair value change of convertible redeemable preferred shares due to own credit risk	—	—	(3,557)	—	(3,557)
Fair value change of convertible notes due to own credit risk	—	—	(3,260)	—	(3,260)
Share-based compensation for super voting right (note 29)	3,653	—	—	—	3,653
Currency translation differences	—	52,747	—	—	52,747
At March 31, 2018	<u>3,653</u>	<u>45,494</u>	<u>(6,817)</u>	<u>(8,544)</u>	<u>33,786</u>
Fair value change of convertible redeemable preferred shares due to own credit risk	—	—	(1,022)	—	(1,022)
Fair value change of convertible notes due to own credit risk	—	—	(984)	—	(984)
Currency translation differences	—	(62,320)	—	—	(62,320)
At March 31, 2019	<u>3,653</u>	<u>(16,826)</u>	<u>(8,823)</u>	<u>(8,544)</u>	<u>(30,540)</u>
Fair value change of convertible redeemable preferred shares due to own credit risk	—	—	(9,564)	—	(9,564)
Fair value change of convertible notes due to own credit risk	—	—	1,110	—	1,110
Share-based compensation (note 29)	220,228	—	—	—	220,228
Consideration for business combination (note 36)	5,586	—	—	—	5,586
Currency translation differences	—	(93,751)	—	—	(93,751)
At March 31, 2020	<u>229,467</u>	<u>(110,577)</u>	<u>(17,277)</u>	<u>(8,544)</u>	<u>93,069</u>
At April 1, 2019	3,653	(16,826)	(8,823)	(8,544)	(30,540)
Fair value change of convertible redeemable preferred shares due to own credit risk	—	—	(14)	—	(14)
Fair value change of convertible notes due to own credit risk	—	—	807	—	807
Currency translation differences	—	(34,355)	—	—	(34,355)
At June 30, 2019 (Unaudited)	<u>3,653</u>	<u>(51,181)</u>	<u>(8,030)</u>	<u>(8,544)</u>	<u>(64,102)</u>
At April 1, 2020	229,467	(110,577)	(17,277)	(8,544)	93,069
Fair value change of convertible redeemable preferred shares due to own credit risk	—	—	(23)	—	(23)
Share-based compensation (note 29)	23,860	—	—	—	23,860
Purchasing of the Company's options from third parties (note 29(c))	—	—	—	19,222	19,222
Currency translation differences	—	2,221	—	—	2,221
At June 30, 2020	<u>253,327</u>	<u>(108,356)</u>	<u>(17,300)</u>	<u>10,678</u>	<u>138,349</u>

27 Accumulated deficits

	Year ended March 31,			Three months ended June 30,	
	2018	2019	2020	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
At beginning of the year/period	329,572	1,307,940	2,241,528	2,241,528	3,751,406
Net loss for the year/period	978,368	933,588	1,509,878	666,474	505,687
At end of the year/period	<u>1,307,940</u>	<u>2,241,528</u>	<u>3,751,406</u>	<u>2,908,002</u>	<u>4,257,093</u>

28 Convertible redeemable preferred shares

Since the date of incorporation, the Company has completed several rounds of financing by issuing convertible redeemable preferred shares. Details are as follows:

Series of preferred shares	Date of issuance	Total number of shares issue (before Share Subdivision)	Consideration per share	Total consideration	Total consideration (RMB equivalent at the issue date)	As at March 31,			As at June 30,
						2018	2019	2020	2020
			US\$	US\$'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Series A*									
—Tranche 1	March 16, 2015	5,555,555	0.9	5,000	30,807	148,120	212,105	328,276	376,393
—Tranche 2	March 16, 2015	11,111,111	0.9	10,000	61,268	296,239	424,210	656,553	752,787
Subtotal		<u>16,666,666</u>		<u>15,000</u>	<u>92,075</u>	<u>444,359</u>	<u>636,315</u>	<u>984,829</u>	<u>1,129,180</u>
Series A-1	July 21, 2015	6,725,146	2.23	15,000	95,349	205,522	278,948	414,064	468,489
Series A-2	March 31, 2016	19,213,743	2.9739	57,140	374,454	634,294	837,061	1,211,568	1,360,236
Subtotal		<u>25,938,889</u>		<u>72,140</u>	<u>469,803</u>	<u>839,816</u>	<u>1,116,009</u>	<u>1,625,632</u>	<u>1,828,725</u>
Series B									
—Tranche 1	January 29, 2018	1,024,778	9.76	10,000	63,267	64,117	73,420	85,458	87,422
—Tranche 2	February 5, 2018	3,074,334	9.76	30,000	189,216	192,157	220,052	256,156	262,048
—Tranche 3	August 14, 2018	5,123,889	9.76	50,000	344,470	—	349,848	404,664	432,392
Subtotal		<u>9,223,001</u>		<u>90,000</u>	<u>596,953</u>	<u>256,274</u>	<u>643,320</u>	<u>746,278</u>	<u>781,862</u>
Series C									
—Tranche 1	June 21, 2019	2,444,095	12.2745	30,000	205,416	—	—	216,978	218,537
—Tranche 2	June 21, 2019	2,444,095	12.2745	30,000	205,509	—	—	216,978	218,537
—Tranche 3	December 30, 2019	2,444,094	12.2745	30,000	209,070	—	—	214,553	216,979
—Tranche 4	June 26, 2020	814,698	12.2745	10,000	70,555	—	—	—	71,807
Subtotal		<u>8,146,982</u>		<u>100,000</u>	<u>690,550</u>	<u>—</u>	<u>—</u>	<u>648,509</u>	<u>725,860</u>
Series C – Conversion from convertible notes (note 32)	May 6, 2020	5,864,991	9.8196	57,592	407,721	—	—	—	518,600
Total		<u>65,840,529</u>		<u>334,732</u>	<u>2,257,102</u>	<u>1,540,449</u>	<u>2,395,644</u>	<u>4,005,248</u>	<u>4,984,227</u>

* On March 16, 2015, the Company entered into a share purchase agreement with Magic Stone Hong Tao Alternative Fund L.P. (“Magic Stone”) and Meddig International pursuant to which, the Company issued 5,555,555 and 11,111,111 Series A preferred shares at a price of US\$0.9 per share with total cash consideration of US\$5.0 million and US\$10.0 million, respectively.

On December 29, 2017, Magic Stone entered into a share purchase agreement pursuant to which Sweet Panda Limited purchased and Magic Stone sold 2,049,556 Series A preferred shares of the Company for an aggregate consideration of US\$10,000,000. On January 22, 2018, Astonish Investment Pte. Ltd.

purchased from Sweet Panda Limited 2,049,556 Series A preferred shares of the Company for an aggregate purchase price of US\$10,000,000.

The key terms of the convertible redeemable preferred shares are as follows:

(a) Redemption rights

The shareholders of preferred shares may give a written notice to the Company at any time or from time to time requesting redemption of all or part of their preferred shares under specific conditions as provided in the Article of Association. The redemption price of each share to be redeemed shall equal to (x) the sum of (A) one hundred percent (100%) of the issue price for each series, (B) a compound interest rate of eight (8%) to twelve percent (12%) per annum, for each year such preferred shares was outstanding measured from the issue date with respect to such preferred shares held by certain investors through the date of redemption thereof (calculated on a pro rata basis in case of a partial year), plus (C) all declared but unpaid dividends thereon up to the date of actual payment of such redemption price, proportionally adjusted for share subdivisions, share dividends, reorganizations, reclassifications, consolidations or mergers.

From Series A, Series A-1, and Series A-2, the Company shall repurchase all of the preferred shares, at any time after the earlier of :

- (i) the failure by the Company to complete a QIPO within thirty six (36) months following January 29, 2018;
- (ii) the occurrence of a material breach by any of the group companies, the founders or founders' companies of any of their respective representations, warrants, covenants, agreements or undertakings as set out in the relevant agreements and such group companies, the founders or founders' companies fail to cure such material breach within thirty (30) days after the occurrence of such material breach.

From Series B and Series C, the Company shall repurchase all of the preferred shares, at any time after the earlier of:

- (i) the occurrence of a material breach by any of the group companies, the founders or founders' companies of any of their respective representations, warrants, covenants, agreements or undertakings as set out in the relevant agreements and such group companies, the founders or founders' companies fail to cure such material breach within thirty (30) days after the occurrence of such material breach;
- (ii) Series B redemption of Astonish Investment Pte. Ltd.: the failure by the Company to complete a QIPO within thirty six (36) months following January 29, 2018;

Series B redemption of Leader Investment Corporation: the failure by the Company to complete a QIPO within sixty (60) months following August 14, 2018;

Series C: the failure by the Company to complete a QIPO within sixty (60) months following the closing date of each of the subscriptions from those investors;

- (iii) the occurrence of a change of control event without the prior approval of certain preferred shares investors;
- (iv) the occurrence of a default or event of default, in any material aspects, for any borrowings of the Company or any of its subsidiaries or affiliates;

- (v) a final judgment or judgments for the payment of money aggregating in excess of US\$10,000,000 are rendered against any group companies or any of its subsidiaries;
- (vi) any material breach or non-enforceability of any documents to which a group companies are a party and the Company fails to cure such material breach or non-enforceability within thirty (30) business days upon occurrence of such material breach or non-enforceability;
- (vii) there has been any substantial change in the applicable laws, rules, regulations, or judicial decisions (with respect to non-PRC jurisdictions) and judicial interpretations issued by the PRC supreme court that does not allow or materially restricts the Company to effectively control the PRC companies, or to recognize and receive substantially all the economic benefit of the PRC companies' business and operations, or to consolidate the financials of the PRC companies through the contractual arrangement under the documents;
- (viii) any voluntary or involuntary bankruptcy and any moratorium or nationalization in respect of all or a substantial part of the business of the group companies, or
- (ix) a request being made by any preferred shares holders for any buy-back of preferred shares.

Shareholder Agreement has been amended in August 2020 regarding to the clauses:

- (i) For the redemption of Series A, Series A-1, and Series A-2: on or before the fourth anniversary of January 29, 2018, no Qualified IPO has occurred.
- (ii) Series B redemption of Astonish Investment Pte. Ltd.: the failure by the Company to complete a QIPO on or before the fourth anniversary of January 29, 2018;
- (iii) The redemption rights shall terminate immediately upon the Company's filing of a listing application for a QIPO, provided that if the Company has not completed such QIPO, the redemption rights shall be automatically restored. Provided that if the redemption rights are restored, and the Company thereafter re-files a listing application for a QIPO, the redemption rights will again terminate immediately upon any subsequent filings and will be subject to restoration in accordance with the preceding sentence.

(b) Liquidation preferences

In the event of the occurrence of any:

- (i) (A) the closing of any consolidation, amalgamation, scheme of arrangement or merger of any group company with or into any other person or other reorganization or change of control in which the existing members or shareholders of such group company, immediately prior to such consolidation, amalgamation, merger, change of control, scheme of arrangement or reorganization own less than fifty percent (50%) of such group company's or the surviving entity's voting power or outstanding share capital in the aggregate immediately after the closing of such consolidation, merger, change of control, amalgamation, scheme of arrangement or reorganization, or (B) the closing of any transaction or series of related transactions in which in excess of fifty percent (50%) of such group company's voting power or outstanding share capital is transferred to a person or group of persons who do not hold more than fifty percent (50%) of the voting power or outstanding share capital prior to such closing, and after such closing, such person or group of persons would hold more than fifty percent (50%) of the such group company or surviving entity's voting power or outstanding share capital; for avoidance of doubt, the foregoing shall apply to a group company that is not the Company only if the related transaction has the effect of disposing all or substantially all of the share capital, assets or businesses of the Company (on a consolidated basis); or

- (ii) the closing of a sale, transfer, lease or other disposition of all or substantially all of the assets or business of the Company (on a consolidated basis) (or any series of related transactions resulting in such sale, transfer, lease or other disposition of all or substantially all of the assets or business of the Company (on a consolidated basis)), including the exclusive licensing of all or substantially all of the Company's intellectual properties (on a consolidated basis) to a third party; or
- (iii) the termination of (by operation of law or otherwise), material breach of or making any material amendments to, any of the contractual control agreements, including but not limited to any documents to which a group companies are a party provided that the foregoing shall either (x) have the effect of either disposing of all or substantially all of the share capital, assets or business of the PRC Companies or (y) no longer allow or materially restricts the Company's ability to effectively control the PRC Companies, or to recognize and receive substantially all the economic benefit of the PRC Companies' business and operations, or to consolidate the financials of the PRC Companies through the contractual arrangement under the any documents to which a group companies are a party, in each case, without the written consent required; or
- (iv) a liquidation, winding up or dissolution of the Company and/or all or substantially all of the business of the Company and its subsidiaries (taken as a group);

then all assets and funds of the Company legally available for distribution to the shareholders (after satisfaction of all applicable tax obligations and creditors' claims and claims that may be preferred by applicable Law) shall be distributed to the shareholders as follows:

Each holder of preferred shares shall be entitled to receive for each series of preferred shares it holds on the preferential basis, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of other series of preferred shares and ordinary shares or any other class or series of shares by reason of their ownership of such shares, the amount equal to 120% of the respective applicable issue price plus all declared but unpaid dividends on such respective preferred shares, by the following order: (1) Series C; (2) Series B; (3) Series A-2; (4) Series A-1; (5) Series A.

If the assets and funds available for distribution shall be insufficient to permit the payment to such holders of the full preferred preference amount, then the entire assets and funds legally available for distribution to the holders of the preferred shares, by the following order: (1) Series C; (2) Series B; (3) Series A-2; (4) Series A-1; (5) Series A.

If there are any assets or funds remaining after the aggregate preference amount have been distributed or paid in full to the applicable holders of the respective preferred shares mentioned above, the remaining assets and funds available for distribution to members shall be distributed ratably among all members according to the relative number of class B ordinary shares held by such member on an as converted basis. All issued and outstanding employee shares shall also be counted in when conducting the calculation and distribution.

(c) Voting rights

Each preferred shares has voting rights equivalent to the number of ordinary shares into which such preferred shares could be then convertible.

(d) Conversion rights

Unless converted earlier pursuant to the provisions with respect to automatic conversion as set out below, preferred shares shall be convertible, at the option of the holder thereof, at any time into such

number of fully paid and non-assessable ordinary shares at an initial conversion ratio of 1:1, and thereafter shall be subject to adjustment and readjustment from time to time as hereinafter provided.

Each preferred shares shall automatically be converted into class B ordinary shares at the then effective relevant conversion price upon (A) the closing of a QIPO or (B) the written consent of the holders of at least seventy five percent (75%) of the then outstanding Series A preferred shares for conversion of Series A preferred shares or (C) the written consent of the holders of at least seventy five percent (75%) of the then outstanding Series A-1 preferred shares for conversion of Series A-1 preferred shares, or (D) the written consent of the holders of at least seventy five percent (75%) of the then outstanding Series A-2 preferred shares for conversion of Series A-2 preferred shares; (E) the written consent of the holders of at least seventy five percent (75%) of the then outstanding Series B preferred shares for conversion of Series B preferred shares; or (F) the written consent of the holders of at least fifty percent (50%) of the then outstanding Series C preferred shares for conversion of Series C preferred shares. In the event of the automatic conversion of the preferred shares pursuant to the foregoing clause (A), the persons entitled to receive the class B ordinary shares issuable upon such conversion of preferred shares shall not be deemed to have converted such preferred shares until immediately prior to the closing of the QIPO.

The definition of QIPO is as follows:

(A) with respect to all preferred shareholders except holders of Series C preferred shares, a public offering on a recognized share exchange, with (i) an implied pre-offering valuation of US\$2.31 billion or more if the public offering occurs after the first anniversary of January 29, 2018, but on or before the second anniversary of January 29, 2018; (ii) an implied pre-offering valuation of US\$2.65 billion or more if the public offering occurs after the second anniversary of January 29, 2018, but on or before the fourth anniversary of January 29, 2018, and

(B) with respect to holders of Series C preferred shares only, a public offering on a recognized share exchange, with (i) gross proceeds to the Company of not less than 10.00% of the implied pre-offering valuation of the Company and (ii) an implied pre-offering valuation of the Company not less than an amount denominated in US\$ that results in an internal rate of return for the holders of Series C preferred shares of at least 20% per annum for each Series C preferred shares, without regard for discounts pursuant to lock-up restrictions, restrictions on free marketability, and other restrictions on transfer; for avoidance of any ambiguity, for purposes of determining the QIPO with respect to Series C preferred shares held by Astonish Investment Pte. Ltd. ("GIC"), the cost for each Series C preferred shares acquired by GIC shall be calculated based on a per share price of US\$9.8196 (as adjusted for any recapitalization, whether pursuant to a bonus share issue, consolidation and/or subdivision of Shares, reclassification or conversion of Shares or otherwise) and GIC's investment with respect to such Series C preferred shares shall be deemed to be consummated on April 30, 2020.

(e) Dividends rights

The directors of the Company may declare dividends and distributions on ordinary shares and preferred shares in issue and authorize payment of the dividends or distributions out of the assets of the Company lawfully available therefor. No dividend or distribution shall be paid except out of the realized or unrealized profits of the Company, or out of the share premium account or as otherwise permitted by the statute.

If a dividend or other distribution is declared, paid or set aside, each holders of the Series C, Series B, Series A-2, Series A-1 and Series A preferred shares shall be entitled to receive non-cumulative dividends declared by the Company, by the following order: (1) Series C; (2) Series B; (3) Series A-2; (4) Series A-1; (5) Series A.

No dividend or distribution, whether in cash, in property, or in shares of the capital of the Company, shall be declared, paid, set aside or made with respect to the ordinary shares at any time unless all accrued but unpaid dividends on the preferred shares have been paid in full.

The preferred shares are denominated in US\$ and the Group does not bifurcate any embedded derivatives from the host instruments and designated the entire instruments as convertible redeemable preferred shares with the changes in the fair value recognized in profit or loss.

No dividend was paid to the holders of preferred shares during the years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020.

Movements of convertible redeemable preferred shares during the years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020 are:

	<u>RMB'000</u>
At April 1, 2017	736,859
Issuance of Series B convertible redeemable preferred shares (note a)	252,483
Changes in fair value recognized in profit or loss	646,901
Changes in fair value recognized in other comprehensive loss	3,557
Currency translation differences—recognized in equity	(99,351)
At March 31, 2018	<u>1,540,449</u>
At April 1, 2018	1,540,449
Issuance of Series B convertible redeemable preferred shares (note b)	344,470
Changes in fair value recognized in profit or loss	406,980
Changes in fair value recognized in other comprehensive loss	1,022
Currency translation differences—recognized in equity	102,723
At March 31, 2019	<u>2,395,644</u>
At April 1, 2019	2,395,644
Issuance of Series C convertible redeemable preferred shares (note c)	619,995
Changes in fair value recognized in profit or loss	821,584
Changes in fair value recognized in other comprehensive loss	9,564
Currency translation differences—recognized in equity	158,461
At March 31, 2020	<u>4,005,248</u>
At April 1, 2019	2,395,644
Issuance of Series C convertible redeemable preferred shares (note c)	410,925
Changes in fair value recognized in profit or loss	470,366
Changes in fair value recognized in other comprehensive loss	14
Currency translation differences—recognized in equity	56,004
At June 30, 2019 (Unaudited)	<u>3,332,953</u>
At April 1, 2020	4,005,248
Issuance of Series C convertible redeemable preferred shares (note c)	70,555
Conversion from convertible notes into convertible redeemable preferred shares (note 32)	509,742
Changes in fair value recognized in profit or loss	400,381
Changes in fair value recognized in other comprehensive loss	23
Currency translation differences—recognized in equity	(1,722)
At June 30, 2020	<u>4,984,227</u>

- (a) On January 29, 2018 and February 5, 2018, the Company entered into a share purchase agreement with Astonish Investment Pte. Ltd. and pursuant to which, the Company issued 1,024,778 and 3,074,334 Series B preferred shares at a price of US\$9.76 per share with total cash consideration of US\$ 40,000,000 (equivalent of approximately RMB252.5 million). 1,024,778 and 3,074,334 Series B preferred shares were fully issued and paid up on January 29, 2018 and February 6, 2018, respectively.
- (b) On August 14, 2018, the Company entered into a share purchase agreement with Leader Investment Corporation and pursuant to which, the Company issued 5,123,889 Series B preferred shares at a price of US\$9.76 per share with total cash consideration of US\$ 50,000,000 (equivalent of approximately RMB344.5 million). 5,123,889 Series B preferred shares were fully issued and paid up on August 18, 2018.

- (c) On June 21, 2019, the Company entered into a share purchase agreement with Image Frame Investment (HK) Limited and pursuant to which, the Company issued 2,444,095 Series C preferred shares at a price of US\$ 12.2745 per share with total cash consideration of US\$ 30,000,000 (equivalent of approximately RMB205.5 million). 2,444,095 Series C preferred shares were fully issued and paid up on June 22, 2019.

On June 21, 2019, the Company entered into a share purchase agreement with Parallel Solar Investment Limited, and pursuant to which, the Company issued 2,444,095 Series C preferred shares at a price of US\$ 12.2745 per share with total cash consideration of US\$ 30,000,000 (equivalent of approximately RMB205.5 million). 2,444,095 Series C preferred shares were fully issued and paid up on June 24, 2019.

In conjunction with Series C convertible redeemable preferred shares, warrants were granted to Image Frame Investment (HK) Limited and Parallel Solar Investment Limited on May 30, 2019 for a cash consideration of US\$12.2745 per share to purchase up to 1,629,397 and 1,629,397 Series C convertible redeemable preferred shares of the Company, respectively. As of March 31, 2020 and June 30, 2020, the carrying value (representing the fair value) of these warrants amounted to approximately RMB35.4 million and RMB5.3 million, respectively.

On December 30, 2019, the Company entered into a share purchase agreement with the Yaqut Sdn Bhd and pursuant to which, the Company issued 2,444,094 Series C preferred shares at a price of US\$ 12.2745 per share with total cash consideration of US\$ 30,000,000 (equivalent of approximately RMB209.0 million). 2,444,094 Series C preferred shares were fully issued and paid up on January 7, 2020.

On October 18, 2019, the Company entered into a share purchase agreement with the Guiyang Industrial & Commercial Investment Group Co., Ltd. and pursuant to which, the Company issued 814,698 Series C preferred shares at a price of US\$ 12.2745 per share with total cash consideration of US\$ 10,000,000 (equivalent of approximately RMB70.6 million). 814,698 Series C preferred shares were fully issued and paid up on June 26, 2020.

Losses on the changes in fair value of convertible redeemable preferred shares of approximately RMB646.9 million, RMB407.0 million, RMB821.6 million, RMB470.4 million and RMB400.4 million are recognized in profit or loss during the years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020, respectively. In addition, losses on the changes in fair value of convertible redeemable preferred shares for the years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020 of approximately RMB3.6 million, RMB1.0 million, RMB9.6 million, RMB0.01 million and RMB0.02 million which are attributable to changes in the credit risk of the related instruments, are recognized in other comprehensive income for the respective years/periods.

The Group applied the discounted cash flow method to determine the underlying equity value of the Company and adopted option pricing method and equity allocation model to determine the fair value of the convertible redeemable preferred shares. Key assumptions used to determine the fair value of convertible redeemable preferred shares are as follows:

	As at March 31,			As at June 30,
	2018	2019	2020	2020
Discount rate	19.5%-22.5%	17.5%-18.0%	16.0%-16.5%	16.0%
Risk-free interest rate	0.8%-1.6%	1.4%-1.8%	0.6%-1.8%	0.2%-0.3%
Volatility	32.0%-33.0%	30.0%-33.0%	34.0%-45.0%	50%-54%
Discount for lack of marketability ("DLOM") . . .	15%	15%	10%-15%	10%

Discount rate was estimated by weighted average cost of capital of each valuation date. The Group estimated the risk-free interest rate used in the equity allocation based on the market yield of Hong Kong Sovereign Curve matured at time close to the timing as of valuation date. Volatility was estimated based on the historical share price movement of the comparable companies for the period of time close to the expected time to exercise. The DLOM was estimated based on the option pricing method. Under the option pricing method, the cost of put option, which can hedge the price change before the privately held share can be sold, was considered as a basis to determine the lack of marketability discount.

29 Share-based compensation

- (a) The establishment of the Company's Share Incentive Plans (Plan A and Plan B) (the "Share Incentive Plans") were approved by shareholders in March 2015. The Share Incentive Plans are designed to provide long-term incentives for employees, directors and consultants. Under the Share Incentive Plans, participants are granted options which only vest if certain service and performance condition ("QIPO condition") are met. Participation in the Share Incentive Plans is at the board's discretion, and no individual has a contractual right to participate in the Share Incentive Plans or to receive any guaranteed benefits. The Share Incentive Plans are valid and effective for 10 or 20 years from the grant date. Sweet Panda Limited holds 16,666,667 shares under Plan A, in which 13,666,667 shares have been surrendered to incentive pool; 16,666,667 shares under Plan B are reserved for incentive pool by the shareholders of the Company. The Company grants options of Plan A to those employees who joined the Group before January 1, 2015, and for rest of employees, they will be granted options under Plan B.

Subject to the participants continuing to be a service provider, majority of these options will be vested over two, four or five years upon fulfilling the service and performance conditions ("QIPO condition") prescribed in the share option agreement and the Share Incentive Plans.

The share options shall be subject to different vesting schedules of two, four or five years from the vesting commencement date, subject to the participant continuing to be an employee through each vesting date. For vesting schedule of two years, the granted share options are vested on the second anniversary of the vesting commencement date. For vesting schedule of four years, i) 25% of the granted share options are vested on each anniversary from the vesting commencement date; or ii) 50% of the granted share options are vested on the second anniversary from the vesting commencement date and 25% and 25% of granted share options are vested on the same day in the following two subsequent years, respectively. For vesting schedule as five years, 20% of the granted share options are vested on each anniversary from the vesting commencement date.

The Group did not recognize share-based compensation expenses in profit or loss until the year ended March 31, 2020, because the Group assessed and concluded that it is not probable that the achievement of the performance condition (i.e. QIPO) will be met during the years ended March 31, 2018 and 2019.

As of March 31, 2018 and 2019, total unrecognized compensation expenses related to unvested awards granted under the Share Incentive Plans were US\$5.8 million and US\$8.1 million (equivalent to approximately RMB38.5 million and RMB54.6 million) respectively, which are expected to be recognized through the remaining vesting period of each grant if it is probable that the performance condition ("QIPO condition") will be achieved.

Movements in the number of share options (before Share Subdivision) granted to employees are as follows:

	Year ended March 31,						Three months ended June 30,	
	2018		2019		2020		2020	
	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options
At beginning of the year/period	US\$0.06	18,347,500	US\$0.07	24,856,975	US\$0.07	25,491,324	US\$0.07	27,502,751
Granted during the year/period	US\$0.09	7,072,975	US\$0.09	1,880,849	US\$0.09	2,880,877	US\$0.09	957,375
Exercised during the year/period	—	—	—	—	—	—	—	—
Forfeited during the year/period	US\$0.09	(563,500)	US\$0.09	(1,246,500)	US\$0.09	(869,450)	US\$0.09	(587,600)
At end of the year/period	US\$0.07	<u>24,856,975</u>	US\$0.07	<u>25,491,324</u>	US\$0.07	<u>27,502,751</u>	US\$0.07	<u>27,872,526</u>

No options expired during the years/periods covered by the above tables.

Share options outstanding at the end of the year/period have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price	Number of share options			
			March 31, 2018	March 31, 2019	March 31, 2020	June 30, 2020
2014	2024	US\$ 0.014	3,400,000	3,400,000	3,400,000	3,400,000
2015	2025	US\$ 0.014 or 0.09	11,655,000	11,595,000	11,495,000	11,495,000
2016	2026	US\$ 0.09	2,565,000	2,296,000	2,060,250	2,059,750
2017	2027	US\$ 0.09	6,047,775	5,731,775	5,606,525	5,585,025
2018	2028	US\$ 0.09	1,189,200	2,176,907	1,801,007	1,754,317
2019	2029	US\$ 0.09	—	291,642	3,032,204	2,818,779
2020	2030	US\$ 0.09	—	—	107,765	759,655
Total			<u>24,856,975</u>	<u>25,491,324</u>	<u>27,502,751</u>	<u>27,872,526</u>

The Company have used the discounted cash flow method to determine the underlying equity fair value of the Company and adopted equity allocation model to determine the fair value of the underlying ordinary share. Key assumptions, such as discount rate and projections of future performance, are required to be determined by the Company with best estimate.

Based on fair value of the underlying ordinary share, the Company have used Binomial option-pricing model to determine the fair value of the share options as at the grant date. Key assumptions are set as below:

	As at March 31,			As at June 30,
	2018	2019	2020	2020
Discount rate	19.5%-22.5%	17.5%-18.0%	16.0%-16.5%	16.0%
Risk-free interest rate	1.5%-2.0%	1.4%-2.4%	0.6%-1.7%	0.5%-0.6%
Volatility	38.0%	37%-41%	38%-41%	41%-42%

The total expenses recognized in profit or loss in respect of the share-based compensation under for the Share Incentive Plans are disclosed in note 9.

The remaining contractual life of share options outstanding as at March 31, 2018, 2019 and 2020 and June 30, 2020 is 2.75 years, 1.98 years, 1.27 years and 1.94 years, respectively.

- (b) On December 17, 2017, the Company changed its capital structure to re-designate its ordinary shares into Class A ordinary shares and Class B ordinary shares. Ms. Gong, the Company's founder, executive director and chairlady of the Board of Directors holds Class A ordinary shares through her British Virgin Islands ("BVI") company and each Class A ordinary share carries twenty (20) votes at meetings of shareholders. Upon further transfer of Class A ordinary shares by Ms. Gong to anyone, such Class A ordinary shares will automatically convert into an equal number of Class B ordinary shares.

The grant of the super voting right was authorized by the Board of Directors on December 17, 2017. There are no additional vesting conditions attached to the grant. Accordingly, the Company recognized the incremental value of RMB3.7 million of Class A ordinary shares in general and administrative expenses as share-based compensation on the grant date.

- (c) The Group has repurchased the options from certain employees of the Company. These repurchased share-based awards constitute a modification from equity-settled awards to cash-settled awards. The Group has recognized a liability in connection with the cash-settled awards at the amount as determined based on the fair value of the equity-settled awards as derecognized as of the modification date, with a corresponding debit to equity for the same amount (i.e. the repurchase of vested equity instruments is accounted for as a deduction from equity). The Group re-measures the liability at the date of change and at each subsequent reporting date, and recognizes any additional expense from increases in the liability. The Group has determined that no valid expectation for the Company to settle remaining share-based awards in cash is created, therefore all the remaining share-based awards are classified as equity-settled awards.
- (d) On April 15, 2020, the Company entered into an Option Subscription Agreement with a third party individual whereby the third party individual acquired 55,804 options (before Share Subdivision) at US\$12.80 per share for a total cash consideration of US\$714,291.20. These options were issued under Plan B and immediately vested on the grant date. The exercise price for these options was nil, and the expiration date of the options is April 15, 2030.

On June 5, 2020, the Company entered into an Option Subscription Agreement with a third party individual whereby the third party individual acquired 232,769 options (before Share Subdivision) at US\$8.5922 per share for a total cash consideration of US\$2,000,000. These options were issued

under Plan B and immediately vested on the grant date. The exercise price for these options was nil, and the expiration date of the options is June 4, 2030.

In no event may the option be exercised prior to the IPO of the Company or after the expiration date. The third party individuals should exercise the option before it expires or terminates.

The subscribed price of options is greater than the respective fair values on grant dates. Therefore, the Company credited the fund received from subscription to equity—other reserves.

30 Trade and other payables

The Group	As at March 31,			As at June 30,
	2018	2019	2020	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	343	23,557	115,146	58,941
Tax payables	8,314	3,580	8,998	9,786
Other payables:				
—Payables for repurchase of options (note 29 (c))	9,973	27,026	37,870	37,925
—Deposit received from a third party (iii)	—	—	—	35,584
—Payables for professional service fee	4	1,392	10,743	23,208
—Amounts due to related parties	8,918	10,500	8,500	—
—Payables for acquisition of online information stream	—	10,000	—	—
—Others	776	2,925	5,829	5,550
	<u>28,328</u>	<u>78,980</u>	<u>187,086</u>	<u>170,994</u>
The Company	As at March 31,			As at June 30,
	2018	2019	2020	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Tax payables	6,288	—	—	—
Other payables				
—Payables for repurchase of options (note 29(c))	9,973	27,026	37,870	37,925
—Amounts due to subsidiaries	—	6,734	10,628	10,619
—Payables for professional service fee	—	—	1,400	7,861
—Others	—	27	30	28
	<u>16,261</u>	<u>33,787</u>	<u>49,928</u>	<u>56,433</u>

- (i) The carrying amounts of trade and other payables are considered to be approximated to their fair values, due to their short-term nature.
- (ii) Aging analysis of the trade payables based on invoice date at the end of each reporting period are as follows:

	As at March 31,			As at June 30,
	2018	2019	2020	2020
	RMB'000	RMB'000	RMB'000	RMB'000
—Up to 3 months	343	2,215	36,604	33,176
—3 to 6 months	—	21,056	68,731	6,233
—6 months to 1 year	—	286	8,805	13,108
—1 to 2 years	—	—	1,006	6,424
	<u>343</u>	<u>23,557</u>	<u>115,146</u>	<u>58,941</u>

- (iii) This deposit was received pursuant to the Memorandum of Understanding for Business Collaboration and related supplemental agreements as signed between the Company and a third

party for the development and operation of an online prescription drug ordering platform. This deposit is intended to compensate partially the costs that the Company would incur in the developing and operating of the online ordering platform after the third party verifies and approves such costs.

31 Deferred income

	As at March 31,			As at June 30,
	2018	2019	2020	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred government grants	—	37,248	62,279	63,595

Deferred government grants received but yet to recognize in other income amounted to approximately of nil, RMB37.2 million, RMB62.3 million and RMB63.6 million, respectively, as at March 31, 2019 and 2020 and June 30, 2020. These government grants are mainly for funding research and development expenditures undertaken by the Group.

32 Convertible notes

The Company issued six convertible notes for US\$30 million (US\$5 million for each) (equivalent to approximately RMB188.6 million in aggregate) on April 7, 2017 to one of existing investors (the “Holder”). These convertible notes will be mature on the earlier date (the “Maturity Date”) of either (i) April 6, 2022, or convert to convertible redeemable preferred shares (ii) upon the date of consummation of a QIPO. The interest rate is either (i) at redemption or repayment: the interest at the rate of 15% per annum; or (ii) at conversion: the interest rate adjusted to 30% per annum, computed on a simple interest basis.

These notes are convertible into preferred shares of the Company, at the option of the Holder, or automatic conversion upon the IPO auditor commencing work. The Company prepays these convertible notes upon the receipt of the written consent of the Holder or in the Maturity Date.

The initial per share conversion price shall be equal to the product of 80% multiplied by (i) in the event of a conversion, a price per share mutually agreed by the Company and the Holder in writing, or (ii) in the event of a conversion upon or after a next financing round but before the consummation of an IPO, the per share issuance price of the senior equities as at the conversion date. The Holder shall have the right, but not obligation, to convert all but not less all the then outstanding principal amount (plus any accrued and unpaid interest of these convertible notes) into such number of fully paid and non-assessable most senior series of equity security of the Company existing at the time of exercise of the conversion right.

The convertible notes are presented in the balance sheet as follows:

	As at March 31,			As at June 30,
	2018	2019	2020	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Convertible notes issued, at fair value	253,851	364,215	486,392	—

On April 30, 2020, the Holder exercised the option to convert US\$30.0 million (equivalent to approximately RMB188.6 million in aggregate, approximately US\$57.6 million in aggregate) in aggregate principal amount of its convertible notes of the Company (together with interest accrued but

unpaid) into 5,864,991 Series C convertible redeemable preferred shares (before Share Subdivision) of the Company in accordance with the terms of the convertible notes based on a per share price of 80% of US\$12.2745 (i.e. US\$9.8196) as the conversion price.

Movements of convertible notes during the years ended March 31, 2018, 2019 and 2020 and for the three months ended June 30, 2019 and 2020 refer to note 3.3.

33 Deferred income tax assets and liabilities

- (a) The analysis of deferred income tax assets and deferred income tax liabilities (prior to any offset pursuant to net-off provisions) is as follows:

	As at March 31,			As at June 30,
	2018	2019	2020	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred income tax assets:				
– Deferred income tax assets to be recovered after more than 12 months	2,901	2,089	3,907	3,070
– Deferred income tax assets to be recovered within 12 months	1,434	2,195	3,066	3,901
	<u>4,335</u>	<u>4,284</u>	<u>6,973</u>	<u>6,971</u>
Deferred income tax liabilities:				
– Deferred income tax liabilities to be settled after more than 12 months	(2,353)	(1,855)	(3,950)	(2,318)
– Deferred income tax liabilities to be settled within 12 months	(1,684)	(2,143)	(2,798)	(4,010)
	<u>(4,037)</u>	<u>(3,998)</u>	<u>(6,748)</u>	<u>(6,328)</u>
	<u>298</u>	<u>286</u>	<u>225</u>	<u>643</u>

- (b) The net movement on the deferred income tax account is as follows:

	Year ended March 31,			Three months ended June 30,	
	2018	2019	2020	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
At beginning of the year/period	324	298	286	286	225
(Charged)/credited to income tax expense (note 13)	(26)	(12)	(61)	(184)	418
At end of the year/period	<u>298</u>	<u>286</u>	<u>225</u>	<u>102</u>	<u>643</u>

- (c) The gross movements in deferred income tax assets and deferred income tax liabilities during the years/periods are as follows:

	Deferred income tax assets- right-of-use assets	Deferred income tax assets- business combination	Deferred income tax liabilities- right-of-use assets	Deferred income tax liabilities- business combination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at March 31, 2017	4,648	—	(4,324)	—	324
(Charged)/credited to profit or loss	(313)	—	287	—	(26)
As at March 31, 2018	<u>4,335</u>	<u>—</u>	<u>(4,037)</u>	<u>—</u>	<u>298</u>
(Charged)/credited to profit or loss	(51)	—	39	—	(12)
As at March 31, 2019	<u>4,284</u>	<u>—</u>	<u>(3,998)</u>	<u>—</u>	<u>286</u>
Acquisition of a subsidiary (note 36) . . .	—	975	—	(975)	—
Credited/(charged) to profit or loss	1,714	—	(1,905)	130	(61)
As at March 31, 2020	<u>5,998</u>	<u>975</u>	<u>(5,903)</u>	<u>(845)</u>	<u>225</u>
As at April 1, 2019	4,284	—	(3,998)	—	286
(Charged)/credited to profit or loss	(545)	—	361	—	(184)
As at June 30, 2019 (Unaudited)	<u>3,739</u>	<u>—</u>	<u>(3,637)</u>	<u>—</u>	<u>102</u>
As at April 1, 2020	5,998	975	(5,903)	(845)	225
Credited/(charged) to profit or loss	177	(179)	371	49	418
As at June 30, 2020	<u>6,175</u>	<u>796</u>	<u>(5,532)</u>	<u>(796)</u>	<u>643</u>

34 Cash flow information

(a) Cash used in operations

Reconciliation of loss for the year/period to cash used in operations:

	Note	Year ended March 31,			Three months ended June 30,	
		2018	2019	2020	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Loss before income tax :		(978,342)	(933,121)	(1,510,895)	(666,457)	(506,225)
Adjustments for:						
Depreciation and amortization	8	21,546	33,408	36,757	8,814	9,006
Loss on impairment of associates	7	9,185	—	—	—	—
Net gains on disposal of associates		—	(1,314)	—	—	—
Share-based compensation		13,100	16,289	272,947	45,235	28,258
Other income—interest on term deposits and restricted bank balance and deposits	6	—	(50)	(559)	(40)	(440)
Fair value change of convertible redeemable preferred shares	28	646,901	406,980	821,584	470,366	400,381
Fair value change of convertible notes		65,446	91,082	102,356	20,772	24,192
Fair value change of warrants		—	—	(9,063)	—	(30,107)
Losses on disposal of property, plant and equipment		—	259	147	4	—
Share of losses/(profits) of associates	12	2,137	(1)	(113)	(72)	410
Net fair value gains on financial assets at fair value through profit or loss	7	—	(259)	(2,192)	(433)	(180)
Net impairment losses on financial assets recognized in profit or loss		2,524	7,958	22,725	3,803	1,840
Finance costs/(income)—net		2,327	2,853	(1,297)	18	1,163
Exchange losses/(gains)		5,274	(6,390)	(2,411)	(1,735)	481
The operating cash flows before movements in working capital		(209,902)	(382,306)	(270,014)	(119,725)	(71,221)
Change in working capital :						
—Pledged bank deposits		—	(6,923)	(4,402)	—	10,740
—Inventories		—	(27,194)	(40,106)	—	43,512
—Other current assets		(1,986)	(17,616)	(11,731)	(2,686)	16,281
—Trade receivables		(20,869)	(57,614)	(241,923)	(4,561)	98,909
—Contract assets		(73)	(2,600)	(6,093)	2,423	(6,184)
—Other financial assets at amortized cost		7,714	(32,726)	18,818	10,084	(764)
—Trade and other payables		33,108	24,674	97,968	221	(16,543)
—Salary and welfare payable		24,923	47,969	29,188	23,556	29,491
—Contract liabilities		1,687	47,215	44,903	1,078	(63,188)
—Deferred income		—	37,248	25,031	(32)	1,316
Cash used in operations		(165,398)	(369,873)	(358,361)	(89,642)	42,349

(b) Net debt reconciliation

	As at March 31,			As at June 30,
	2018	2019	2020	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	560,366	305,864	719,721	838,083
Liquid investments (i)	—	134,715	—	—
Convertible redeemable preferred shares	(1,540,449)	(2,395,644)	(4,005,248)	(4,984,227)
Convertible notes	(253,851)	(364,215)	(486,392)	—
Lease liabilities	(28,648)	(25,747)	(36,438)	(37,296)
Net debt	(1,262,582)	(2,345,027)	(3,808,357)	(4,183,440)
Cash and liquid investments	560,366	440,579	719,721	838,083
Gross debt	(1,822,948)	(2,785,606)	(4,528,078)	(5,021,523)
Net debt	(1,262,582)	(2,345,027)	(3,808,357)	(4,183,440)

	Liabilities from financing activities			Other assets		Total
	Leases	Convertible notes	Convertible redeemable preferred shares	Cash and cash equivalents	Liquid investments	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Net debt as at April 1, 2017	(18,591)	—	(736,859)	372,875	—	(382,575)
Cash flows	6,662	(188,643)	(252,483)	233,813	—	(200,651)
Changes in fair value	—	(68,706)	(650,458)	—	—	(719,164)
Additions of lease liabilities	(19,185)	—	—	—	—	(19,185)
Foreign exchange adjustments	—	3,498	99,351	(46,322)	—	56,527
Finance costs recognized	2,466	—	—	—	—	2,466
Net debt as at March 31, 2018	(28,648)	(253,851)	(1,540,449)	560,366	—	(1,262,582)
Cash flows	13,166	—	(344,470)	(293,657)	134,456	(490,505)
Changes in fair value	—	(92,066)	(408,002)	—	259	(499,809)
Additions of lease liabilities	(13,368)	—	—	—	—	(13,368)
Foreign exchange adjustments	—	(18,298)	(102,723)	39,155	—	(81,866)
Finance costs recognized	3,103	—	—	—	—	3,103
Net debt as at March 31, 2019	(25,747)	(364,215)	(2,395,644)	305,864	134,715	(2,345,027)
Cash flows	16,653	—	(619,995)	384,956	(136,067)	(354,453)
Changes in fair value	—	(101,246)	(831,148)	—	1,352	(931,042)
Additions of lease liabilities	(31,543)	—	—	—	—	(31,543)
Foreign exchange adjustments	—	(20,931)	(158,461)	28,901	—	(150,491)
Finance costs recognized	4,199	—	—	—	—	4,199
Net debt as at March 31, 2020	(36,438)	(486,392)	(4,005,248)	719,721	—	(3,808,357)

	Liabilities from financing activities			Other assets		Total RMB'000
	Leases	Convertible notes	Convertible redeemable preferred shares	Cash and cash equivalents	Liquid investments	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Net debt as at April 1, 2019 ..	(25,747)	(364,215)	(2,395,644)	305,864	134,715	(2,345,027)
Cash flows	4,677	—	(410,925)	445,621	(135,148)	(95,775)
Changes in fair value	—	(19,965)	(470,380)	—	433	(489,912)
Additions of lease liabilities ...	(1,408)	—	—	—	—	(1,408)
Foreign exchange adjustments	—	(7,815)	(56,004)	1,106	—	(62,713)
Finance costs recognized	661	—	—	—	—	661
Net debt as at June 30, 2019 (Unaudited)	<u>(21,817)</u>	<u>(391,995)</u>	<u>(3,332,953)</u>	<u>752,591</u>	<u>—</u>	<u>(2,994,174)</u>
Net debt as at April 1, 2020 ..	(36,438)	(486,392)	(4,005,248)	719,721	—	(3,808,357)
Cash flows	577	—	(70,555)	119,282	—	49,304
Changes in fair value	—	(24,192)	(400,404)	—	—	(424,596)
Additions of lease liabilities ...	(2,825)	—	—	—	—	(2,825)
Foreign exchange adjustments	—	842	1,722	(920)	—	1,644
Finance costs recognized	1,390	—	—	—	—	1,390
Convertible notes converted into preferred shares	—	509,742	(509,742)	—	—	—
Net debt as at June 30, 2020	<u>(37,296)</u>	<u>—</u>	<u>(4,984,227)</u>	<u>838,083</u>	<u>—</u>	<u>(4,183,440)</u>

(i) Liquid investments comprise the Group's investments in WMP which can be realized within a short period of time (note 22).

(c) Non-cash investing and financing activities

	Note	As at March 31,			As at June 30,
		2018	2019	2020	2020
		RMB'000	RMB'000	RMB'000	RMB'000
Settlement of a business combination through the issue of options	36	—	—	5,586	—
Conversion from convertible notes into convertible redeemable preferred shares	28,32	—	—	—	<u>509,742</u>

35 Commitments

(a) Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognized as liabilities is as follows:

	As at March 31,			As at June 30,
	2018	2019	2020	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Property, plant and equipment	<u>2,689</u>	<u>73</u>	<u>455</u>	<u>—</u>

(b) Lease commitments

The Group's future aggregate minimum lease payments due under short-term leases (which are exempted from recognizing the related right-of-use assets and lease liabilities) are as follows:

	As at March 31,			As at
	2018	2019	2020	June 30,
	RMB'000	RMB'000	RMB'000	2020
Within 1 year	149	140	78	183

36 Business combination

(a) Summary of acquisition

On August 21, 2019, the Group acquired 85% equity interest in Xinhexin through the issuance of 122,953 options of the Company from the share Incentive Plans and cash consideration of RMB1,250,000. Xinhexin engages in sales and development of healthcare devices in the PRC. The fair value of 122,953 options issued as part of the consideration was based on valuation performed by third party valuer. Such options were vested immediately but subject to QIPO condition prescribed in the share option agreement and the share Incentive Plans (note 29).

The goodwill of approximately RMB4.4 million from the business combination is attributable to the acquisition of sales network and the diversification to the business development expected to be deriving from combining the exist operation of the Group.

None of the goodwill recognized is expected to be deductible for income tax purposes. The following table summarizes the consideration paid for Xinhexin acquisition, the fair value of assets and acquired liabilities assumed at the acquisition.

	<u>Xinhexin</u> <u>RMB'000</u>
Consideration	
—Cash consideration	1,250
—Fair value of the Company's options	5,586
Total purchased consideration	<u>6,836</u>

The assets and liabilities recognized as a result of the acquisition are as follows:

	<u>Fair value</u> <u>RMB'000</u>
Property, plant and equipment	54
Intangible assets	3,900
Inventories	196
Other current assets	33
Other financial assets at amortized	545
Trade receivables	6
Cash and cash equivalents	99
Deferred income tax assets	975
Trade and other payables	(1,923)
Deferred income tax liabilities	(975)
Net identifiable assets acquired	2,910
Add: Goodwill	4,362
Less: Non-controlling interests	(436)
Net assets acquired	<u>6,836</u>

(b) Revenue and profit contribution

The impact of the revenue and profit contribution from Xinhexin is immaterial.

(c) Purchase consideration—cash outflow

	<u>March 31, 2020</u> <u>RMB'000</u>
Outflow of cash to acquire the subsidiary, net of cash acquired	
Cash consideration	1,250
Less: Cash and cash equivalents acquired	(99)
Net outflow of cash—investing activities	<u>1,151</u>

37 Related party transactions

Save as those disclosed in the other notes, the following significant transactions were carried out between the Group and its related parties during the year. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties. The Group's pricing policies of the transactions with related parties are determined on the basis of mutual negotiations between the relevant parties.

(a) Names and relationships with related parties

<u>Name of related parties</u>	<u>Relationship with the Company</u>
Beijing Huixu Jintong Investment Centre (Limited Partnership)	A company controlled by key management personnel
Beijing Huixu Jinxin Investment Management Co., Ltd.	A company controlled by key management personnel
Anhui Jiufang Pharmacy Co., Ltd.	A company significantly influenced by the controlling shareholder of the Company
Nanjing Yikang Technology Co., Ltd.	A company controlled by key management personnel
Nanjing Yirui Technology Co., Ltd.	A company controlled by key management personnel
He Zhi	Director and key management personnel
Sunshine Insurance Group Inc., Ltd. (together with its subsidiaries, the "Sunshine Insurance Group")	Having significant influence over the Company

(b) Significant transactions with related parties

	Year ended March 31,			Three months ended June 30,	
	2018	2019	2020	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
<i>Provision of services</i>					
Anhui Jiufang Pharmacy Co., Ltd.	2,599	—	7,242	—	—
Sunshine Insurance Group	—	3,774	1,275	—	225
	<u>2,599</u>	<u>3,774</u>	<u>8,517</u>	<u>—</u>	<u>225</u>
<i>Purchase of services</i>					
Beijing Huixu Jinxin Investment Management Co., Ltd.	—	—	1,800	—	278
Nanjing Yikang Technology Co., Ltd.	—	—	210	—	142
Nanjing Yirui Technology Co., Ltd.	—	—	200	—	189
	<u>—</u>	<u>—</u>	<u>2,210</u>	<u>—</u>	<u>609</u>

(c) Year ended balances with related parties

	As at March 31,			As at June 30,
	2018	2019	2020	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Amount due from related party—trade (trade receivables)				
Anhui Jiufang Pharmacy Co., Ltd.	2,437	2,437	8,541	7,333
Sunshine Insurance Group	—	300	135	360
	<u>2,437</u>	<u>2,737</u>	<u>8,676</u>	<u>7,693</u>
Amount due to related parties—non-trade				
Beijing Huixu Jintong Investment Centre (Limited Partnership)	8,500	8,500	8,500	—
He Zhi	—	2,000	—	—
Shanghai Youanzhi	418	—	—	—
	<u>8,918</u>	<u>10,500</u>	<u>8,500</u>	<u>—</u>
Amount due to related party—trade				
Sunshine Insurance Group	600	—	—	—
	<u>600</u>	<u>—</u>	<u>—</u>	<u>—</u>

(d) Key management personnel compensation

Key management includes director and senior officers. The compensations paid or payable to key management for employee services are shown below:

	Year ended March 31,			Three months ended June 30,	
	2018	2019	2020	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Wages, salaries and bonuses	6,181	7,314	10,351	2,319	3,172
Pension costs—defined contribution plans	246	273	279	94	30
Other social security costs	135	150	175	53	34
Housing benefits	148	164	226	55	57
Share-based compensation	3,653	—	126,597	—	11,102
	<u>10,363</u>	<u>7,901</u>	<u>137,628</u>	<u>2,521</u>	<u>14,395</u>

38 Events occurring after the reporting period*(i) Issue of Series C convertible redeemable preferred shares*

An investor has exercised its warrants to subscribe 1,629,397 Series C convertible redeemable preferred shares of the Company at a cash consideration of US\$20.0 million on July 3, 2020.

Pursuant to the share purchase agreement dated October 18, 2019, the Company agreed to issue 2,444,095 Series C preferred shares to certain investors at a price of US\$12.2745 per share with total cash consideration of US\$30.0 million. On July 3, 2020, 814,698 Series C preferred shares with cash consideration of US\$10.0 million were issued and paid up.

(ii) Supplemental agreement for Xinhexin acquisition

On July 21, 2020, the Company entered into a supplemental agreement with the seller of Xinhexin that if the Company does not complete its IPO within ten years since the date of acquisition agreement, the Company should pay the seller RMB4.0 million (or equivalent US\$ amount) and grant certain numbers of class B ordinary shares of the Company (equivalent to RMB4.0 million class B ordinary shares calculated by then fair value per share) to the seller. Accordingly, the Group will recognize a financial liability on the date of the supplemental agreement.

(iii) Investment by an investor into EVYD Technology Limited, a subsidiary of the Company

EVYD Technology Limited ("EVYD Technology"), a company organized under the laws of the British Virgin Islands, is established by the Company on June 8, 2020 ("Incorporation Date"). EVYD Technology is an entity engaging in the Company's international business outside the PRC. EVYD Technology's authorized share capital is US\$50,000 divided into 50,000 shares with par value of US\$1.00 each, which are all designated as ordinary shares. EVYD Technology issued 1 ordinary share to the Company on Incorporation Date.

On July 14, 2020, EVYD entered into an investment agreement with Yaquut Sdn Bhd ("Yaquut"), an investment holding company incorporated under the laws of Brunei and is beneficially owned by the Brunei Investment Agency, pursuant to which Yaquut would subscribe 99 ordinary shares of EVYD Technology for a total cash consideration of US\$25.0 million. The cash consideration was fully paid on July 15, 2020. EVYD Technology issued 900 ordinary shares and 99 ordinary shares to the Company and Yaquut, respectively.

Immediately after the subscription of shares by Yaquut, the number of ordinary shares and shareholding percentage of the Company and Yaquut in EVYD Technology are 901 shares, 90.10% and 99 shares, 9.90%, respectively.

(iv) Purchase of share options by a third party individuals

On July 10, 2020, the Company entered into an Option Subscription Agreement with a third party individual pursuant to which the third party individual acquired 116,385 options at US\$8.5922 per share for a total cash consideration of US\$1,000,000. These options were issued under Plan B and immediately vested on the grant date. The exercise price for these options was nil, and the expiration date of the options is July 10, 2030.

(v) COVID-19

An outbreak of COVID-19 was first reported in December 2019 and has rapidly spread around the world. The Group's financial position and operation results in 2020 have been and may continue to be affected by the spread of COVID-19. Although China gradually controlled the spread of COVID-19 by the end of June 2020, the extent to which COVID-19 impacts the Group's financial position and operation results in the remainder part of fiscal year ending March 31, 2021 will depend on future developments with respect to the outbreak, including the impact on the Group's customers and target customer groups, new information concerning the global severity of and actions taken to contain the outbreak, which are highly uncertain and unpredictable.

(vi) Transfer of equity interests of Hangzhou Qijing

In November 2020, Beijing Yidu Cloud entered into a Share Transfer Agreement with three third party investors, pursuant to which Beijing Yidu Cloud transferred all of its 51% interests of Hangzhou Qijing to these third party investors, with a consideration of RMB5.1 million. This transaction was completed in December 2020.

(vii) Share subdivision

On December 28, 2020, the Company carried out a share subdivision pursuant to which each share in the then issued and unissued share capital was split into five shares of the corresponding class with a par value of US\$0.00002 each.

39 Benefits and interests of directors**(a) Directors' emoluments**

The remuneration of every director and the chief executive officer for the years ended March 31, 2018, 2019 and 2020 and for the three months ended June 30, 2019 and 2020 were set out below:

Note	Wages, salaries and bonuses	Pension costs—defined contribution plans	Other social security costs	Housing benefits	Share-based compensation expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended March 31, 2018						
Executive directors						
Gong Yingying	(ii) 1,651	—	—	—	3,653	5,304
Sun Zhe	(iii) 710	54	30	33	—	827
Xu Jiming	(iv) 800	54	30	33	—	917
He Zhi	(v) 760	54	30	33	—	877
Li Yi	(vi) —	—	—	—	—	—
Zeng Yu	(vii) —	—	—	—	—	—
Zhang Ling	(viii) —	—	—	—	—	—
Sun Xiaoning	(ix) —	—	—	—	—	—
Min Xiangqiang	(x) —	—	—	—	—	—
	<u>3,921</u>	<u>162</u>	<u>90</u>	<u>99</u>	<u>3,653</u>	<u>7,925</u>
For the year ended March 31, 2019						
Executive directors						
Gong Yingying	(ii) 1,782	—	—	—	—	1,782
Sun Zhe	(iii) 1,020	58	32	35	—	1,145
Xu Jiming	(iv) 864	58	32	35	—	989
He Zhi	(v) 867	58	32	35	—	992

APPENDIX I

ACCOUNTANT'S REPORT

	Note	Wages, salaries and bonuses	Pension costs—defined contribution plans	Other social security costs	Housing benefits	Share-based compensation expenses	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Yang Jing	(xi)	698	39	21	23	—	781
Li Yi	(vi)	—	—	—	—	—	—
Zeng Yu	(vii)	—	—	—	—	—	—
Sun Xiaoning	(ix)	—	—	—	—	—	—
Min Xiangqiang	(x)	—	—	—	—	—	—
Wu Jian'an	(xii)	—	—	—	—	—	—
		<u>5,231</u>	<u>213</u>	<u>117</u>	<u>128</u>	<u>—</u>	<u>5,689</u>
For the year ended March 31, 2020							
Executive directors							
Gong Yingying	(ii)	1,846	—	—	—	—	1,846
Sun Zhe	(iii)	1,395	46	29	38	31,422	32,930
Xu Jiming	(iv)	1,242	46	29	38	24,374	25,729
He Zhi	(v)	842	46	29	38	21,635	22,590
Yang Jing	(xi)	1,154	46	29	38	18,540	19,807
Li Yi	(vi)	—	—	—	—	—	—
Zeng Yu	(vii)	—	—	—	—	—	—
Sun Xiaoning	(ix)	—	—	—	—	—	—
Min Xiangqiang	(x)	—	—	—	—	—	—
Wu Jian'an	(xii)	—	—	—	—	—	—
		<u>6,479</u>	<u>184</u>	<u>116</u>	<u>152</u>	<u>95,971</u>	<u>102,902</u>
For the three months ended June 30, 2019 (Unaudited)							
Executive directors							
Gong Yingying	(ii)	442	—	—	—	—	442
Sun Zhe	(iii)	231	16	9	9	—	265
Xu Jiming	(iv)	273	16	9	9	—	307
He Zhi	(v)	211	16	9	9	—	245
Yang Jing	(xi)	239	16	9	9	—	273
Li Yi	(vi)	—	—	—	—	—	—
Zeng Yu	(vii)	—	—	—	—	—	—
Sun Xiaoning	(ix)	—	—	—	—	—	—
Min Xiangqiang	(x)	—	—	—	—	—	—
Wu Jian'an	(xii)	—	—	—	—	—	—
		<u>1,396</u>	<u>64</u>	<u>36</u>	<u>36</u>	<u>—</u>	<u>1,532</u>
For the three months ended June 30, 2020							
Executive directors							
Gong Yingying	(ii)	571	—	—	—	—	571
Sun Zhe	(iii)	539	6	5	10	1,420	1,980
Xu Jiming	(iv)	408	—	5	10	3,851	4,274
He Zhi	(v)	232	6	5	9	1,461	1,713
Yang Jing	(xi)	465	6	5	8	1,116	1,600
Li Yi	(vi)	—	—	—	—	—	—
Zeng Yu	(vii)	—	—	—	—	—	—
Sun Xiaoning	(ix)	—	—	—	—	—	—
Min Xiangqiang	(x)	—	—	—	—	—	—
Wu Jian'an	(xii)	—	—	—	—	—	—
		<u>2,215</u>	<u>18</u>	<u>20</u>	<u>37</u>	<u>7,848</u>	<u>10,138</u>

- (i) The emoluments of these directors were paid by owners of the Group.
- (ii) Ms. Gong Yingying was appointed as a director with effect from December 9, 2014.
- (iii) Mr. Sun Zhe was appointed as a director with effect from March 16, 2015.
- (iv) Mr. Xu Jiming was appointed as a director with effect from March 31, 2016.
- (v) Mr. He Zhi was appointed as a director with effect from March 31, 2016.
- (vi) Mr. Li Yi was appointed as a director with effect from March 16, 2015.
- (vii) Ms. Zeng Yu was appointed as a director with effect from July 21, 2015.
- (viii) Mr. Zhang Ling was appointed as a director with effect from March 31, 2016 and resigned at December 31, 2017.
- (ix) Ms. Sun Xiaoning was appointed as a director with effect from April 7, 2017.
- (x) Mr. Min Xiangqiang was appointed as a director with effect from December 31, 2017.
- (xi) Ms. Yang Jing was appointed as a director with effect from August 14, 2018.
- (xii) Mr. Wu Jian'an was appointed as a director with effect from January 11, 2019.

(b) Directors' retirement and termination benefits

No retirement or termination benefits have been paid to the Company's directors for the years ended March 31, 2018, 2019 and 2020 and for the three months ended June 30, 2019 and 2020.

(c) Consideration provided to third parties for making available directors' services

No consideration was provided to third parties for making available directors' services during the years ended March 31, 2018, 2019 and 2020 and for the three months ended June 30, 2019 and 2020.

(d) Information about loans, quasi-loans or other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans or other dealings were entered into by the Company in favor of directors, controlled bodies corporate by and connected entities with such directors during the years ended March 31, 2018, 2019 and 2020 and for the three months ended June 30, 2019 and 2020.

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the years/periods or at any time during the years ended March 31, 2018, 2019 and 2020 and for the three months ended June 30, 2019 and 2020.

40 Contingencies

The Group did not have any material contingent liabilities as of March 31, 2018, 2019 and 2020 and June 30, 2020.

41 Dividend

No dividend has been paid or declared by the Company or the companies now comprising the Group during each of the years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any companies now comprising the Group in respect of any period subsequent to June 30, 2020 and up to the date of this report. No dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to June 30, 2020.

The information set forth in this appendix II does not form part of the “Accountant’s Report” from the Company’s reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, as set forth in Appendix I to this prospectus, and is included herein for illustrative purpose only.

The unaudited pro forma financial information should be read in conjunction with the sections headed “Financial Information” and the “Appendix I—Accountant’s Report”.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative unaudited pro forma statement of adjusted consolidated net tangible assets which has been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of the Global Offering as if it had taken place on June 30, 2020 and based on the consolidated net tangible assets attributable to the owners of the Company as at June 30, 2020 as shown in the Accountant’s Report, the text of which is set out in Appendix I to this prospectus, and adjusted as described below.

This unaudited pro forma adjusted consolidated net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as at June 30, 2020 or at any future date.

	Audited consolidated net tangible liabilities attributable to the owners of the Company as at June 30, 2020	Estimated net proceeds from the Global Offering	Estimated impact related to the conversion of the Preference Shares upon Listing	Unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company	Unaudited pro forma adjusted consolidated net tangible assets per share	
	Note 1 RMB’000	Note 2 RMB’000	Note 3 RMB’000	RMB’000	Note 4 RMB	Note 5 HK\$
Based on the Offer Price of						
HK\$23.50 per share	(4,226,052)	3,130,223	4,984,227	3,888,398	4.37	4.87
Based on the Offer Price of						
HK\$26.30 per share	(4,226,052)	3,507,288	4,984,227	4,265,463	4.80	5.35

Notes:

- (1) The audited consolidated net tangible assets attributable to the owners of the Company as at June 30, 2020 is extracted from the Accountant’s Report set forth in Appendix I to the prospectus, which is based on the audited consolidated net liabilities attributable to the owners of the Company as at June 30, 2020 of RMB4,185,022,000 with an adjustment for the intangible assets attributable to the owners of the Company as at June 30, 2020 of RMB41,030,000.
- (2) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK\$23.50 and HK\$26.30 per share after deduction of the estimated underwriting fees and other related expenses payable by the Company (excluding RMB8,381,000 which had been charged to the consolidated statements of comprehensive income up to June 30, 2020), and takes no account of any shares which may be issued upon the exercise of the Over-allotment Option.
- (3) Upon the Listing and the completion of the Global Offering, all the Preference Shares will be automatically converted into ordinary shares. These Preference Shares will be re-designated from liabilities to equity. Accordingly, for the purpose of the unaudited pro forma financial information, the unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company will be increased by RMB4,984,227,000, being the carrying amounts of the Preference Shares as at June 30, 2020.
- (4) The unaudited pro forma adjusted consolidated net tangible assets per share are determined after the adjustments as described in note (2) and (3) above and on the basis that 889,541,535 shares are in issue (excluding the 8,146,985 and 4,073,490 Series C Preference Shares issued to Image Frame Investment (HK) Limited and Guiyang Big Data Industrial Group Co., Ltd. on July 3, 2020 respectively), (as adjusted pursuant to the Share Subdivision), assuming the Global Offering had been completed on June 30, 2020 but takes no account of any shares which may fall to be issued upon the exercise of the Over-Allotment Option or upon the exercise of the share options granted under the Pre-IPO Share Option Scheme.

- (5) For the purpose of this unaudited pro forma adjusted net tangible assets, the balance stated in Renminbi is converted into Hong Kong dollars at a rate of HK\$1.00 to RMB0.8967. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.
- (6) No adjustments have been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to June 30, 2020. The unaudited pro forma adjusted net tangible assets per Share would have been HK\$5.27 (equivalent to RMB4.72) and HK\$5.73 (equivalent to RMB5.14) per Share based on the Offer Price of HK\$23.50 and HK\$26.30, being the low-end and high-end, respectively, after taking into account the issue of 12,220,475 Series C Preference Shares (as adjusted pursuant to Share Subdivision) on July 3, 2020 and subsequent events described in “(iii) investment by an investor into EVYD Technology Limited, a subsidiary of the Company” and “(iv) Purchase of share options by a third party individuals” in Note 38 Events occurring after the reporting period in the Accountant’s Report set forth in Appendix I to the prospectus. Subsequent event described in “(ii) Supplemental agreement for Xinhexin acquisition” and “(vi) Transfer of equity interests of Hangzhou Qijing” in Note 38 Events occurring after the reporting period in the Accountant’s Report set forth in Appendix I to the prospectus have no significant impact to the unaudited pro forma adjusted consolidated net tangible assets.

B. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



羅兵咸永道

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the Directors of Yidu Tech Inc.**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Yidu Tech Inc. (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at June 30, 2020, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-2 of the Company's prospectus dated December 31, 2020, in connection with the proposed initial public offering of the shares of the Company, (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2 of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed initial public offering on the Group's financial position as at June 30, 2020 as if the proposed initial public offering had taken place at June 30, 2020. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial information for the period ended June 30, 2020, on which an accountant's report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed initial public offering at June 30, 2020 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) or standards and practices of any professional body in any other overseas jurisdiction and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- such basis is consistent with the accounting policies of the Group; and
- the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, December 31, 2020

Set out below is a summary of certain provisions of the Memorandum and Articles of our Company and of certain aspects of Cayman Islands Companies Act.

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on December 9, 2014 under the Cayman Companies Act. Our Company's constitutional documents consist of its Memorandum and Articles.

SUMMARY OF THE CONSTITUTION OF THE COMPANY

1 Memorandum of Association

The Memorandum of Association of the Company was conditionally adopted on December 28, 2020 and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection at the address specified in Appendix V in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection".

2 Articles of Association

The Articles of Association of the Company were conditionally adopted on December 28, 2020 and include provisions to the following effect:

2.1 Classes of Shares

The share capital of the Company consists of ordinary shares. The capital of the Company at the date of adoption of the Articles is US\$50,000 divided into 2,500,000,000 shares of US\$0.00002 each.

2.2 Directors

(a) Power to allot and issue Shares

Subject to the provisions of the Companies Act and the Memorandum and Articles of Association, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Directors shall determine.

Subject to the provisions of the Articles of Association and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such times and for such consideration as the Directors may determine. Subject to the Companies Act and to any special rights conferred on any shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of the Company or the holder thereof, liable to be redeemed.

(b) *Power to dispose of the assets of the Company or any subsidiary*

The management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by the Articles of Association expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not by the Articles of Association or the Companies Act expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Companies Act and of the Articles of Association and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or the Articles of Association, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

(c) *Compensation or payment for loss of office*

Payment to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must first be approved by the Company in general meeting.

(d) *Loans to Directors*

There are provisions in the Articles of Association prohibiting the making of loans to Directors or their respective close associates which are equivalent to the restrictions imposed by the Companies Ordinance.

(e) *Financial assistance to purchase Shares*

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries or any holding company or any subsidiary of such holding company in order that they may buy shares in the Company or any such subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

(f) *Disclosure of interest in contracts with the Company or any of its subsidiaries*

No Director or proposed Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so contracting or being any member or so interested be liable to account to the Company for any profit so realized by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the board of Directors at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by the Company.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates (or, if required by the Listing Rules, his other associates) has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

- (i) the giving to such Director or any of his close associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:
 - (A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or
 - (B) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (v) any contract or arrangement in which the Director or any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(g) *Remuneration*

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Directors, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

The Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of traveling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who shall perform any special or extra services at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

The remuneration of an executive Director or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Directors and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

(h) *Retirement, appointment and removal*

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that meeting, but shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation at such meeting.

The Company may by ordinary resolution remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment of office as a result of the termination of this appointment as Director). The Company may by ordinary resolution appoint another person in his place. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed.

The Company may also by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. No person shall, unless recommended by the Directors, be eligible for election to the office of Director at any general meeting unless, during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary of the Company notice in writing by a member of the Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated:

- (i) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;
- (ii) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;
- (iii) if, without leave, he is absent from meetings of the Directors (unless an alternate Director appointed by him attends) for 12 consecutive months, and the Directors resolve that his office be vacated;
- (iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (v) if he ceases to be or is prohibited from being a Director by law or by virtue of any provision in the Articles of Association;
- (vi) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) for the time being then in office; or
- (vii) if he shall be removed from office by an ordinary resolution of the members of the Company under the Articles of Association.

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) *Borrowing powers*

The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

(j) *Proceedings of the Board*

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit in any part of the world. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairperson of the meeting shall have a second or casting vote.

2.3 Alteration to constitutional documents

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

2.4 Variation of rights of existing shares or classes of shares

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Companies Act, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles of Association relating to general meetings shall *mutatis mutandis* apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorized representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.5 Alteration of capital

The Company may, from time to time, whether or not all the shares for the time being authorized shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

The Company may from time to time by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;
- (b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so canceled subject to the provisions of the Companies Act; and
- (c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Companies

Act, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorized and subject to any conditions prescribed by the Companies Act.

2.6 Special resolution—majority required

A “special resolution” is defined in the Articles of Association to have the meaning ascribed thereto in the Companies Act, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an “ordinary resolution” is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

2.7 Voting rights

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy shall have one vote for each share registered in his name in the register of members of the Company.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member of the Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of

managing his affairs may vote by any person authorized in such circumstances to do so and such person may vote by proxy.

Save as expressly provided in the Articles of Association or as otherwise determined by the Directors, no person other than a member of the Company duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of the Company), or to be reckoned in a quorum, either personally or by proxy at any general meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairperson of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

If a recognized clearing house (or its nominee(s)) is a member of the Company it may authorize such person or persons as it thinks fit to act as its proxy(ies) or representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognized clearing house (or its nominee(s)) which he represents as that recognized clearing house (or its nominee(s)) could exercise as if it were an individual member of the Company holding the number and class of shares specified in such authorization, including, where a show of hands is allowed, the right to vote individually on a show of hands.

2.8 Annual general meetings and extraordinary general meetings

The Company shall hold a general meeting as its annual general meeting each year, within a period of not more than 15 months after the holding of the last preceding annual general meeting (or such longer period as the Stock Exchange may authorize). The annual general meeting shall be specified as such in the notices calling it.

The board of Directors may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any one or more members holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the paid up capital of the Company which carry the right of voting at general meetings of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and signed by the requisitionist(s). If the Directors do not within two months from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further two months, the requisitionist(s) themselves or any of them holding no less than one-tenth of the paid up capital of the Company which carry the right of voting at general meetings, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to them by the Company.

Notwithstanding any provisions to the contrary in the Articles of Association, at a general meeting convened at the request of or by requisitionists pursuant to the above paragraph, a person may be

appointed or elected as a Director, or removed (with or without cause) as a Director, and the size of the Board may be increased, by an ordinary resolution. For these purposes, an ordinary resolution means a resolution passed by members who, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company and who together hold a simple majority of the issued shares carrying the right to vote as at the record date of such general meeting.

2.9 Accounts and audit

The Directors shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Companies Act.

The Directors shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection by members of the Company (other than officers of the Company) and no such member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Companies Act or any other relevant law or regulation or as authorized by the Directors or by the Company in general meeting.

The Directors shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up and a Director's report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of the Company at an annual general meeting shall not less than 21 days before the date of the meeting, be sent in the manner in which notices may be served by the Company as provided in the Articles of Association to every member of the Company and every holder of debentures of the Company provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

2.10 Auditors

The Company shall at every annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The removal of an auditor before the expiration of his period of office shall require the approval of an ordinary resolution of the members in general meeting. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Directors.

2.11 Notice of meetings and business to be conducted thereat

An annual general meeting shall be called by not less than 21 days' notice in writing and any extraordinary general meeting shall be called by not less than 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is

given, and shall specify the time, place and agenda of the meeting, particulars of the resolutions and the general nature of the business to be considered at the meeting. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors and all members of the Company (other than those who, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company).

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

- (a) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat or their proxies; and
- (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Directors, in their absolute discretion, consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place specified in the notice calling such meeting, it may change or postpone the meeting to another date, time and place.

The Directors also have the power to provide in every notice calling a general meeting that in the event of a gale warning or a black rainstorm warning is in force at any time on the day of the general meeting (unless such warning is canceled at least a minimum period of time prior to the general meeting as the Directors may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date. Where a general meeting is so postponed, the Company shall endeavor to cause a notice of such postponement to be placed on the Company's website and published on the Stock Exchange's website as soon as practicable, but failure to place or publish such notice shall not affect the automatic postponement of such meeting.

Where a general meeting is postponed:

- (a) the Directors shall fix the date, time and place for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting; and such notice shall specify the date, time and place at which the postponed meeting will be reconvened and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and
- (b) notice of the business to be transacted at the reconvened meeting shall not be required, nor shall any accompanying documents be required to be recirculated, provided that the business to be transacted at the reconvened meeting is the same as that set out in the notice of the original meeting circulated to the members of the Company.

2.12 Transfer of shares

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve which is consistent with the standard form of transfer as prescribed by the Stock Exchange.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof. All instruments of transfer shall be retained by the Company.

The Directors may refuse to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

- (a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be canceled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- (b) the instrument of transfer is in respect of only one class of shares;
- (c) the instrument of transfer is properly stamped (in circumstances where stamping is required);
- (d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;
- (e) the shares concerned are free of any lien in favor of the Company; and
- (f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be suspended and the register of members of the Company closed at such times for such periods as the Directors may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

2.13 Power of the Company to purchase its own shares

The Company is empowered by the Companies Act and the Articles of Association to purchase its own shares subject to certain restrictions and the Directors may only exercise this power on behalf of the Company subject to the authority of its members in general meeting as to the manner in which they

do so and to any applicable requirements imposed from time to time by the Stock Exchange and the Securities and Futures Commission of Hong Kong. Shares which have been repurchased will be treated as canceled upon the repurchase.

2.14 Power of any subsidiary of the Company to own shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

2.15 Dividends and other methods of distribution

Subject to the Companies Act and the Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may also pay half-yearly or at other intervals to be selected by them any dividend which may be payable at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other monies payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, installments or otherwise.

No dividend shall carry interest against the Company.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to a holder of shares may be paid by check or warrant sent through the post addressed to the registered address of the member of the Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of the Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every check or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register of members of the Company in respect of such shares, and shall be sent at his or their risk and the payment of any such check or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. The Company may cease sending such checks for dividend entitlements or dividend warrants by post if such checks or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending checks for dividend entitlements or dividend warrants after the first occasion on which such a check or warrant is returned undelivered. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Directors and shall revert to the Company.

The Directors may, with the sanction of the members of the Company in general meeting, direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of the Company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.16 Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of the Company.

Instruments of proxy shall be in common form or in such other form as the Directors may from time to time approve provided that it shall enable a member to instruct his proxy to vote in favor of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorized in writing or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.

The instrument appointing a proxy and (if required by the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

2.17 Calls on shares and forfeiture of shares

The Directors may from time to time make calls upon the members of the Company in respect of any monies unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times and each member of the Company shall (subject to the Company serving upon him at least 14 days' notice specifying the time and place of payment and to whom such payment shall be made) pay to the person at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by installments and shall be deemed to have been made at the time when the resolution of the Directors authorizing the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and installments due in respect of such share or other monies due in respect thereof.

If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15% per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

If any call or installment of a call remains unpaid on any share after the day appointed for payment thereof, the Directors may at any time during such time as any part thereof remains unpaid serve a notice on the holder of such shares requiring payment of so much of the call or installment as is unpaid together with any interest which may be accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall

state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or installment is unpaid will be liable to be forfeited.

If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or installments and interest due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of the Company and may be re-allotted, sold or otherwise disposed of.

A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares, together with (if the Directors shall in their discretion so require) interest thereon at such rate not exceeding 15% per annum as the Directors may prescribe from the date of forfeiture until payment, and the Directors may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

2.18 Inspection of register of members

The register of members of the Company shall be kept in such manner as to show at all times the members of the Company for the time being and the shares respectively held by them. The register may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be closed at such times and for such periods as the Directors may from time to time determine either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be open to inspection by any member of the Company without charge and by any other person on payment of a fee of such amount not exceeding the maximum amount as may from time to time be permitted under the Listing Rules as the Directors may determine for each inspection.

2.19 Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment, choice or election of a chairperson which shall not be treated as part of the business of the meeting.

Two members of the Company present in person or by proxy holding together not less than one-tenth of the paid up capital of the Company which carry the right of voting at general meetings of the Company shall be a quorum provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy.

A corporation being a member of the Company shall be deemed for the purpose of the Articles of Association to be present in person if represented by its duly authorized representative being the person

appointed by resolution of the directors or other governing body of such corporation or by power of attorney to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.4 above.

2.20 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

2.21 Procedure on liquidation

If the Company shall be wound up, and the assets available for distribution amongst the members of the Company as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. If in a winding up the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members of the Company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Companies Act, divide amongst the members of the Company in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like sanction and subject to the Companies Act, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.22 Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all checks or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12 year period, the Company has caused an advertisement to be published in the newspapers or subject to the Listing Rules, by electronic

communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

1 Introduction

The Companies Act is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Act and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Act, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2 Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on December 9, 2014 under the Companies Act. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorized share capital.

3 Share Capital

The Companies Act permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the “share premium account”. At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancelation of shares in any other company and issued at a premium. The Companies Act provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

- (a) paying distributions or dividends to members;
- (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Act);
- (d) writing-off the preliminary expenses of the company;

- (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and
- (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Act, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorized either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

4 Dividends and Distributions

With the exception of section 34 of the Companies Act, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action

against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7 Disposal of Assets

The Companies Act contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8 Accounting and Auditing Requirements

The Companies Act requires that a company shall cause to be kept proper books of account with respect to:

- (a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
- (b) all sales and purchases of goods by the company; and
- (c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

9 Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the

Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

10 Inspection of Books and Records

Members of a company will have no general right under the Companies Act to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

11 Special Resolutions

The Companies Act provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorized by the articles of association of the company.

12 Subsidiary Owning Shares in Parent

The Companies Act does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13 Mergers and Consolidations

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of each constituent company and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the

parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

16 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17 Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

18 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

19 Taxation

Pursuant to section 6 of the Tax Concessions Law (2018 Revision) of the Cayman Islands, the Company may obtain an undertaking from the Financial Secretary of the Cayman Islands:

- (a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and
- (b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:
 - (i) on or in respect of the shares, debentures or other obligations of the Company; or
 - (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2018 Revision).

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

20 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

21 General

Maples and Calder (Hong Kong) LLP, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarizing aspects of Cayman Islands company law. This letter, together with a copy of the Companies Act, is available for inspection as referred to in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP**1. Incorporation**

Our Company was incorporated under the laws of the Cayman Islands as an exempted company with limited liability on December 9, 2014 under the name “Yidu Inc.”. The Company was renamed “Happy Life Tech Inc.” on March 3, 2017 and further renamed “Yidu Tech Inc.” on July 8, 2020. On July 8, 2020, our Company adopted the dual foreign name of “醫渡科技有限公司”.

Our registered office address is at Suite#4-210, Governors Square, 23 Lime Tree Bay Avenue, PO Box 32311, Grand Cayman KY1-1209, Cayman Islands. Accordingly, our Company’s corporate structure and Memorandum and Articles are subject to the relevant laws of the Cayman Islands. A summary of our Memorandum and Articles is set out in Appendix III.

Our registered place of business in Hong Kong is at 14th Floor, Golden Centre, 188 Des Voeux Road Central, Hong Kong. We were registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on September 8, 2020 with the Registrar of Companies in Hong Kong. Ms. Li Ching Yi has been appointed as the authorized representative of our Company for the acceptance of service of process in Hong Kong. The address for service of process is 14th Floor, Golden Centre, 188 Des Voeux Road Central, Hong Kong.

2. Changes in share capital of our Company

Upon incorporation, our Company had an authorized share capital of US\$50,000.00 divided into 100,000,000 ordinary shares with a par value of US\$0.0005 each.

The following sets out the changes in our Company’s issued share capital within the two years immediately preceding the date of this document:

- (a) On June 21, 2019, our Company issued 2,444,095 Series C Preference Shares with a par value of US\$0.0001 each to Image Frame Investment (HK) Limited for a total consideration of US\$30 million.
- (b) On June 21, 2019, our Company issued 2,444,095 Series C Preference Shares with a par value of US\$0.0001 each to Parallel Solar Investment Limited for a total consideration of US\$30 million.
- (c) On December 30, 2019, our Company issued 2,444,094 Series C Preference Shares with a par value of US\$0.0001 each to Yaqt Sdn Bhd for a total consideration of US\$30 million.
- (d) On July 3, 2020, our Company issued 1,629,397 Series C Preference Shares with a par value of US\$0.0001 each to Image Frame Investment (HK) Limited for a total consideration of US\$20 million.
- (e) On July 3, 2020, our Company issued 814,698 Series C Preference Shares with a par value of US\$0.0001 each to Guiyang Big Data Industrial Group Co., Ltd. (貴陽市大數據產業集團有限公司) for a total consideration of US\$10 million.
- (f) On July 3, 2020, our Company issued 814,698 Series C Preference Shares with a par value of US\$0.0001 each to Guiyang Industrial & Commercial Investment Group Co., Ltd. (貴陽市工商產業投資集團有限公司) for a total consideration of US\$10 million.

Save as disclosed above and in the section headed “—Resolutions of our Shareholders dated December 28, 2020” below, there has been no alteration in the share capital of our Company within the two years immediately preceding the date of this document.

3. Changes in the share capital of members of our Group

A summary of the corporate information and the particulars of our subsidiaries are set out in note 39 to the Accountant’s Report as set out in Appendix I.

The following sets out the changes in the share or registered capital of members of our Group within the two years immediately preceding the date of this document:

- On January 21, 2019, Shanghai Yizhi Medical Technology Co., Ltd. was established with a registered capital of RMB15 million.
- On March 13, 2019, Yidu Cloud (Hainan) Technology Co., Ltd. was established with a registered capital of RMB5 million.
- On April 17, 2019, Beijing Yiling Technology Co., Ltd. was established with a registered capital of RMB5 million.
- On April 22, 2019, Yidu Cloud (Guangzhou) Technology Co., Ltd. was established with a registered capital of RMB50 million.
- On May 29, 2019, Happy Life (Guangzhou) Technology Co., Ltd. was established with a registered capital of RMB50 million.
- On July 18, 2019, the registered capital of Nanjing Yiyi Cloud Big Data Technology Co., Ltd. was increased from US\$10 million to US\$20 million.
- On August 27, 2019, the registered capital of Beijing Yiyi Cloud was increased from US\$50 million to US\$60 million.
- On November 15, 2019, Yidu (Hainan) Medical Technology Co., Ltd. was established with a registered capital of RMB1 million.
- On November 15, 2019, EVYD Research Private Limited (formerly named “Singapore Happy Life Technology Private Limited”) issued 1 fully paid-up ordinary share to the Company for 1 Singapore Dollar.
- On December 27, 2019, Yidu Cloud (Xiamen) Medical Technology Co., Ltd. was established with a registered capital of RMB10 million.
- On December 30, 2019, the registered capital of Xinhexin Technology (Beijing) Co., Ltd. was increased from RMB2 million to RMB10 million.
- On January 16, 2020, the registered capital of Beijing Yiyi Cloud was increased from US\$60 million to US\$70 million.
- On January 6, 2020, the registered capital of Nanjing Yiyi Cloud Big Data Technology Co., Ltd. was increased from US\$20 million to US\$40 million.
- On February 11, 2020, the registered capital of Yidu (Hainan) Medical Technology Co., Ltd. was increased from RMB1 million to RMB5 million.
- On February 20, 2020, Century Kangtai Technology was established with a registered capital of RMB10 million.

- On April 15, 2020, Tibet Yiyun Technology Co., Ltd. was established with a registered capital of RMB5 million.
- On April 21, 2020, Tianjin Causa Technology Co., Ltd. was established with a registered capital of RMB10 million.
- On May 11, 2020, Tianjin Causa Technique Co., Ltd. was established with a registered capital of RMB5 million.
- On May 22, 2020, Happy Med Limited was incorporated and issued 1 fully paid-up ordinary share with a par value of US\$1.00 to the Company.
- On May 22, 2020, Bright Panda Limited was incorporated and issued 1 fully paid-up ordinary share with a par value of US\$1.00 to the Company.
- On June 8, 2020, EVYD Technology Limited was incorporated and issued 1 fully paid-up ordinary share with a par value of US\$1.00 to the Company.
- On June 19, 2020, Causa Med Technology Limited was incorporated and issued 1 fully paid-up ordinary share to Happy Med Limited for HK\$1.00.
- On June 19, 2020, Causa Life Technology Limited was incorporated and issued 1 fully paid-up ordinary share to Bright Panda Limited for HK\$1.00.
- On July 22, 2020, the registered capital of Shanghai Yizhi Medical Technology Co., Ltd. was increased from RMB15 million to RMB35 million.
- On July 27, 2020, Tianjin Causa Health Management was established with a registered capital of US\$0.1 million.
- On August 3, 2020, Tianjin Joyful Life Health Management was established with a registered capital of US\$0.1 million.
- On September 18, 2020, Evyd HK Technology Limited was incorporated and issued 1 fully paid-up ordinary share to EVYD Technology Limited for HK\$1.00.
- On October 26, 2020, Beijing Xinwen Yizheng Technology Co., Ltd. was established with a registered capital of US\$1 million.
- On November 23, 2020, Jiangsu Causa Grand Pharmacy Co., Ltd. was established with a registered capital of RMB20 million.
- On December 11, 2020, the registered capital of Beijing Yiyi Cloud was increased from US\$70 million to US\$90 million.

Save as disclosed above, there has been no alteration in the share capital of any member of our Group within the two years immediately preceding the date of this document.

4. Resolutions of our Shareholders dated December 28, 2020

Resolutions of our Shareholders were passed on December 28, 2020, pursuant to which, among others, conditional upon the conditions of the Global Offering (as set out in this document) being fulfilled:

- (a) the Memorandum and the Articles were approved and adopted effective conditional on and immediately prior to the Listing on the Listing Date;

- (b) the Global Offering, Listing and Over-allotment Option were approved, and our Directors were authorized to negotiate and agree the Offer Price and to allot and issue the Offer Shares (including pursuant to the Over-allotment Option);
- (c) a general mandate (the “**Issue Mandate**”) was granted to our Directors to allot, issue and deal with any Shares or securities convertible into Shares and to make or grant offers, agreements or options which would or might require Shares to be allotted, issued or dealt with, provided that the number of Shares so allotted, issued or dealt with or agreed to be allotted, issued or dealt with by our Directors, shall not exceed 20% of the total number of Shares in issue immediately following the completion of Global Offering;
- (d) a general mandate (the “**Repurchase Mandate**”) was granted to our Directors to repurchase our own Shares on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the total number of Shares in issue immediately following completion of the Global Offering;
- (e) the Issue Mandate was extended by the addition to the total number of Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the total number of the Shares purchased by our Company pursuant to the Repurchase Mandate, provided that such extended amount shall not exceed 10% of the total number of the Shares in issue immediately following completion of the Global Offering; and
- (f) the terms of the Post-IPO Share Option Scheme and Post-IPO Share Award Scheme were approved and adopted with effect from Listing.

Each of the general mandates referred to above will remain in effect until the earliest of:

- the conclusion of the next annual general meeting of our Company unless, by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to condition;
- the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws of the Cayman Islands or the memorandum and the articles of association of our Company; and
- the passing of an ordinary resolution by our Shareholders in a general meeting revoking or varying the authority.

5. Explanatory statement on repurchase of our own securities

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this document concerning the repurchase of our own securities.

Provision of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

Shareholders' approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our Shareholders on December 28, 2020, the Repurchase Mandate was given to our Directors authorizing them to exercise all the powers of our Company to repurchase Shares on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the total number of Shares in issue immediately following the completion of the Global Offering (excluding any Shares to be issued and allotted pursuant to (i) the exercise of the Over-allotment Option; (ii) the exercise of options granted under the Pre-IPO Share Option Plans; (iii) the exercise of options which may be granted under the Post-IPO Share Option Scheme; and (iv) awards which may be granted under the Post-IPO Share Award Scheme), with such mandate to expire at the earliest of (i) the conclusion of the next annual general meeting of our Company, (ii) the expiration of the period within which the next annual general meeting of our Company is required to be held by any applicable law or the Articles of Association, and (iii) the date when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

Source of funds

Purchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association and the applicable Laws of Hong Kong and the Cayman Islands. A listed company may not purchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. As a matter of Cayman Companies Act, any purchases by the Company may be made out of profits or out of the proceeds of a new issue of shares made for the purpose of the purchase or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Articles of Association and subject to the Cayman Companies Act. Any premium payable on the purchase over the par value of the shares to be purchased must have been provided for out of profits or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Articles of Association and subject to the Cayman Companies Act.

Trading restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A

company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

Status of repurchased Shares

The listing of all purchased securities (whether on the Stock Exchange or otherwise) is automatically canceled and the relative certificates must be canceled and destroyed. Under the laws of the Cayman Islands, unless, prior to the purchase the directors of the Company resolve to hold the shares purchased by the Company as treasury shares, shares purchased by the Company shall be treated as canceled and the amount of the Company's issued share capital shall be diminished by the nominal value of those shares. However, the purchase of shares will not be taken as reducing the amount of the authorized share capital under the Cayman Companies Act.

Suspension of repurchase

A listed company may not make any repurchase of securities after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

Reporting requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

Core connected persons

The Listing Rules prohibit a company from knowingly purchasing securities on the Stock Exchange from a “core connected person”, that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or a close associate of any of them (as defined in the Listing Rules) and a core connected person shall not knowingly sell their securities to the company.

Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to have a general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and Shareholders.

Funding of repurchases

Repurchase of the Shares must be funded out of funds legally available for such purpose in accordance with the Articles of Association and the applicable laws of the Cayman Islands. Our Directors may not repurchase the Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, our Directors may make repurchases with profits of the Company or out of a new issuance of shares made for the purpose of the repurchase or from sums standing to the credit of our share premium account or, if authorized by the Articles of Association and subject to the Cayman Companies Act, out of capital and, in the case of any premium payable on the repurchase, out of profits of the Company or from sums standing to the credit of the share premium account of the Company or, if authorized by the Articles of Association and subject to Cayman Companies Act, out of capital.

However, our Directors do not propose to exercise the general mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or its gearing levels which, in the opinion of our Directors, are from time to time appropriate for the Company.

General

The exercise in full of the Repurchase Mandate, on the basis of 901,762,010 Shares in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Plans, Post-IPO Share Option Scheme and Post-IPO Share Award Scheme) could accordingly result in up to approximately 90,176,201 Shares being repurchased by our Company during the period prior to the earliest of (i) the conclusion of the next annual general meeting of our Company unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; (ii) the expiration of the period within which the next annual general meeting of our Company is required to be held by any applicable law or the Articles of Association; and (iii) the date when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws in the Cayman Islands.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory general offer to buy all of the securities of the Company not owned by them or parties acting in contact with them in accordance with Rule 26 of the Takeovers Code in such circumstances. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. To the Company's knowledge a waiver of this provision would not normally be granted other than in exceptional circumstances.

No core connected person of our Company has notified our Company that they have a present intention to sell Shares to our Company, or have undertaken not to do so, if the Repurchase Mandate is exercised.

We have not made any repurchases of our Shares in the previous six months.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following are contracts (not being contracts entered into in the ordinary course of business) entered into by any member of our Group within the two years immediately preceding the date of this document that are or may be material:

- (a) an exclusive business cooperation agreement dated August 18, 2020 entered into between Tianjin New Happy Life Technology Co., Ltd. (天津新開心生活科技有限公司) and Tianjin Happy Life Technology Co., Ltd. (天津開心生活科技有限公司), pursuant to which Tianjin Happy Life Technology Co., Ltd. (天津開心生活科技有限公司) agreed to engage Tianjin New Happy Life Technology Co., Ltd. (天津新開心生活科技有限公司) as the exclusive service provider of technical support, consultation and other services in return for service fee;
- (b) an exclusive call option agreement dated August 18, 2020 entered into between Tianjin New Happy Life Technology Co., Ltd. (天津新開心生活科技有限公司), Xu Jiming (徐濟銘), Hao Yiming (郝一鳴) and Tianjin Happy Life Technology Co., Ltd. (天津開心生活科技有限公司), pursuant to which Xu Jiming (徐濟銘) and Hao Yiming (郝一鳴) agreed to grant Tianjin New Happy Life Technology Co., Ltd. (天津新開心生活科技有限公司) an exclusive and irrevocable option to purchase from Xu Jiming (徐濟銘) and Hao Yiming (郝一鳴) all or part of their equity interests in Tianjin Happy Life Technology Co., Ltd. (天津開心生活科技有限公司) for a total consideration of RMB10 or the lowest price permitted under the laws of the PRC, whichever is higher;

- (c) an equity pledge agreement dated August 18, 2020 entered into between Tianjin New Happy Life Technology Co., Ltd. (天津新開心生活科技有限公司), Xu Jiming (徐濟銘), Hao Yiming (郝一鳴) and Tianjin Happy Life Technology Co., Ltd. (天津開心生活科技有限公司), pursuant to which Xu Jiming (徐濟銘) and Hao Yiming (郝一鳴) agreed to pledge all of their existing and future equity interests in Tianjin Happy Life Technology Co., Ltd. (天津開心生活科技有限公司) to Tianjin New Happy Life Technology Co., Ltd. (天津新開心生活科技有限公司);
- (d) a power of attorney dated August 18, 2020 executed by Xu Jiming (徐濟銘) in favor of and accepted by Tianjin New Happy Life Technology Co., Ltd. (天津新開心生活科技有限公司) and acknowledged by Tianjin Happy Life Technology Co., Ltd. (天津開心生活科技有限公司), pursuant to which Xu Jiming (徐濟銘) agreed to, among other things, exclusively authorize Tianjin New Happy Life Technology Co., Ltd. (天津新開心生活科技有限公司) or its designated person(s) to exercise all of his rights as shareholder of Tianjin Happy Life Technology Co., Ltd. (天津開心生活科技有限公司);
- (e) a power of attorney dated August 18, 2020 executed by Hao Yiming (郝一鳴) in favor of and accepted by Tianjin New Happy Life Technology Co., Ltd. (天津新開心生活科技有限公司) and acknowledged by Tianjin Happy Life Technology Co., Ltd. (天津開心生活科技有限公司), pursuant to which Hao Yiming (郝一鳴) agreed to, among other things, exclusively authorize Tianjin New Happy Life Technology Co., Ltd. (天津新開心生活科技有限公司) or its designated person(s) to exercise all of his rights as shareholder of Tianjin Happy Life Technology Co., Ltd. (天津開心生活科技有限公司);
- (f) an exclusive business cooperation agreement dated August 18, 2020 entered into between Beijing Yiyi Cloud Technology Co., Ltd. (北京懿醫雲科技有限公司) and Guizhou Yidu Cloud Technology Co., Ltd. (貴州醫渡雲技術有限公司), pursuant to which Guizhou Yidu Cloud Technology Co., Ltd. (貴州醫渡雲技術有限公司) agreed to engage Beijing Yiyi Cloud Technology Co., Ltd. (北京懿醫雲科技有限公司) as the exclusive service provider of technical support, consultation and other services in return for service fee;
- (g) an exclusive call option agreement dated August 18, 2020 entered into between Beijing Yiyi Cloud Technology Co., Ltd. (北京懿醫雲科技有限公司), Gong Yingying (宮盈盈), Zhang Shi (張實) and Guizhou Yidu Cloud Technology Co., Ltd. (貴州醫渡雲技術有限公司), pursuant to which Gong Yingying (宮盈盈) and Zhang Shi (張實) agreed to grant Beijing Yiyi Cloud Technology Co., Ltd. (北京懿醫雲科技有限公司) an exclusive and irrevocable option to purchase from Gong Yingying (宮盈盈) and Zhang Shi (張實) all or part of their equity interests in Guizhou Yidu Cloud Technology Co., Ltd. (貴州醫渡雲技術有限公司) for a total consideration of RMB10 or the lowest price permitted under the laws of the PRC, whichever is higher;
- (h) an equity pledge agreement dated August 18, 2020 entered into between Beijing Yiyi Cloud Technology Co., Ltd. (北京懿醫雲科技有限公司), Gong Yingying (宮盈盈), Zhang Shi (張實) and Guizhou Yidu Cloud Technology Co., Ltd. (貴州醫渡雲技術有限公司), pursuant to which Gong Yingying (宮盈盈) and Zhang Shi (張實) agreed to pledge all of their existing and future equity interests in Guizhou Yidu Cloud Technology Co., Ltd. (貴州醫渡雲技術有限公司) to Beijing Yiyi Cloud Technology Co., Ltd. (北京懿醫雲科技有限公司);
- (i) a power of attorney dated August 18, 2020 executed by Gong Yingying (宮盈盈) in favor of and accepted by Beijing Yiyi Cloud Technology Co., Ltd. (北京懿醫雲科技有限公司)

- and acknowledged by Guizhou Yidu Cloud Technology Co., Ltd. (貴州醫渡雲技術有限公司), pursuant to which Gong Yingying (宮盈盈) agreed to, among other things, exclusively authorize Beijing Yiyi Cloud Technology Co., Ltd. (北京懿醫雲科技有限公司) or its designated person(s) to exercise all of her rights as shareholder of Guizhou Yidu Cloud Technology Co., Ltd. (貴州醫渡雲技術有限公司);
- (j) a power of attorney dated August 18, 2020 executed by Zhang Shi (張實) in favor of and accepted by Beijing Yiyi Cloud Technology Co., Ltd. (北京懿醫雲科技有限公司) and acknowledged by Guizhou Yidu Cloud Technology Co., Ltd. (貴州醫渡雲技術有限公司), pursuant to which Zhang Shi (張實) agreed to, among other things, exclusively authorize Beijing Yiyi Cloud Technology Co., Ltd. (北京懿醫雲科技有限公司) or its designated person(s) to exercise all of her rights as shareholder of Guizhou Yidu Cloud Technology Co., Ltd. (貴州醫渡雲技術有限公司);
- (k) an exclusive business cooperation agreement dated August 18, 2020 entered into between Tianjin Joyful Life Health Management Co., Ltd. (天津幸福生命健康管理有限公司) and Beijing Zhongshi Hanming Enterprise Co., Ltd. (北京中世漢明實業有限公司), pursuant to which Beijing Zhongshi Hanming Enterprise Co., Ltd. (北京中世漢明實業有限公司) agreed to engage Tianjin Joyful Life Health Management Co., Ltd. (天津幸福生命健康管理有限公司) as the exclusive service provider of technical support, consultation and other services in return for service fee;
- (l) an exclusive call option agreement dated August 18, 2020 entered into between Tianjin Joyful Life Health Management Co., Ltd. (天津幸福生命健康管理有限公司), Li Wei (李偉), Guo Xiaoyu (郭瀟宇) and Beijing Zhongshi Hanming Enterprise Co., Ltd. (北京中世漢明實業有限公司), pursuant to which Li Wei (李偉) and Guo Xiaoyu (郭瀟宇) agreed to grant Tianjin Joyful Life Health Management Co., Ltd. (天津幸福生命健康管理有限公司) an exclusive and irrevocable option to purchase from Li Wei (李偉) and Guo Xiaoyu (郭瀟宇) all or part of their equity interests in Beijing Zhongshi Hanming Enterprise Co., Ltd. (北京中世漢明實業有限公司) for a total consideration of RMB10 or the lowest price permitted under the laws of the PRC, whichever is higher;
- (m) an equity pledge agreement dated August 18, 2020 entered into between Tianjin Joyful Life Health Management Co., Ltd. (天津幸福生命健康管理有限公司), Li Wei (李偉), Guo Xiaoyu (郭瀟宇) and Beijing Zhongshi Hanming Enterprise Co., Ltd. (北京中世漢明實業有限公司), pursuant to which Li Wei (李偉) and Guo Xiaoyu (郭瀟宇) agreed to pledge all of their existing and future equity interests in Beijing Zhongshi Hanming Enterprise Co., Ltd. (北京中世漢明實業有限公司) to Tianjin Joyful Life Health Management Co., Ltd. (天津幸福生命健康管理有限公司);
- (n) a power of attorney dated August 18, 2020 executed by Li Wei (李偉) in favor of and accepted by Tianjin Joyful Life Health Management Co., Ltd. (天津幸福生命健康管理有限公司) and acknowledged by Beijing Zhongshi Hanming Enterprise Co., Ltd. (北京中世漢明實業有限公司), pursuant to which Li Wei (李偉) agreed to, among other things, exclusively authorize Tianjin Joyful Life Health Management Co., Ltd. (天津幸福生命健康管理有限公司) or its designated person(s) to exercise all of his rights as shareholder of Beijing Zhongshi Hanming Enterprise Co., Ltd. (北京中世漢明實業有限公司);
- (o) a power of attorney dated August 18, 2020 executed by Guo Xiaoyu (郭瀟宇) in favor of and accepted by Tianjin Joyful Life Health Management Co., Ltd. (天津幸福生命健康管理有限公司) and acknowledged by Beijing Zhongshi Hanming Enterprise Co., Ltd. (北京中世

漢明實業有限公司), pursuant to which Guo Xiaoyu (郭瀟宇) agreed to, among other things, exclusively authorize Tianjin Joyful Life Health Management Co., Ltd. (天津幸福生命健康管理有限公司) or its designated person(s) to exercise all of his rights as shareholder of Beijing Zhongshi Hanming Enterprise Co., Ltd. (北京中世漢明實業有限公司);

- (p) an exclusive business cooperation agreement dated August 18, 2020 entered into between Tianjin Causa Health Management Co., Ltd. (天津因數健康管理有限公司) and Beijing Causa Health Technology Co., Ltd. (北京因數健康科技有限公司), pursuant to which Beijing Causa Health Technology Co., Ltd. (北京因數健康科技有限公司) agreed to engage Tianjin Causa Health Management Co., Ltd. (天津因數健康管理有限公司) as the exclusive service provider of technical support, consultation and other services in return for service fee;
- (q) an exclusive call option agreement dated August 18, 2020 entered into between Tianjin Causa Health Management Co., Ltd. (天津因數健康管理有限公司), He Zhi (何直), Liang Yupeng (梁宇鵬) and Beijing Causa Health Technology Co., Ltd. (北京因數健康科技有限公司), pursuant to which He Zhi (何直) and Liang Yupeng (梁宇鵬) agreed to grant Tianjin Causa Health Management Co., Ltd. (天津因數健康管理有限公司) an exclusive and irrevocable option to purchase from He Zhi (何直) and Liang Yupeng (梁宇鵬) all or part of their equity interests in Beijing Causa Health Technology Co., Ltd. (北京因數健康科技有限公司) for a total consideration of RMB10 or the lowest price permitted under the laws of the PRC, whichever is higher;
- (r) an equity pledge agreement dated August 18, 2020 entered into between Tianjin Causa Health Management Co., Ltd. (天津因數健康管理有限公司), He Zhi (何直), Liang Yupeng (梁宇鵬) and Beijing Causa Health Technology Co., Ltd. (北京因數健康科技有限公司), pursuant to which He Zhi (何直) and Liang Yupeng (梁宇鵬) agreed to pledge all of their existing and future equity interests in Beijing Causa Health Technology Co., Ltd. (北京因數健康科技有限公司) to Tianjin Causa Health Management Co., Ltd. (天津因數健康管理有限公司);
- (s) a power of attorney dated August 18, 2020 executed by He Zhi (何直) in favor of and accepted by Tianjin Causa Health Management Co., Ltd. (天津因數健康管理有限公司) and acknowledged by Beijing Causa Health Technology Co., Ltd. (北京因數健康科技有限公司), pursuant to which He Zhi (何直) agreed to, among other things, exclusively authorize Tianjin Causa Health Management Co., Ltd. (天津因數健康管理有限公司) or its designated person(s) to exercise all of his rights as shareholder of Beijing Causa Health Technology Co., Ltd. (北京因數健康科技有限公司);
- (t) a power of attorney dated August 18, 2020 executed by Liang Yupeng (梁宇鵬) in favor of and accepted by Tianjin Causa Health Management Co., Ltd. (天津因數健康管理有限公司) and acknowledged by Beijing Causa Health Technology Co., Ltd. (北京因數健康科技有限公司), pursuant to which Liang Yupeng (梁宇鵬) agreed to, among other things, exclusively authorize Tianjin Causa Health Management Co., Ltd. (天津因數健康管理有限公司) or its designated person(s) to exercise all of his rights as shareholder of Beijing Causa Health Technology Co., Ltd. (北京因數健康科技有限公司);
- (u) a cornerstone investment agreement dated December 21, 2020 entered into between the Company, OrbiMed Partners Master Fund Limited, Worldwide Healthcare Trust PLC, OrbiMed Genesis Master Fund, L.P., OrbiMed New Horizons Master Fund, L.P., Goldman Sachs (Asia) L.L.C., China International Capital Corporation Hong Kong

Securities Limited, and Citigroup Global Markets Asia Limited pursuant to which OrbiMed Partners Master Fund Limited, Worldwide Healthcare Trust PLC, OrbiMed Genesis Master Fund, L.P. and OrbiMed New Horizons Master Fund, L.P. agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$40,000,000;

- (v) a cornerstone investment agreement dated December 21, 2020 entered into between the Company, CPP Investment Board PMI-2 Inc., Goldman Sachs (Asia) L.L.C., China International Capital Corporation Hong Kong Securities Limited, and Citigroup Global Markets Asia Limited pursuant to which CPP Investment Board PMI-2 Inc. agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$40,000,000;
- (w) a cornerstone investment agreement dated December 21, 2020 entered into between the Company, Velmar Company Limited, Goldman Sachs (Asia) L.L.C., China International Capital Corporation Hong Kong Securities Limited, and Citigroup Global Markets Asia Limited pursuant to which Velmar Company Limited agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$20,000,000;
- (x) a cornerstone investment agreement dated December 21, 2020 entered into between the Company, Matthews International Capital Management, LLC, Goldman Sachs (Asia) L.L.C., China International Capital Corporation Hong Kong Securities Limited, and Citigroup Global Markets Asia Limited pursuant to which the investors represented by Matthews International Capital Management, LLC agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$20,000,000;
- (y) a cornerstone investment agreement dated December 22, 2020 entered into between the Company, 3W Fund Management Limited, Goldman Sachs (Asia) L.L.C., China International Capital Corporation Hong Kong Securities Limited, and Citigroup Global Markets Asia Limited pursuant to which 3W Fund Management Limited agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$20,000,000;
- (z) a cornerstone investment agreement dated December 22, 2020 entered into between the Company, China Orient Multi-Strategy Master Fund, Goldman Sachs (Asia) L.L.C., China International Capital Corporation Hong Kong Securities Limited, and Citigroup Global Markets Asia Limited pursuant to which China Orient Multi-Strategy Master Fund agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$10,000,000; and
- (aa) a cornerstone investment agreement dated December 24, 2020 entered into between the Company, Tencent Mobility Limited, Goldman Sachs (Asia) L.L.C., China International Capital Corporation Hong Kong Securities Limited, and Citigroup Global Markets Asia Limited pursuant to which Tencent Mobility Limited agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$20,000,000;
- (bb) a cornerstone investment agreement dated December 26, 2020 entered into between the Company, Yaqut Sdn Bhd, Goldman Sachs (Asia) L.L.C., China International Capital

Corporation Hong Kong Securities Limited, and Citigroup Global Markets Asia Limited pursuant to which Yaqut Sdn Bhd agreed to subscribe for Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$40,000,000;









(cc) the Hong Kong Underwriting Agreement.

2. Intellectual property rights

Save as disclosed below, as of the Latest Practicable Date, there were no other trademarks, service marks, patents, intellectual property rights, or industrial property rights which are or may be material in relation to our business.

Trademarks registered in China

As at the Latest Practicable Date, we had registered the following trademarks in China which we consider to be or may be material to our business:

No.	Trademark	Registered owner	Class	Registration number	Expiry date (dd/mm/yyyy)
1.		Beijing Yiyi Cloud	38	35304557	06/08/2029
2.		Beijing Yiyi Cloud	5	35301298	06/08/2029
3.		Beijing Yiyi Cloud	44	35300511	06/08/2029
4.		Beijing Yiyi Cloud	10	35280129	06/08/2029
5.		Beijing Yiyi Cloud	9	29379908	13/01/2029
6.		Beijing Yiyi Cloud	35	29379907	13/01/2029
7.		Beijing Yiyi Cloud	36	29379906	13/01/2029
8.		Beijing Yiyi Cloud	42	29379905	13/01/2029
9.	HAPPY LIFE TECH	Tianjin Happy Life	44	35323569A	27/01/2030
10.	HAPPY LIFE TECH	Tianjin Happy Life	10	35321540A	06/11/2029
11.	HAPPY LIFE TECH	Tianjin Happy Life	5	35286594	06/04/2030
12.	HAPPY LIFE TECH	Tianjin Happy Life	9	23008999	13/05/2028
13.	HAPPY LIFE TECH	Tianjin Happy Life	35	23008998	27/01/2029
14.	HAPPY LIFE TECH	Tianjin Happy Life	36	23008997	13/05/2028
15.	HAPPY LIFE TECH	Tianjin Happy Life	42	23008996	27/01/2029
16.	HAPPY LIFE TECH	Tianjin Happy Life	5	35304476	20/05/2030
17.	HAPPY LIFE TECH	Tianjin Happy Life	42	28224187	06/10/2029

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No.	Trademark	Registered owner	Class	Registration number	Expiry date (dd/mm/yyyy)
18.	因数	Tianjin Joyful Life	9	35155521	13/08/2029
19.	因数	Tianjin Joyful Life	10	35150666	27/07/2029
20.	因数	Tianjin Joyful Life	44	35140659	27/07/2029
21.	因数	Tianjin Joyful Life	35	35140459	13/08/2029
22.	因数	Tianjin Joyful Life	36	35138372	27/07/2029
23.	因数	Tianjin Joyful Life	42	35135211	13/08/2029
24.		Yidu Cloud Beijing	42	17162548	20/07/2027
25.		Yidu Cloud Beijing	35	17162167	20/07/2027
26.		Yidu Cloud Beijing	10	17162065	20/08/2026
27.		Yidu Cloud Beijing	9	17161752	20/07/2027
28.	医渡云 YIDUCLOUD	Yidu Cloud Beijing	5	38372797	27/01/2030
29.	医渡云 YIDUCLOUD	Yidu Cloud Beijing	44	38370151	27/01/2030
30.	医渡云 YIDUCLOUD	Yidu Cloud Beijing	38	35292627	13/08/2029
31.	医渡云 YIDUCLOUD	Yidu Cloud Beijing	36	35292614	13/08/2029
32.	医渡云 YIDUCLOUD	Yidu Cloud Beijing	5	35285852	06/10/2029
33.	医渡云 YIDUCLOUD	Yidu Cloud Beijing	44	35283898	20/10/2029
34.	医渡云 YIDUCLOUD	Yidu Cloud Beijing	42	18837739	06/11/2027
35.	医渡云 YIDUCLOUD	Yidu Cloud Beijing	35	18837563	13/02/2027
36.	医渡云 YIDUCLOUD	Yidu Cloud Beijing	10	18837511	13/02/2027
37.	医渡云 YIDUCLOUD	Yidu Cloud Beijing	9	18837425	20/05/2027
38.	 医渡云 YIDUCLOUD	Yidu Cloud Beijing	9, 42	305058153AA	16/09/2029

Trademarks registered in Hong Kong

As at the Latest Practicable Date, we had registered the following trademarks in Hong Kong which we consider to be or may be material to our business:

No.	Trademark	Registered owner	Class	Registration number	Expiry date (dd/mm/yyyy)
1.		Tianjin Happy Life	9, 35, 42	305058144	16/09/2029
2.		Yidu Cloud Beijing	9, 42	305058153AA	16/09/2029
3.		Yidu Cloud Beijing	35	305058153AB	16/09/2029

Trademarks registered in the United States

As at the Latest Practicable Date, we had registered the following trademarks in the United States which we consider to be or may be material to our business:

No.	Trademark	Registered owner	Class	Registration number	Expiry date (dd/mm/yyyy)
1.		Beijing Yiyi Cloud	9, 35, 42	5829422	05/08/2029

Patents

As at the Latest Practicable Date, we had registered the following patents in China which we consider to be or may be material to our business:

No.	Patent	Patentee	Patent number	Expiry date (dd/mm/yyyy)
1.	Event search strategy and device, computer medium and electronic equipment (事件的搜索方法及裝置、計算機介質和電子設備)	Yidu Cloud Beijing	ZL202010068184.0	20/01/2040
2.	Access control strategy, system and storage medium (訪問控制方法及系統、存儲介質)	Yidu Cloud Beijing	ZL202010016010.X	07/01/2040
3.	Generation method and device for medical naming and entity recognition system (醫療命名實體識別系統生成方法及裝置)	Yidu Cloud Beijing	ZL201610864046.7	27/09/2036
4.	Design method and device for case report form (病例報告表設計方法及裝置)	Yidu Cloud Beijing	ZL201610862860.5	27/09/2036
5.	Processing method and device for medical vocabulary (醫療詞匯處理方法及裝置)	Yidu Cloud Beijing	ZL201610861138.X	27/09/2036
6.	Method, device, electronic equipment and storage medium for task execution (任務執行方法與裝置、電子設備、存儲介質)	Beijing Yiyi Cloud	ZL202010085756.6	10/02/2040

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No.	Patent	Patentee	Patent number	Expiry date (dd/mm/yyyy)
7.	Invocation interface method and device, electronic equipment and computer readable storage medium (接口調用方法及裝置、電子設備和計算機可讀存儲介質)	Beijing Yiyi Cloud	ZL202010029745.6	12/01/2040
8.	Method, device, storage medium and electronic equipment for medical data classification and processing (醫療數據的分類處理方法及裝置、存儲介質、電子設備)	Beijing Yiyi Cloud	ZL202010030335.3	12/01/2040
9.	Method, device, storage medium and electronic equipment for variants determination (變異檢測方法及裝置、存儲介質及電子設備)	Nanjing Yiji Cloud	ZL201911192425.6	27/11/2039
10.	Method, device, storage medium and electronic equipment for polymorphism recognition of sequenced sequence (測序序列多態識別方法及裝置、存儲介質、電子設備)	Nanjing Yiji Cloud	ZL201911068955.X	04/11/2039
11.	Method, device, system, electronic design and computer readable medium for data access (數據訪問方法、裝置、系統、電子設計及計算機可讀介質)	Nanjing Yidu Cloud Medical Technology Co., Ltd.	ZL201811332893.4	08/11/2038
12.	Method, system, equipment and storage medium for precise search of medical keywords (醫療關鍵詞精確搜索的方法、系統、設備及存儲介質)	Golden Panda Limited	ZL201811387791.2	20/11/2038
13.	Method, device, storage medium and electronic equipment for data presentation (數據展示方法及裝置、存儲介質、電子設備)	Tianjin Happy Life	ZL201711021872.6	25/10/2037
14.	Method, device, medium and electronic equipment for extracting data in documents (提取文檔中數據的方法、裝置、介質及電子設備)	Beijing Yiyi Cloud	ZL201811364864.6	11/11/2038
15.	Method and device for establishing coordinate system of breast image (乳腺圖像坐標系建立方法及裝置)	Yidu Cloud Beijing	ZL201611027724.0	20/11/2036
16.	Method, device, storage medium and electronic equipment for data evaluation (數據評價方法及裝置、存儲介質及電子設備)	Yidu Cloud Beijing	ZL201711006245.5	24/10/2037
17.	Method, device, storage medium and electronic equipment for data extraction (數據提取方法及裝置、存儲介質、電子設備)	Tianjin Happy Life	ZL201711006329.9	24/10/2037

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No.	Patent	Patentee	Patent number	Expiry date (dd/mm/yyyy)
18.	Method, device and electronic equipment for predicting disease endpoint events (預測疾病終點事件的方法、裝置及電子設備)	Nanjing Yiji Cloud	ZL201811271321.X	28/10/2038
19.	Method, device, electronic equipment and computer readable medium for processing text data (文本數據處理方法、裝置、電子設備及計算機可讀介質)	Tianjin New Happy Life; Tianjin Happy Life	ZL201811330288.3	08/11/2038
20.	Method, equipment and medium for tracing intermedium fields (一種中間字段追溯方法、設備和介質)	Yidu Cloud Beijing	ZL201811330916.8	08/11/2038
21.	Method, equipment and medium for searching patient data displayed in graphics (一種圖形顯示的患者數據搜索方法、設備以及介質)	Yidu Cloud Beijing	ZL201811330920.4	08/11/2038
22.	Method, device and medium for classification presentation of medical data (醫療數據的分類展示方法、設備以及介質)	Yidu Cloud Beijing	ZL201811331660.2	08/11/2038
23.	Method and device for processing medical document (醫療文件處理方法與裝置)	Yidu Cloud Guizhou	ZL201811331998.8	08/11/2038
24.	Method, device, electronic equipment and storage medium for data processing (數據處理方法及裝置、電子設備、存儲介質)	Yidu Cloud Guizhou	ZL201811332103.2	08/11/2038
25.	Method, device, electronic equipment and computer readable medium for processing text data (文本數據處理方法、裝置、電子設備及計算機可讀介質)	Tianjin New Happy Life; Tianjin Happy Life	ZL201811332347.0	08/11/2038
26.	Method, device, computer readable storage medium and electronic equipment for data processing (數據處理方法、裝置、計算機可讀存儲介質及電子設備)	Beijing Yiyi Cloud	ZL201811339320.4	11/11/2038
27.	Method, device, medium and electronic equipment for controlling data processing process (數據處理過程的控制方法、裝置、介質及電子設備)	Beijing Yiyi Cloud	ZL201811339328.0	11/11/2038
28.	Method, device, storage medium and electronic equipment for constructing knowledge graph (知識圖譜構建方法、裝置、存儲介質及電子設備)	Yidu Cloud Beijing; Golden Panda Limited	ZL201811601675.6	25/12/2038

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No.	Patent	Patentee	Patent number	Expiry date (dd/mm/yyyy)
29.	Data fusion method and device based on disease index (一種基於疾病指標的數據融合方法及裝置)	Nanjing Yidu Cloud Medical Technology Co., Ltd.; Nanjing Yiyi Cloud	ZL201910809887.1	28/08/2039
30.	Method and device for constructing system, and method, device, medium and equipment for search (系統構建方法及裝置、檢索方法及裝置、介質和設備)	Nanjing Yiji Cloud; Nanjing Yiyi Cloud	ZL201910962968.5	10/10/2039
31.	Whole genome resequencing analysis and method for whole genome resequencing analysis (全基因組重測序分析及用於全基因組重測序分析的方法)	Nanjing Yiji Cloud	ZL201910989715.7	16/10/2039
32.	Method, device, storage medium and electronic equipment for recognition of activation area (激活區域識別方法及裝置、存儲介質及電子設備)	Nanjing Yiji Cloud	ZL201910989749.6	16/10/2039
33.	Method, device, storage medium and electronic equipment for processing sequenced sequence (測序序列處理方法及裝置、存儲介質、電子設備)	Nanjing Yiji Cloud	ZL201910990372.6	16/10/2039
34.	Method, device, electronic equipment and storage medium for processing data table connection (數據表連接處理方法及裝置、電子設備和存儲介質)	Yidu Cloud Beijing	ZL202010044898.8	15/01/2040
35.	A device for collecting medical data (一種醫療數據採集裝置)	Yidu Cloud Beijing; Golden Panda Limited	ZL201822248028.3	28/12/2028
36.	An FPGA accelerator (一種FPGA加速卡)	Yidu Cloud Beijing; Golden Panda Limited	ZL201921384527.3	25/08/2029
37.	An arm type electronic instrument for measuring blood pressure (一種臂式電子血壓測量儀)	Xinhexin Technology (Beijing) Co., Ltd.	ZL201821866111.0	12/11/2028
38.	An electronic instrument for measuring blood pressure (一種電子血壓測量儀)	Xinhexin Technology (Beijing) Co., Ltd.	ZL201821866112.5	12/11/2028
39.	A ring type instrument for measuring blood oxygen saturation (一種指環式血氧飽和度測量儀)	Xinhexin Technology (Beijing) Co., Ltd.	ZL201920603228.8	28/04/2029
40.	A charging stand of a ring type instrument for measuring blood oxygen saturation (一種指環式血氧飽和度測量儀的充電底座)	Xinhexin Technology (Beijing) Co., Ltd.	ZL201920618831.3	29/04/2029
41.	A portable ring type instrument for measuring blood oxygen saturation (一種便攜式環形血氧飽和度測量儀)	Xinhexin Technology (Beijing) Co., Ltd.	ZL201920927035.8	18/06/2029

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No.	Patent	Patentee	Patent number	Expiry date (dd/mm/yyyy)
42.	Computer with GUI (帶圖形用戶界面的計算機)	Yidu Cloud Beijing	ZL201830548825.6	27/09/2028
43.	Computer with GUI (帶圖形用戶界面的計算機)	Yidu Cloud Beijing	ZL201830548846.8	27/09/2028
44.	Computer with GUI (帶圖形用戶界面的計算機)	Yidu Cloud Beijing	ZL201830548851.9	27/09/2028
45.	Computer with GUI (帶圖形用戶界面的計算機)	Yidu Cloud Beijing	ZL201830549623.3	27/09/2028
46.	Computer with GUI (帶圖形用戶界面的計算機)	Yidu Cloud Beijing	ZL201830548847.2	27/09/2028
47.	Computer with GUI (帶圖形用戶界面的計算機)	Yidu Cloud Beijing	ZL201830548854.2	27/09/2028
48.	Computer with GUI (帶圖形用戶界面的計算機)	Yidu Cloud Beijing	ZL201830549627.1	27/09/2028
49.	Computer with GUI (帶圖形用戶界面的計算機)	Yidu Cloud Beijing	ZL201830549637.5	27/09/2028
50.	Computer with GUI (帶圖形用戶界面的計算機)	Yidu Cloud Beijing	ZL201830549078.8	27/09/2028
51.	Computer with GUI (帶圖形用戶界面的計算機)	Yidu Cloud Beijing	ZL201830548869.9	27/09/2028
52.	Computer with GUI (帶圖形用戶界面的計算機)	Yidu Cloud Beijing	ZL201830548865.0	27/09/2028
53.	Computer with GUI (帶圖形用戶界面的計算機)	Yidu Cloud Beijing	ZL201830549640.7	27/09/2028
54.	Computer with GUI (帶圖形用戶界面的計算機)	Yidu Cloud Beijing	ZL201830568216.7	10/10/2028
55.	Computer with GUI (帶圖形用戶界面的計算機)	Yidu Cloud Beijing	ZL201830568217.1	10/10/2028
56.	Computer with GUI (帶圖形用戶界面的計算機)	Yidu Cloud Beijing	ZL201830568218.6	10/10/2028
57.	Computer with GUI (帶圖形用戶界面的計算機)	Yidu Cloud Beijing	ZL201830568219.0	10/10/2028
58.	Computer with GUI (帶圖形用戶界面的計算機)	Yidu Cloud Beijing	ZL201830567718.8	10/10/2028
59.	Computer with GUI (帶圖形用戶界面的計算機)	Yidu Cloud Beijing	ZL201830568222.2	10/10/2028
60.	Computer with GUI (帶圖形用戶界面的計算機)	Yidu Cloud Beijing	ZL201830567731.3	10/10/2028
61.	Computer with GUI (帶圖形用戶界面的計算機)	Yidu Cloud Beijing	ZL201830568236.4	10/10/2028

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No.	Patent	Patentee	Patent number	Expiry date (dd/mm/yyyy)
62.	Mobile GUI for medical project management (手機的醫療項目管理圖形用戶界面)	Yidu Cloud Beijing	ZL201930286513.7	03/06/2029
63.	Mobile GUI for medical project management (手機的醫療項目管理圖形用戶界面)	Yidu Cloud Beijing	ZL201930286525.X	03/06/2029
64.	Mobile GUI for medical project management (手機的醫療項目管理圖形用戶界面)	Yidu Cloud Beijing	ZL201930286512.2	03/06/2029
65.	Accelerator (FPGA) (加速卡 (FPGA))	Yidu Cloud Beijing	ZL201930338671.2	26/06/2029
66.	Display screen panel with GUI for diagnosis through inquiry (帶問診圖形用戶界面的顯示屏幕面板)	Yidu Cloud Beijing	ZL202030039915.X	19/01/2030
67.	Display screen panel with GUI for medicine atlas report (帶圖譜報告圖形用戶界面的顯示屏幕面板)	Yidu Cloud Beijing	ZL202030023994.5	13/01/2030
68.	Display screen panel with GUI for sample list (帶樣本列表圖形用戶界面的顯示屏幕面板)	Yidu Cloud Beijing	ZL202030038285.4	18/01/2030
69.	Computer GUI for data governance platform of medical institutions (計算機的醫療機構數據治理平臺圖形用戶界面)	Yidu Cloud Beijing	ZL202030061199.5	25/02/2030
70.	Computer with GUI (帶圖形用戶界面的計算機)	Beijing Yiyi Cloud	ZL201830498128.4	04/09/2028
71.	Computer with GUI (帶圖形用戶界面的計算機)	Beijing Yiyi Cloud	ZL201830499200.5	05/09/2028
72.	Computer with GUI (帶圖形用戶界面的計算機)	Beijing Yiyi Cloud	ZL201830499240.X	05/09/2028
73.	Computer with GUI (帶圖形用戶界面的計算機)	Beijing Yiyi Cloud	ZL201830499242.9	05/09/2028
74.	Computer with GUI (帶圖形用戶界面的計算機)	Beijing Yiyi Cloud	ZL201830512791.5	05/09/2028
75.	Computer with GUI (帶圖形用戶界面的計算機)	Beijing Yiyi Cloud	ZL201830499214.7	05/09/2028
76.	Computer with GUI (帶圖形用戶界面的計算機)	Beijing Yiyi Cloud	ZL201830499208.1	05/09/2028
77.	Integrated machine for medical data processing (醫療數據處理一體機)	Beijing Yiyi Cloud	ZL201830528977.X	19/09/2028
78.	Computer with GUI (帶圖形用戶界面的計算機)	Beijing Yiyi Cloud	ZL201830548872.0	27/09/2028

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No.	Patent	Patentee	Patent number	Expiry date (dd/mm/yyyy)
79.	Computer with GUI (帶圖形用戶界面的計算機)	Beijing Yiyi Cloud	ZL201830548873.5	27/09/2028
80.	Computer with GUI (帶圖形用戶界面的計算機)	Beijing Yiyi Cloud	ZL201830548878.8	27/09/2028
81.	Computer with GUI (帶圖形用戶界面的計算機)	Beijing Yiyi Cloud	ZL201830548879.2	27/09/2028
82.	Computer with GUI (帶圖形用戶界面的計算機)	Beijing Yiyi Cloud	ZL201830549649.8	27/09/2028
83.	Computer with GUI (帶圖形用戶界面的計算機)	Beijing Yiyi Cloud	ZL201830549653.4	27/09/2028
84.	Computer with GUI (帶圖形用戶界面的計算機)	Beijing Yiyi Cloud	ZL201830549655.3	27/09/2028
85.	Computer with GUI (帶圖形用戶界面的計算機)	Beijing Yiyi Cloud	ZL201830548893.2	27/09/2028
86.	Computer with GUI (帶圖形用戶界面的計算機)	Beijing Yiyi Cloud	ZL201830548897.0	27/09/2028
87.	Computer with GUI (帶圖形用戶界面的計算機)	Beijing Yiyi Cloud	ZL201830548898.5	27/09/2028
88.	Computer with GUI for initiating meetings (帶有發起會議圖形用戶界面的計算機)	Nanjing Yidu Cloud Medical Technology Co., Ltd.; Nanjing Yiyi Cloud	ZL201930461250.9	22/08/2029
89.	Computer with GUI for meeting details (帶有會議詳情圖形用戶界面的計算機)	Nanjing Yidu Cloud Medical Technology Co., Ltd.; Nanjing Yiyi Cloud	ZL201930461248.1	22/08/2029
90.	Computer with GUI for disease search (帶有疾病搜索圖形用戶界面的計算機)	Nanjing Yidu Cloud Medical Technology Co., Ltd.; Nanjing Yiyi Cloud	ZL201930461209.1	22/08/2029
91.	Computer with GUI for open platform (帶有開放平臺圖形用戶界面的計算機)	Nanjing Yidu Cloud Medical Technology Co., Ltd.; Nanjing Yiyi Cloud	ZL201930461208.7	22/08/2029
92.	Computer with GUI for APP store (帶有應用中心圖形用戶界面的計算機)	Nanjing Yidu Cloud Medical Technology Co., Ltd.; Nanjing Yiyi Cloud	ZL201930461206.8	22/08/2029
93.	Computer with GUI for data overview (帶有數據概覽圖形用戶界面的計算機)	Nanjing Yidu Cloud Medical Technology Co., Ltd.; Nanjing Yiyi Cloud	ZL201930461201.5	22/08/2029
94.	Computer with GUI (帶有圖形用戶界面的計算機)	Nanjing Yidu Cloud Medical Technology Co., Ltd.; Nanjing Yiyi Cloud	ZL201930461261.7	22/08/2029
95.	Computer with GUI (帶有圖形用戶界面的計算機)	Nanjing Yidu Cloud Medical Technology Co., Ltd.; Nanjing Yiyi Cloud	ZL201930461263.6	22/08/2029

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No.	Patent	Patentee	Patent number	Expiry date (dd/mm/yyyy)
96.	Mobile GUI with medical data (手機的醫識數據圖形用戶界面)	Nanjing Yidu Cloud Medical Technology Co., Ltd.; Nanjing Yiyi Cloud	ZL201930461739.6	22/08/2029
97.	Computer with GUI (帶圖形用戶界面的計算機)	Tianjin Happy Life	ZL201830584992.6	18/10/2028
98.	Computer with GUI (帶圖形用戶界面的計算機)	Tianjin Happy Life	ZL201830584994.5	18/10/2028
99.	Computer with GUI (帶圖形用戶界面的計算機)	Tianjin Happy Life	ZL201830584999.8	18/10/2028
100.	Computer with GUI (帶圖形用戶界面的計算機)	Tianjin Happy Life	ZL201830585004.X	18/10/2028
101.	Computer with GUI (帶圖形用戶界面的計算機)	Tianjin Happy Life	ZL201830585006.9	18/10/2028
102.	Computer with GUI for claim examination models (帶有理賠審核模型圖形用戶界面的計算機)	Tianjin Joyful Life	ZL201930471613.7	27/08/2029
103.	Computer with GUI for intelligent monitoring (帶有智能監控圖形用戶界面的計算機)	Tianjin Joyful Life	ZL201930471629.8	27/08/2029
104.	GUI for mobile terminals (用於移動終端的圖形用戶界面)	Tianjin Joyful Life	ZL201930471923.9	27/08/2029
105.	Chargers (充電器)	Xinhexin Technology (Beijing) Co., Ltd.	ZL201830351871.7	28/06/2028
106.	Oximeter (血氧儀)	Xinhexin Technology (Beijing) Co., Ltd.	ZL201830351435.X	28/06/2028
107.	Oximeter (血氧儀)	Xinhexin Technology (Beijing) Co., Ltd.	ZL201830351436.4	28/06/2028
108.	Sphygmomanometer (血壓計)	Xinhexin Technology (Beijing) Co., Ltd.	ZL201830351870.2	28/06/2028
109.	Collecting box for blood oxygen monitor ring (血氧指環收納盒)	Xinhexin Technology (Beijing) Co., Ltd.	ZL201930411576.0	30/07/2029
110.	Collecting box for blood oxygen monitor ring (血氧指環收納盒)	Xinhexin Technology (Beijing) Co., Ltd.	ZL201930411672.5	30/07/2029
111.	Blood oxygen monitor ring (血氧指環)	Xinhexin Technology (Beijing) Co., Ltd.	ZL201930411565.2	30/07/2029
112.	Integrated physical examination meters (綜合體檢儀)	Xinhexin Technology (Beijing) Co., Ltd.	ZL201930597890.2	30/10/2029
113.	Health-testing instruments (健康檢測儀)	Xinhexin Technology (Beijing) Co., Ltd.	ZL201930744308.0	30/12/2029
114.	Computer with GUI (帶有圖形用戶界面的計算機)	Yidu Cloud Guizhou; Nanjing Yiyi Cloud	ZL201930461194.9	22/08/2029

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No.	Patent	Patentee	Patent number	Expiry date (dd/mm/yyyy)
115.	Computer with GUI for medical records management (帶有病案管理圖形用戶界面的計算機)	Yidu Cloud Guizhou; Nanjing Yiyi Cloud	ZL201930461198.7	22/08/2029
116.	Computer with GUI for disease relationship spectrum (帶有疾病關係圖譜圖形用戶界面的計算機)	Yidu Cloud Guizhou; Nanjing Yiyi Cloud	ZL201930461240.5	22/08/2029
117.	Computer with GUI for data standardization (帶有數據標準化圖形用戶界面的計算機)	Yidu Cloud Guizhou; Nanjing Yiyi Cloud	ZL201930461242.4	22/08/2029
118.	Computer with GUI for data governance (帶有數據治理圖形用戶界面的計算機)	Yidu Cloud Guizhou; Nanjing Yiyi Cloud	ZL201930461247.7	22/08/2029
119.	Display screen panel with GUI for sample details (帶有樣本詳情圖形用戶界面的顯示屏幕面板)	Yidu Cloud Beijing	ZL202030039457.X	18/01/2030
120.	Display screen panel with GUI for information presentation (帶信息展示圖形用戶界面的顯示屏幕面板)	Yidu Cloud Beijing	ZL202030042354.9	20/01/2030
121.	Method, device, electronic equipment and storage medium for task execution (任務執行方法與裝置、電子設備、存儲介質)	Beijing Yiyi Cloud	ZL202010085756.6	10/02/2040

As at the Latest Practicable Date, we had applied for the registration of the following patents in China which we consider to be or may be material to our business:

No.	Patent	Applicant	Application number	Application date (dd/mm/yyyy)
1.	Method and device for grouping patients (患者分組方法及裝置)	Yidu Cloud Beijing	CN201611021603.5	21/11/2016
2.	Method and device for synchronizing medical data (醫療數據同步方法及裝置)	Yidu Cloud Beijing	CN201710032674.3	16/01/2017
3.	Method and device for safety management of computer system (計算機系統安全管理方法及裝置)	Yidu Cloud Beijing	CN201710032682.8	16/01/2017
4.	Method and device for supplementing medical data (醫療數據補充方法和裝置)	Yidu Cloud Beijing	CN201710033547.5	16/01/2017
5.	ETL data processing method and system, data cleaning method and device (ETL數據處理方法及系統、數據清洗方法及裝置)	Yidu Cloud Beijing	CN201710033549.4	16/01/2017
6.	Method, device, storage medium and electronic equipment for AI diagnosis through interrogation (智能問診方法及裝置、存儲介質、電子設備)	Yidu Cloud Beijing	CN201711006165.X	25/10/2017

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No.	Patent	Applicant	Application number	Application date (dd/mm/yyyy)
7.	Method, device, electronic equipment and storage medium for inclusion and exclusion of medical data (醫療數據納排方法及裝置、電子設備、存儲介質)	Yidu Cloud Beijing	CN201711006187.6	25/10/2017
8.	Method, device, storage medium and electronic equipment for entry and verification of medical data (醫療數據錄入核查方法及裝置、存儲介質、電子設備)	Yidu Cloud Beijing	CN201711006209.9	25/10/2017
9.	Method, device, storage medium and electronic equipment for similar case search (相似病例检索方法及裝置、存儲介質、電子設備)	Yidu Cloud Beijing	CN201711006210.1	25/10/2017
10.	Implementation method, device, storage medium and electronic equipment for crowdsourcing platform (眾包平臺實現方法及裝置、存儲介質和電子設備)	Yidu Cloud Beijing	CN201711014277.X	26/10/2017
11.	Decision support method, device, storage medium and electronic equipment for medications (用藥輔助決策方法及裝置、存儲介質、電子設備)	Yidu Cloud Beijing	CN201711021937.7	26/10/2017
12.	Authority control method and device for data access, and method for user authority management (數據訪問權限控制方法及裝置、用戶權限管理方法)	Yidu Cloud Beijing	CN201711115992.2	13/11/2017
13.	Method, device, electronic equipment and storage medium for original data check (原始數據核對方法、裝置、電子設備及存儲介質)	Yidu Cloud Beijing	CN201711116028.1	13/11/2017
14.	Method and device for customizing scientific research fields of medical data (醫療數據科研字段自定義方法及裝置)	Yidu Cloud Beijing	CN201711117041.9	13/11/2017
15.	Method, device, electronic equipment and storage medium for completing case report form (病例報告表填寫方法、裝置、電子設備及存儲介質)	Yidu Cloud Beijing	CN201711117043.8	13/11/2017
16.	Method and device for retrieving electronic medical records, and method and device for storing electronic medical records (電子病歷檢索方法及裝置、電子病歷存儲方法及裝置)	Yidu Cloud Beijing	CN201711117124.8	13/11/2017

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No.	Patent	Applicant	Application number	Application date (dd/mm/yyyy)
17.	Data query method and device, data storage method and device (數據查詢方法及裝置、數據存儲方法及裝置)	Tianjin Happy Life	CN201711117149.8	13/11/2017
18.	Method, device, storage medium and electronic terminal for parallel control of private cloud (私有雲並行控制方法及裝置、存儲介質及電子終端)	Tianjin Happy Life	CN201711117286.1	13/11/2017
19.	Method, device, electronic equipment and storage medium for the classification of electronic medical records (電子病歷文檔分類方法、裝置、電子設備及存儲介質)	Yidu Cloud Beijing	CN201711117711.7	13/11/2017
20.	Method, device, electronic equipment and storage medium for medical record evaluation (病歷評估方法、裝置、電子設備及存儲介質)	Yidu Cloud Beijing	CN201711117730.X	13/11/2017
21.	Method, device, storage medium and electronic equipment for screening patient data (患者數據篩選方法及裝置、存儲介質、電子設備)	Yidu Cloud Beijing	CN201711117732.9	13/11/2017
22.	Method, device, storage medium and electronic equipment for controlling data quality rules (數據質量規則控制方法及裝置、存儲介質、電子設備)	Yidu Cloud Beijing	CN201711117734.8	13/11/2017
23.	Method, device, storage medium and electronic equipment for controlling data quality rules (醫療數據審核方法、裝置、電子設備及計算機可讀介質)	Tianjin Joyful Life	CN201811330042.6	09/11/2018
24.	Method, device, electronic equipment and computer readable medium for assessing insurance users (保險用戶評估方法、裝置、電子設備及計算機可讀介質)	Tianjin Joyful Life	CN201811330057.2	09/11/2018
25.	Method and device for discovering medical data relationship (醫學數據關係挖掘方法及裝置)	Tianjin New Happy Life; Tianjin Happy Life	CN201811330207.X	09/11/2018
26.	Method, device, computer readable storage medium and electronic equipment for cases discussion (病例討論方法、裝置、計算機可讀存儲介質及電子設備)	Yidu Cloud Beijing	CN201811330742.5	09/11/2018

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No.	Patent	Applicant	Application number	Application date (dd/mm/yyyy)
27.	Method, system, equipment and storage medium for automatically extracting and calculating clinical data (臨床數據自動化提取計算方法、系統、設備及存儲介質)	Yidu Cloud Beijing	CN201811331405.8	09/11/2018
28.	Method, equipment and medium for managing follow-up tasks of medical research (一種醫療科研隨訪任務的管理方法、設備和介質)	Yidu Cloud Beijing	CN201811331454.1	09/11/2018
29.	Method, device, electronic equipment and computer readable medium for mining clinical terms (臨床術語挖掘方法、裝置、電子設備及計算機可讀介質)	Tianjin Happy Life; Tianjin New Happy Life	CN201811332118.9	09/11/2018
30.	Method, device, storage medium and electronic terminal for medical data sinking (醫療數據回沉方法及裝置、存儲介質、電子終端)	Golden Panda Limited	CN201811333510.5	09/11/2018
31.	Method and device for generating electronic medical records (一種電子病例表生成方法和裝置)	Yidu Cloud Beijing	CN201811336289.9	09/11/2018
32.	Method, system, electronic equipment and storage medium for generating medical data (醫療數據的生產方法、系統、電子設備、存儲介質)	Golden Panda Limited	CN201811338024.2	09/11/2018
33.	Method, device, storage medium and electronic equipment for digging hot spots in disease research (疾病研究熱點挖掘方法及裝置、存儲介質、電子設備)	Beijing Yiyi Cloud	CN201811338754.2	12/11/2018
34.	Method, system, equipment and storage medium for medical literature feed (醫療文獻推送方法、系統、設備及存儲介質)	Beijing Yiyi Cloud	CN201811339084.6	12/11/2018
35.	Method, device, storage medium and electronic equipment for detecting actual clinical pathway variation (實際臨床路徑變異檢測方法及裝置、存儲介質、電子設備)	Beijing Yiyi Cloud	CN201811339164.1	12/11/2018
36.	Method, system, equipment and storage medium for integrating medical data (醫療數據整合的方法、系統、設備及存儲介質)	Beijing Yiyi Cloud	CN201811342590.0	12/11/2018
37.	Method, device, storage medium and electronic equipment for data mining (數據挖掘方法及裝置、存儲介質、電子設備)	Golden Panda Limited	CN201811351545.1	14/11/2018

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No.	Patent	Applicant	Application number	Application date (dd/mm/yyyy)
38.	Method, device, storage medium and electronic equipment for normalizing diagnostic terms (診斷詞歸一方法及裝置、存儲介質、電子設備)	Golden Panda Limited	CN201811351558.9	14/11/2018
39.	Method, device, storage medium and electronic equipment for obtaining target sample (目標樣本獲取方法、裝置、存儲介質及電子設備)	Golden Panda Limited	CN201811351559.3	14/11/2018
40.	Method, system, electronic equipment and storage medium for standardized management of medical data (醫療數據標準化管理方法及系統、電子設備、存儲介質)	Golden Panda Limited	CN201811351584.1	14/11/2018
41.	Method, device, medium and electronic equipment for extracting data in documents (提取文檔中數據的方法、裝置、介質及電子設備)	Beijing Yiyi Cloud	CN201811364864.6	12/11/2018
42.	Method, device, medium and electronic equipment for processing medical documents (一種醫學文檔的處理方法、裝置、介質及電子設備)	Golden Panda Limited	CN201811387620.X	21/11/2018
43.	Method, device, medium and electronic equipment for task-synopating (一種任務切分方法、裝置、介質及電子設備)	Golden Panda Limited	CN201811387630.3	21/11/2018
44.	Method, device, electronic equipment and computer readable medium for processing private information (隱私信息處理方法、裝置、電子設備及計算機可讀介質)	Golden Panda Limited	CN201811387650.0	21/11/2018
45.	Method, device, electronic equipment and storage medium for data storage (數據存儲方法、裝置、電子設備及存儲介質)	Golden Panda Limited	CN201811387710.9	21/11/2018
46.	Method, system, equipment and storage medium for precise search of medical keywords (醫療關鍵詞精確搜索的方法、系統、設備及存儲介質)	Golden Panda Limited	CN201811387791.2	21/11/2018
47.	Method, device, storage medium and electronic equipment for evaluating structured data (數據結構化評估方法、裝置、存儲介質及電子設備)	Golden Panda Limited	CN201811409577.2	23/11/2018

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No.	Patent	Applicant	Application number	Application date (dd/mm/yyyy)
48.	Method and system for managing unified cross-platform user account (跨平臺統一用戶賬戶管理方法及系統)	Golden Panda Limited	CN201811409588.0	23/11/2018
49.	Method, device, storage medium and electronic equipment for real-time processing of medical data (醫療數據的實時處理方法及裝置、存儲介質、電子設備)	Yidu Cloud Beijing; Golden Panda Limited	CN201811601671.8	26/12/2018
50.	Method, device, storage medium and electronic equipment for processing medical entity information (醫學實體信息的處理方法、裝置、存儲介質及電子設備)	Yidu Cloud Beijing; Golden Panda Limited	CN201811624476.7	28/12/2018
51.	Medical decision-making method, medical decision-making device, electronic equipment and storage medium (醫療決策方法、醫療決策裝置、電子設備及存儲介質)	Yidu Cloud Beijing; Golden Panda Limited	CN201811624481.8	28/12/2018
52.	Method, device, storage medium and electronic equipment for extracting medical entity information (醫學實體信息的抽取方法、裝置、存儲介質及電子設備)	Tianjin Joyful Life	CN201811624699.3	28/12/2018
53.	Method, device, storage medium, and electronic equipment for accounting for clinical medical expenses (臨床醫療開銷的統計方法、裝置、存儲介質及電子設備)	Tianjin Joyful Life	CN201811638658.X	29/12/2018
54.	Method, device, storage medium and equipment for optimizing decision models (決策模型優化方法、裝置、存儲介質及設備)	Yidu Cloud Beijing	CN201910241936.6	28/03/2019
55.	Method, device, medium and equipment for processing clinical data in combination with multiple research scenarios (結合多研究場景的臨床數據處理方法、裝置、介質及設備)	Yidu Cloud Beijing	CN201910707422.5	01/08/2019
56.	Data output method and device based on dynamic scattergram (一種基於動態分布圖的數據輸出方法及裝置)	Nanjing Yidu Cloud Medical Technology Co., Ltd.; Nanjing Yiyi Cloud	CN201910819485.X	31/08/2019
57.	Method, device, electronic equipment and storage medium for intelligently recommending members for MDT (智能推薦MDT入組的方法及裝置、電子設備、存儲介質)	Yidu Cloud Beijing	CN201910831698.4	04/09/2019

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No.	Patent	Applicant	Application number	Application date (dd/mm/yyyy)
58.	Method, device, storage medium and electronic equipment for constructing medical knowledge graph (醫學知識圖譜構建方法及裝置、存儲介質和電子設備)	Golden Panda Limited	CN201910883707.4	18/09/2019
59.	Method, device, medium and electronic equipment for time sequence prediction of medical indicators (醫學指標時序預測方法、裝置、介質及電子設備)	Yidu Cloud Beijing	CN201910935723.3	29/09/2019
60.	Method, device, electronic equipment and storage medium for detecting Trojan virus (木馬檢測方法及裝置、電子設備、存儲介質)	Yidu Cloud Guizhou	CN201911112636.4	14/11/2019
61.	Method, device, equipment and storage medium for identifying dirty data (髒數據的識別方法、裝置、設備及存儲介質)	Yidu Cloud Beijing	CN201911261723.6	10/12/2019
62.	Method, device, system, equipment and storage medium for data query (數據查詢方法、裝置、系統、設備及存儲介質)	Yidu Cloud Beijing	CN201911290805.3	13/12/2019
63.	Method, device, storage medium and electronic equipment for medical data annotation (醫療數據標注方法及裝置、存儲介質、電子設備)	Yidu Cloud Beijing	CN201911295643.2	16/12/2019
64.	Method, device, electronic equipment and storage medium for storing massive medical data (海量醫療數據的入庫方法及裝置、電子設備、存儲介質)	Yidu Cloud Beijing	CN201911299038.2	17/12/2019
65.	Method, device, equipment and storage medium for standardizing medical text data (用於標準化醫療文本數據的方法、裝置、設備及存儲介質)	Yidu Cloud Beijing	CN201911299358.8	17/12/2019
66.	Method, device, electronic equipment and storage medium for automatically encoding medical records (病案自動編碼方法、裝置、電子設備及存儲介質)	Yidu Cloud Beijing	CN201911310848.3	18/12/2019
67.	Method, device, computer readable medium and electronic equipment for text recognition (文本識別方法、裝置、計算機可讀介質及電子設備)	Tianjin New Happy Life; Tianjin Happy Life	CN201911318954.6	19/12/2019

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No.	Patent	Applicant	Application number	Application date (dd/mm/yyyy)
68.	Method, device, computer readable storage medium and electronic equipment for event recognition (事件識別方法及裝置、計算機可讀存儲介質、電子設備)	Tianjin New Happy Life; Tianjin Happy Life	CN201911318996.X	19/12/2019
69.	Method, device, computer readable storage medium and electronic equipment for event recognition (數據抽取方法、裝置、計算機可讀介質及電子設備)	Beijing Yiyi Cloud	CN201911342183.4	23/12/2019
70.	Method, device, equipment and storage medium for data annotation of medical text (用於醫療文本數據標注的方法、裝置、設備及存儲介質)	Yidu Cloud Beijing	CN201911345640.5	24/12/2019
71.	Method, device, electronic equipment and storage medium for data normalization (數據歸一方法及裝置、電子設備、存儲介質)	Tianjin New Happy Life; Tianjin Happy Life	CN201911349338.7	24/12/2019
72.	Method and device for text structural model training, medical text structurization (文本結構化模型訓練、醫療文本結構化方法及裝置)	Yidu Cloud Beijing	CN201911351016.6	24/12/2019
73.	Method, device, system, storage medium and electronic equipment for predicting medical risks (醫療風險預測方法、裝置、系統、存儲介質與電子設備)	Yidu Cloud Beijing	CN201911389215.6	30/12/2019
74.	Method, device, electronic equipment and storage medium for recruiting clinical trial patients (臨床試驗患者招募方法及裝置、電子設備和存儲介質)	Tianjin Happy Life; Tianjin New Happy Life	CN201911390616.3	30/12/2019
75.	Method and electronic equipment for container cluster, multi-tenant deployment based on container cluster (容器集群、基於容器集群的多租戶部署方法及電子設備)	Beijing Yiyi Cloud	CN201911391680.3	30/12/2019
76.	Method, device, computer readable storage medium and electronic equipment for data normalization (數據歸一方法及裝置、計算機可讀存儲介質、電子設備)	Beijing Yiyi Cloud	CN201911410132.0	31/12/2019
77.	Method, device, medium and equipment for detecting adverse events in clinical trials (臨床試驗中的不良反應事件檢測方法、裝置、介質與設備)	Tianjin Happy Life; Tianjin New Happy Life	CN201911418651.1	31/12/2019

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No.	Patent	Applicant	Application number	Application date (dd/mm/yyyy)
78.	Method, device, medium and electronic equipment for text data masking (文本數據脫敏方法、裝置、介質及電子設備)	Yidu Cloud Beijing	CN201911421350.4	31/12/2019
79.	Method, device, electronic equipment and storage medium for data masking (數據脫敏方法與裝置、電子設備及存儲介質)	Beijing Yiyi Cloud	CN201911421361.2	31/12/2019
80.	Method, device, storage medium and electronic equipment for generating visit schedule (訪視時間表生成方法及裝置、存儲介質、電子設備)	Tianjin New Happy Life	CN202010184687.4	17/03/2020
81.	Method device, storage medium and electronic equipment for medical text classification (醫療文本分類方法及裝置、存儲介質、電子設備)	Yidu Cloud Beijing	CN202010194565.3	19/03/2020
82.	Method, device, electronic equipment and medium for predicting the number of infected patients (傳染病人數預測方法、裝置、電子設備及介質)	Yidu Cloud Beijing	CN202010194757.4	19/03/2020
83.	Method, device, storage medium and electronic equipment for predicting epidemic situation (傳染病疫情預測方法及裝置、存儲介質、電子設備)	Beijing Yiyi Cloud	CN202010224851.X	26/03/2020
84.	Method, device, medium and electronic equipment for segmented prediction of epidemic data (分段預測疫情數據的方法及裝置、介質和電子設備)	Yidu Cloud Beijing	CN202010270613.2	08/04/2020
85.	Method, device, equipment and medium for predicting the number of cases in an epidemic based on cycle (基於周期預測疫情發病人數的方法及裝置、設備和介質)	Yidu Cloud Beijing	CN202010271242.X	08/04/2020
86.	Method, device, medium and electronic equipment for identifying adverse reactions in clinical trials (臨床試驗不良反應的識別方法、裝置、介質及電子設備)	Tianjin Happy Life	CN202010285828.1	13/04/2020
87.	Method, device, storage medium and electronic equipment for medical information normalization (藥品信息歸一化的方法、裝置、存儲介質及電子設備)	Beijing Yiyi Cloud	CN202010306577.0	17/04/2020

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No.	Patent	Applicant	Application number	Application date (dd/mm/yyyy)
88.	Method, device, storage medium and electronic equipment for doctor information feed (醫生信息推薦的方法、裝置、存儲介質及電子設備)	Yidu Cloud Beijing	CN202010338556.7	26/04/2020
89.	Digital inspection method, device and related equipment used in clinical trials (在臨床試驗中應用的數字稽查方法、裝置及相關設備)	Yidu Cloud Beijing	PCT/CN2020/090098	13/05/2020
90.	Method, device, storage medium and electronic equipment for predicting disease state of infectious disease (傳染病疾病狀態預測方法及裝置、存儲介質、電子設備)	Yidu Cloud Beijing	CN202010841563.9	20/08/2020
91.	Method, device, computer readable medium and electronic equipment for encoding drug data (藥品數據編碼方法、裝置、計算機可讀介質及電子設備)	Yidu Cloud Beijing	CN202010825926.X	17/08/2020
92.	Method, device, electronic equipment and medium for determining crowd relationship (人群關係確定方法、裝置、電子設備及介質)	Yidu Cloud Beijing	CN202010817324.X	14/08/2020
93.	Method, device, electronic equipment and computer medium for processing standardized text (文本的標準化處理方法、裝置、電子設備及計算機介質)	Yidu Cloud Beijing	CN202010773036.9	04/08/2020
94.	Method, device, electronic equipment and computer medium for processing standardized text (文本的標準化處理方法、裝置、電子設備及計算機介質)	Yidu Cloud Beijing	CN202010773099.4	04/08/2020
95.	Method and device for predicting the trend of infectious disease based on imported cases (基于輸入病例預測傳染病趨勢的方法及裝置)	Yidu Cloud Beijing	CN202010695758.7	20/07/2020
96.	Method and device for training prediction method and prediction model of the survival probability of infectious disease (傳染病生存概率的預測方法、預測模型的訓練方法及裝置)	Yidu Cloud Beijing	CN202010696011.3	20/07/2020
97.	Method and device for predicting the trend of infectious disease based on asymptomatic carrier (基於無症狀感染者預測傳染病趨勢的方法及裝置)	Yidu Cloud Beijing	CN202010690484.2	17/07/2020

No.	Patent	Applicant	Application number	Application date (dd/mm/yyyy)
98.	Method, device, medium and electronic equipment for recommending medical information (醫療信息的推薦方法、裝置、介質及電子設備)	Yidu Cloud Beijing	CN202010681151.3	15/07/2020
99.	Method and related equipment for predicting the development trend of epidemic based on prevention and control measures (基于防控措施預測疫情發展趨勢的方法及相關設備)	Yidu Cloud Beijing	CN202010647728.9	07/07/2020
100.	Method, device, electronic equipment and readable storage medium for predicting the number of newly-increased people in epidemic (疫情新增人數預測方法、裝置、電子設備和可讀存儲介質)	Yidu Cloud Beijing	CN202010648520.9	07/07/2020
101.	Method, device, electronic equipment and computer readable medium for predicting risk area (風險區域預測方法、裝置、電子設備及計算機可讀介質)	Yidu Cloud Beijing	CN202010646189.7	07/07/2020
102.	Method, device, medium and electronic equipment for analysing the measurement indicator of patients (分析患者測量指標的方法、裝置、介質及電子設備)	Yidu Cloud Beijing	CN202010645593.2	07/07/2020
103.	Method, device, medium and equipment for screening medical data based on infectious diseases (基於傳染病的醫療數據篩選方法、裝置、介質及設備)	Yidu Cloud Beijing	CN202010633113.0	02/07/2020
104.	Method, device, storage medium and electronic equipment for processing medical data (醫療數據處理方法及裝置、存儲介質及電子設備)	Yidu Cloud Beijing	CN202010627562.4	01/07/2020
105.	Method, device, computer storage medium and electronic equipment for processing medical record data (病歷數據處理方法及裝置、計算機存儲介質、電子設備)	Yidu Cloud Beijing	CN202010632725.8	01/07/2020
106.	Method, device, electronic equipment and computer readable medium for warning the number of population (人口數量的預警方法、裝置、電子設備及計算機可讀介質)	Yidu Cloud Beijing	CN202010627560.5	01/07/2020

No.	Patent	Applicant	Application number	Application date (dd/mm/yyyy)
107.	Method, device, medium and equipment for predicting the risk level of infectious diseases (傳染性疾病患病風險等級的預測方法及裝置、介質、設備)	Yidu Cloud Beijing	CN202010632741.7	01/07/2020

Copyrights

As at the Latest Practicable Date, we had registered the following computer software copyrights which we consider to be material to our Group's business:

No.	Copyright	Version	Registration number	Registration date (dd/mm/yyyy)
1.	Yidu Cloud Data Management Platform (醫渡雲數據管理平台)	V1.0	2015SR261204	15/12/2015
2.	Yidu Cloud Search System (醫渡雲搜索系統)	V1.0	2015SR267484	18/12/2015
3.	Yidu Cloud On-line Analysis System (醫渡雲在線分析系統)	V1.0	2015SR267489	18/12/2015
4.	Yidu Cloud Medical Record Output System (醫渡雲病歷導出系統)	V1.0	2015SR267491	18/12/2015
5.	Yidu Cloud Search Term Recommendation System (醫渡雲搜索項推薦系統)	V1.0	2015SR258555	14/12/2015
6.	Yidu Cloud Screening System (醫渡雲篩選系統)	V1.0	2015SR258546	14/12/2015
7.	Intelligence Platform of Medical Data (醫學數據智能平台)	V1.0	2017SR579186	20/10/2017
8.	Intelligence Platform of Medical Data (醫學數據智能平台)	V3.0	2020SR0123682	10/02/2020
9.	Yidu Cloud Data Platform for Hospital Operation (醫渡雲醫院運營數據平台)	V1.0	2017SR579182	20/10/2017
10.	Yidu Cloud Medical Research—Disease Data Processing System (醫渡雲醫療科研—疾病數據加工系統)	V1.0	2017SR601654	02/11/2017
11.	Yidu Cloud Medical Research—Double Entry Verification System (醫渡雲醫療科研—雙錄核查系統)	V1.0	2017SR601974	02/11/2017
12.	Evaluation and Analysis System for Medical Service of DRGs (DRGs 醫療服務評價和分析系統)	V1.0	2017SR602356	03/11/2017
13.	Yidu Cloud Timeline Software (醫渡雲時間軸軟件)	V1.0	2017SR602353	03/11/2017
14.	Yidu Cloud Data Integration Platform (醫渡雲數據集成平台)	V1.0	2017SR626967	15/11/2017
15.	Yidu Cloud Metadata Management Platform (醫渡雲元數據管理平台)	V1.0	2017SR626326	15/11/2017
16.	Yidu Cloud Distributed Task Scheduling System (醫渡雲分佈式任務調度系統)	V1.0	2017SR632762	17/11/2017

No.	Copyright	Version	Registration number	Registration date (dd/mm/yyyy)
17.	Yidu Cloud Data Basis Producing Platform (醫渡雲數據基礎生產平台)	V1.0	2017SR632769	17/11/2017
18.	Yidu Cloud Operation and Maintenance Monitoring Platform (醫渡雲運維監控平台)	V1.0	2017SR633105	17/11/2017
19.	Yidu Cloud Patient Management System (醫渡雲患者管理系統)	V1.0	2017SR653641	28/11/2017
20.	Clinical Decision Support System (臨床輔助決策支持系統)	V1.0	2017SR652576	28/11/2017
21.	Yidu Cloud Clinical Data Center System (醫渡雲臨床數據中心系統)	V1.0	2017SR652580	28/11/2017
22.	Yidu Cloud User Center Platform (醫渡雲用戶中心平台)	V1.0	2017SR652419	28/11/2017
23.	Yidu Cloud Diagnostic Rules Management Platform (醫渡雲診斷規則管理平台)	V1.0	2018SR767851	20/09/2018
24.	Intelligent Case Quality Control System (智能化病案質控系統)	V1.0	2018SR766261	20/09/2018
25.	Intelligent Case Quality Control System (智能化病案質控系統)	V2.0	2020SR0530910	28/05/2020
26.	Intelligent Follow-up Platform (智能隨訪平台)	V1.0	2018SR767483	20/09/2018
27.	Research Collaboration Platform (科研協作平台)	V1.0	2017SR602362	25/11/2020
28.	Special Disease Database Platform (專病數據庫平台)	V3.0	2017SR601722	02/11/2017
29.	Medical Data Intelligent Platform System for Mobile Terminals (醫學數據智能平台手機端系統)	V1.0	2018SR849663	24/10/2018
30.	Yidu Cloud Clinical Knowledge Base System (醫渡雲臨床知識庫系統)	V1.0	2019SR0124421	01/02/2019
31.	Yidu Cloud Electronic Data Capture System (醫渡雲電子數據採集系統)	V1.0	2018SR951292	28/11/2018
32.	Yidu Cloud Rational Drug Administration System (醫渡雲合理用藥系統)	V1.0	2018SR1013046	13/12/2018
33.	Yidu Cloud Equipment Management System (醫渡雲設備管理系統)	V1.0	2018SR1013054	13/12/2018
34.	Yidu Cloud Central Randomization System (醫渡雲中央隨機系統)	V1.0	2018SR1037406	19/12/2018
35.	Multidisciplinary Diagnosis and Treatment Management Platform (多學科診療管理平臺)	V1.0	2019SR0088608	24/01/2019
36.	Yidu Cloud Data Sharing System (醫渡雲數據共享系統)	V1.0	2019SR0120472	01/02/2019
37.	Yidu Cloud Data Mining and Machine Learning System (醫渡雲數據挖掘與機器學習系統)	V1.0	2019SR0124435	01/02/2019

No.	Copyright	Version	Registration number	Registration date (dd/mm/yyyy)
38.	Yidu Cloud External Data Input System (醫渡雲外部數據導入系統)	V1.0	2019SR0124430	01/02/2019
39.	Yidu Cloud Service Platform for Pharmaceutical Products Centralized Procurement—Trading System (醫渡雲醫藥產品集中採購服務平臺—交易系統)	V1.0	2019SR0163643	21/02/2019
40.	Yidu Cloud Service Platform for Pharmaceutical Products Centralized Procurement—Integrated Management Platform (醫渡雲醫藥產品集中採購服務平臺—綜合管理平臺)	V2.0	2019SR0173654	22/02/2019
41.	Yidu Cloud Service Platform for Pharmaceutical Products Centralized Procurement—Contract System (醫渡雲醫藥產品集中採購服務平臺—合同系統)	V2.0	2019SR0173644	22/02/2019
42.	Yidu Cloud Service Platform for Pharmaceutical Products Centralized Procurement—Eligibility Verification System (醫渡雲醫藥產品集中採購服務平臺—資審系統)	V2.0	2019SR0169761	22/02/2019
43.	Clinical Research Data Capture and Interface System (臨床科研數據採集對接系統)	V1.0	2019SR0122290	01/02/2019
44.	Single-disease Clinical Decision Support System (單病種臨床輔助決策支持系統)	V1.0	2019SR0254135	15/03/2019
45.	YiduEywa Platform Software, a Yidu Cloud New Generation Data Center (醫渡雲新一代數據中心YiduEywa平臺軟件)	V1.0	2019SR0641563	21/06/2019
46.	Data Software for Intelligent Decision-making and Remote Collaboration (智能決策與遠程協作數據軟件)	V1.0	2019SR0320965	11/04/2019
47.	Phase I Clinical Trial Intelligent Management System Software (智能I期臨床試驗管理系統軟件)	V1.0	2019SR0574928	05/06/2019
48.	Clinical Trial Drug Management System Software (臨床試驗藥品管理系統軟件)	V1.0	2019SR0574919	05/06/2019
49.	Clinical Trial Financial Management System Software (臨床試驗財務管理系統軟件)	V1.0	2019SR0574935	05/06/2019
50.	Pharmacovigilance System Software (藥物警戒系統軟件)	V1.0	2019SR0576225	05/06/2019
51.	Clinical Trial Project Management System Software (臨床試驗項目管理系統軟件)	V1.0	2019SR0575612	05/06/2019
52.	Clinical Trial Big-data-enabled System Software (臨床試驗大數據賦能系統軟件)	V1.0	2019SR0575663	05/06/2019
53.	Integrated Management System for VTE Prevention and Control (VTE 防控管理一體化系統)	V1.0	2019SR0877075	23/08/2019

No.	Copyright	Version	Registration number	Registration date (dd/mm/yyyy)
54.	Cloud Medical Management Platform (醫療雲管理平臺)	V1.0	2019SR1056092	17/10/2019
55.	Medical Data Annotation Platform (醫療數據標注平臺)	V1.0	2019SR1055479	17/10/2019
56.	Medical Data Standardization Platform (醫療數據標準化平臺)	V1.0	2019SR1055690	17/10/2019
57.	Medical Data Structurization Platform (醫療數據結構化平臺)	V1.0	2019SR1056086	17/10/2019
58.	Service Platform for Medical Data Business (醫療數據業務服務平臺)	V1.0	2019SR1055683	17/10/2019
59.	Container Management Platform (容器管理平臺)	V1.0	2019SR1055475	17/10/2019
60.	Database System for Configuration Management (配置管理數據庫系統)	V1.0	2019SR1056205	17/10/2019
61.	Inclusion and Exclusion Retrieval Model System (納排檢索模型系統)	V1.0	2019SR1056285	17/10/2019
62.	Management System for Across Clustered Callable Interface (跨集群接口調用管理平臺)	V1.0	2019SR1056315	17/10/2019
63.	Forecast and Recommendation System (預測推薦系統)	V1.0	2019SR1055489	17/10/2019
64.	Medical Data Quality Management Platform (醫療數據質量治理平臺)	V1.0	2019SR1055472	17/10/2019
65.	Disease Network Atlas System (疾病網絡圖譜系統)	V1.0	2019SR1169824	19/11/2019
66.	Comprehensive Management and Service Platform for Medical Institutions (醫療機構綜合管理和服務平臺)	V1.0	2019SR1146064	13/11/2019
67.	Security Protection System for Data Privacy (數據隱私安全保護系統)	V1.0	2019SR1233076	29/11/2019
68.	Data Easy Reporting System (數據易上報系統)	V1.0	2019SR1425406	25/12/2019
69.	Comprehensive Management and Service Platform for Medical Institutions—Big Data Visualization Subsystem (醫療機構綜合管理和服務平臺—大數據可視化子系統)	V1.0	2020SR0125258	10/02/2020
70.	Comprehensive Management and Service Platform for Medical Institutions—Multidimensional Query Subsystem (醫療機構綜合管理和服務平臺—多維查詢子系統)	V1.0	2020SR0122076	10/02/2020
71.	Comprehensive Management and Service Platform for Medical Institutions—Performance Assessment Subsystem (醫療機構綜合管理和服務平臺—績效考核子系統)	V1.0	2020SR0124180	10/02/2020
72.	Comprehensive Management and Service Platform for Medical Institutions—Theme Analysis Subsystem (醫療機構綜合管理和服務平臺—主題分析子系統)	V1.0	2020SR0124353	10/02/2020

No.	Copyright	Version	Registration number	Registration date (dd/mm/yyyy)
73.	Comprehensive Management and Service Platform for Medical Institutions—Monitor and Prediction Subsystem (醫療機構綜合管理和服務平臺—監測預警子系統)	V1.0	2020SR0173363	25/02/2020
74.	Comprehensive Management and Service Platform for Medical Institutions— Smart Output Subsystem (醫療機構綜合管理和服務平臺—智能導出子系統)	V1.0	2020SR0173358	25/02/2020
75.	Intelligent System for Diagnosis through Inquiry (智能問診系統)	V1.0	2020SR0125301	10/02/2020
76.	Yidu Cloud Big Data Platform for COVID-19 Monitoring (醫渡雲新冠疫情監控大數據平臺)	V1.0	2020SR0182220	26/02/2020
77.	National Monitoring Platform for Drug Use (國家藥品使用監測平臺)	V1.0	2020SR0403770	30/04/2020
78.	Yiyi Cloud Medical Data—Normalization Morningstar Platform (懿醫雲醫療數據—歸一晨星平臺)	V1.0	2017SR687130	13/12/2017
79.	Yiyi Cloud Data Quality Control Platform (懿醫雲數據質量控制平臺)	V1.0	2017SR687263	13/12/2017
80.	Yiyi Cloud Specialty Data Mapping Platform (懿醫雲專科數據配置平臺)	V1.0	2017SR687254	13/12/2017
81.	Yiyi Cloud Moses Structurization Platform (懿醫雲摩西結構化平臺)	V1.0	2017SR693831	15/12/2017
82.	Yiyi Cloud Medical Data—Structurization Platform (懿醫雲醫療數據—結構化平臺)	V1.0	2017SR693727	15/12/2017
83.	Yiyi Cloud Medical Data—Structured Assessment Platform (懿醫雲醫療數據—結構化評估平臺)	V1.0	2017SR693718	15/12/2017
84.	Yiyi Cloud Service Platform for Pharmaceutical Products Centralized Procurement—Integrated Management Platform (懿醫雲醫藥產品集中採購服務平臺—綜合管理平臺)	V1.0	2018SR236055	09/04/2018
85.	Yiyi Cloud Service Platform for Pharmaceutical Products Centralized Procurement—Selection System (懿醫雲醫藥產品集中採購服務平臺—遴選系統)	V1.0	2018SR239753	10/04/2018
86.	Yiyi Cloud Service Platform for Pharmaceutical Products Centralized Procurement—Data System (懿醫雲醫藥產品集中採購服務平臺—數據系統)	V1.0	2018SR239747	10/04/2018
87.	Yiyi Cloud Service Platform for Pharmaceutical Products Centralized Procurement—Regulation System (懿醫雲醫藥產品集中採購服務平臺—監管系統)	V1.0	2018SR239670	10/04/2018

No.	Copyright	Version	Registration number	Registration date (dd/mm/yyyy)
88.	Yiyi Cloud Service Platform for Pharmaceutical Products Centralized Procurement—Eligibility Verification System (懿醫雲醫藥產品集中採購服務平臺—資審系統)	V1.0	2018SR239781	10/04/2018
89.	Yiyi Cloud Service Platform for Pharmaceutical Products Centralized Procurement—Contract System (懿醫雲醫藥產品集中採購服務平臺—合同系統)	V1.0	2018SR239675	10/04/2018
90.	Portable Sphygmomanometer Control Software based on LGT8F328P (基於LGT8F328P的便攜式血壓計控制軟件)	V1.0	2019SR0131095	11/02/2019
91.	Portable Oximeter Control Software based on DA14580 (基於DA14580的便攜式血氧計控制軟件)	V1.0	2019SR0332822	15/04/2019
92.	Portable Oximeter Control Software based on LGT8F328P (基於LGT8F328P的便攜式血氧計控制軟件)	V1.0	2019SR0434383	07/05/2019
93.	Pre-admission Management System (iOS) (院前管理系統 (iOS))	V1.0	2019SR0022221	08/01/2019
94.	Pre-admission Management System (Android) (院前管理系統 (安卓))	V1.0	2019SR0021894	08/01/2019
95.	Xinhexin Health Management APP Software (Android) (心核心健康管理APP軟件 (安卓版))	V1.0.0	2019SR1441526	27/12/2019
96.	Xinhexin Health Management APP Software (iOS) (心核心健康管理APP軟件 (蘋果版))	V2.0.0	2020SR0079731	15/01/2020
97.	Xinhexin Background Software for Health Management Service (心核心健康管理服務後臺軟件)	V1.0.0	2020SR0074029	15/01/2020
98.	Yidu Cloud Data Platform for Hospital Operation (醫渡雲醫院運營數據平臺)	V2.0	2019SR0044582	14/01/2019
99.	Yidu Cloud DRGs Data Analysis System (醫渡雲DRGs數據分析系統)	V2.0	2018SR1090994	29/12/2018
100.	Yidu Cloud Intelligent Case Platform (醫渡雲智能病案平臺)	V2.0	2019SR0044577	14/01/2019
101.	Yidu Cloud Software for Internet Hospital Supervision (醫渡雲互聯網醫院監管軟件)	V1.0	2019SR0347777	18/04/2019
102.	Yidu Cloud Software for Prescription Circulation (醫渡雲處方流通軟件)	V1.0	2019SR0347127	18/04/2019
103.	Yidu Cloud Software for Internet Hospital (醫渡雲互聯網醫院軟件)	V1.0	2019SR0347558	18/04/2019
104.	Yidu Cloud Software for Clinic Appointment (醫渡雲就診預約軟件)	V1.0	2019SR0347548	18/04/2019

No.	Copyright	Version	Registration number	Registration date (dd/mm/yyyy)
105.	Yidu Cloud Software for Data Management of Initial Diagnosis (醫渡雲首診數據管理軟件)	V1.0	2019SR0348161	18/04/2019
106.	Yidu Cloud Software for Follow-up Management (醫渡雲隨訪管理軟件)	V1.0	2019SR0347938	18/04/2019
107.	Yidu Cloud Software for On-line Diagnosis and Treatment (醫渡雲在綫診療軟件)	V1.0	2019SR0347986	18/04/2019
108.	Big Data System for Intelligent Query and Search (大數據智能查詢及搜索系統)	V1.0	2019SR1010267	29/09/2019
109.	Medical System for Disease Relationship Spectrum (醫療疾病關係圖譜系統)	V1.0	2019SR1010269	29/09/2019
110.	Medical BDaaS all-in-one system (醫療大數據服務一體機系統)	V1.0	2019SR1003257	27/09/2019
111.	Medical Big Data Management System (醫療大數據治理系統)	V1.0	2019SR1145820	13/11/2019
112.	Causa Workbench WeChat Official Account Software (因數工作臺微信公眾號軟件)	V1.0	2020SR0626955	15/06/2020
113.	Causa Workbench Pharmacy Software (因數工作臺藥店軟件)	V1.0	2020SR0626348	15/06/2020
114.	Causa Health WeChat Official Account Software (因數健康微信公眾號軟件)	V1.0	2020SR0625889	15/06/2020
115.	Causa Commissioner WeChat Official Account Software (因數專員端微信公眾號軟件)	V1.0	2020SR0626515	15/06/2020
116.	Happy Life Technology Medical Data Exploration System (開心生活科技醫療數據探查系統)	V1.0	2017SR654967	29/11/2017
117.	Happy Life Technology Feasibility Analysis Platform for Real-world Research (開心生活科技真實世界研究可行性分析平臺)	V1.0	2017SR654668	29/11/2017
118.	Happy Life Technology Insight and Analysis System based on Real-world Big Data for Pharmaceutical Market (開心生活科技基於真實世界大數據的醫藥市場洞察分析系統)	V1.0	2017SR655033	29/11/2017
119.	HLT Electronic Data Capture System (HLT電子數據採集系統)	V1.0	2018SR951303	28/11/2018
120.	HLT Central Randomization System (HLT中央隨機系統)	V1.0	2018SR1042919	20/12/2018
121.	Clinical Trial Management System (臨床試驗管理系統)	V1.1	2019SR1371313	16/12/2019
122.	Electronic General Technology File System (電子通用技術文件系統)	V1.0	2019SR1371913	16/12/2019
123.	Pharmacovigilance System (藥物警戒系統)	V1.0	2019SR1371310	16/12/2019
124.	Clinical Trial Full Text Management System (臨床試驗全文檔管理系統)	V1.0	2019SR1411134	23/12/2019

No.	Copyright	Version	Registration number	Registration date (dd/mm/yyyy)
125.	Insurance Underwriting Platform based on Image and Text Recognition and Disease Atlas Intelligent Technology (基於圖像文本識別、疾病圖譜智能技術的保險核保平臺)	V1.0	2018SR825760	17/10/2018
126.	Interactive Q&A On-line Underwriting System based on Disease Atlas and Data Intelligent Technology (基於疾病圖譜、數據智能技術的交互問答在綫核保系統)	V1.0	2018SR825772	17/10/2018
127.	Underwriting Helper Software based on Disease Atlas and Data Intelligent Technology (基於疾病圖譜、數據智能技術的核保小助手軟件)	V1.0	2019SR0659296	26/06/2019
128.	AI Diagnosis Software based on Disease Atlas and Data Intelligent Technology (基於疾病圖譜、數據智能技術的智能問診軟件)	V1.0	2019SR0656284	26/06/2019
129.	Medical Image Processing Software based on Image and Text Recognition, Medical Data Intelligent Technology (基於圖文識別、醫學數據智能技術的醫療影像處理軟件)	V1.0	2019SR0637923	20/06/2019
130.	BDaaS System for Health Insurance based on Big Data Processing Technology (基於大數據處理技術的健康險大數據服務系統)	V1.0	2019SR0978506	20/09/2019
131.	Data Exploration and Analysis System for Health Insurance based on Big Data Processing Technology (基於大數據處理技術的健康險數據探查分析系統)	V1.0	2019SR1170236	19/11/2019
132.	Health Record Management System for Health Insurance Customer based on Big Data Processing Technology (基於大數據處理技術的健康險客戶健康檔案管理系統)	V1.0	2019SR1169427	19/11/2019
133.	Operation System for Insurance and Underwriting of Breast Cancer Recurrence Policy (乳腺癌復發險投保運營系統)	V1.0	2020SR0418518	08/05/2020
134.	Auxiliary Underwriting Software based on Data Intelligence Technology (基於數據智能技術的輔助核保軟件)	V1.0	2020SR0418533	08/05/2020
135.	Insurance Sales and Management Platform (保險銷售管理平臺)	V1.0	2020SR0418538	08/05/2020
136.	People's Ranking List Software (人民榜單軟件)	V1.0	2020SR0418523	08/05/2020
137.	Causa Video Software for Doctors (因數視頻醫生軟件)	V1.0	2020SR0418543	08/05/2020
138.	Service Operation System based on Big Data Technology for Health Risk Models (基於大數據技術的健康風險模型服務運營系統)	V1.0	2020SR0418513	08/05/2020
139.	Intelligent Interactive Insurance and Underwriting Software (智能交互式投保軟件)	V1.0	2020SR0418528	08/05/2020

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

No.	Copyright	Version	Registration number	Registration date (dd/mm/yyyy)
140.	Yidu Cloud Medical Data Processing System (醫渡雲醫療數據處理系統)	V1.0	2020SR0243399	12/03/2020
141.	Yidu Cloud Medical Incremental Data Update System (醫渡雲增量醫療數據更新系統)	V1.0	2020SR0243394	12/03/2020
142.	Yidu Cloud Traffic Analysis and Security Control System (醫渡雲流量分析安全管控系統)	V1.0	2020SR0180203	26/02/2020
143.	Yidu Cloud Key Management System (醫渡雲密鑰管理系統)	V1.0	2020SR0178016	26/02/2020
144.	Yidu Cloud Data Security System for Medical Enterprises (醫渡雲醫療企業數據安全系統)	V1.0	2020SR0178010	26/02/2020
145.	Patient Software for Causa Health (因數健康患者端軟件)	V1.0	2020SR1146091	23/09/2020
146.	Causa Workbench Software (因數工作臺軟件)	V1.0	2020SR1000067	27/08/2020
147.	Social Monitoring and Warning Platform for Public Health Events (公共衛生事件社會監測預警平臺)	V1.0	2020SR1741245	04/12/2020
148.	Mobile Platform for Integrated Management and Service of Medical Institutions (醫療機構綜合管理和服務移動端平臺)	V1.0	2020SR1741242	04/12/2020
149.	Big Data Analysis and Application Platform for Public Health Emergency (公共衛生應急大數據分析應用平臺)	V1.0	2020SR1741110	04/12/2020
150.	Collaborative Management of Medical and Prevention (醫防協同管理)	V1.0	2020SR1741111	04/12/2020
151.	Clinical Decision Support System for Diabetes (糖尿病臨床決策支持系統)	V1.0	2020SR1791633	11/12/2020
152.	Analysis Platform for Rational Drug Use in Medical Institutions (醫療機構合理用藥分析平臺)	V1.0	2020SR1684096	30/11/2020
153.	Clinical Data Research Collection Platform (臨床數據研究採集平臺)	V1.0	2020SR1684097	30/11/2020
154.	Visualization Platform for Cancer Treatment Plan (癌症治療方案可視化平臺)	V1.0	2020SR1684098	30/11/2020
155.	Pharmaceutical Welfare Platform (藥品福利平臺)	V1.0	2020SR1684144	30/11/2020
156.	Health Questioning Software (健康問問軟件)	V1.0	2020SR1684126	30/11/2020
157.	Artificial Intelligence-Based Health Risk Assessment System (基於人工智能健康風險評估系統)	V1.0	2020SR1684104	30/11/2020
158.	Customer Analysis Platform for Health Big Data Productivity (健康大數據生產力客戶分析平臺)	V1.0	2020SR1684103	30/11/2020
159.	Discovery Platform for Health Big Data Productivity (健康大數據生產力探索發現平臺)	V1.0	2020SR1684095	30/11/2020

No.	Copyright	Version	Registration number	Registration date (dd/mm/yyyy)
160.	Health File Management Platform for Health Big Data Productivity (健康大數據生產力健康檔案管理平臺)	V1.0	2020SR1684145	30/11/2020
161.	Medical Data Production Quality Control Platform (醫療數據生產質控平臺)	V1.0	2020SR1686811	30/11/2020
162.	Medical Data Production, Operation & Maintenance and Audit System (醫療數據生產運維審計系統)	V1.0	2020SR1680144	28/11/2020
163.	Medical Data Production Collaboration Platform (醫療數據生產協作平臺)	V1.0	2020SR1686812	30/11/2020
164.	Containerized Management Platform for Medical Data Production (醫療數據生產容器化管理平臺)	V1.0	2020SR1687425	30/11/2020
165.	Medical Data Flow Management Control System (醫療數據流量管理控制系統)	V1.0	2020SR1685018	30/11/2020
166.	Structured Configuration Platform for Medical Data (醫療數據結構化配置平臺)	V1.0	2020SR1686948	30/11/2020
167.	Medical Basic Data Model System (醫療基礎數據模型系統)	V1.0	2020SR1680486	28/11/2020
168.	Host Intrusion Monitoring System for Medical Data Production (醫療數據生產主機入侵監測系統)	V1.0	2020SR1695706	01/12/2020
169.	Configuration Platform for Medical Data Production (醫療數據生產配置平臺)	V1.0	2020SR1687360	30/11/2020

Domain names

As at the Latest Practicable Date, we owned the following domain names which we consider to be or may be material to our business:

No.	Domain name	Registered owner	Expiry date (dd/mm/yyyy)
1.	yiduccloud.com.cn	Yidu Cloud Beijing	29/01/2021
2.	hltpharma.com	Tianjin Happy Life	24/08/2023

C. FURTHER INFORMATION ABOUT OUR DIRECTORS

1. Particulars of Directors' service contracts and appointment letters

Executive Directors

Each of our executive Directors entered into a service contract with our Company on December 28, 2020. The term of appointment shall be for an initial term of three years from the Listing Date or until the third annual general meeting of our Company after the Listing Date, whichever is sooner (subject to retirement as and when required under the Articles of Association). Either party may terminate the agreement by giving not less than three months' written notice.

The annual director's fees of our executive Directors payable by us under their respective service agreement is RMB160,000.

Non-executive Director

Our non-executive Director entered into a service contract with our Company on December 28, 2020. The term of appointment shall be for an initial term of three years from the Listing Date or until the third annual general meeting of our Company after the Listing Date, whichever is sooner (subject to retirement as and when required under the Articles of Association). Either party may terminate the agreement by giving not less than three months' written notice.

The annual director's fees of our non-executive Director payable by us under her appointment letter is RMB160,000.

Independent non-executive Directors

Each of our independent non-executive Directors entered into an appointment letter with our Company on December 28, 2020. The term of appointment shall be for an initial term of three years from the Listing Date or until the third annual general meeting of our Company after the Listing Date, whichever is sooner (subject to retirement as and when required under the Articles of Association). Either party may terminate the agreement by giving not less than three months' written notice.

The annual director's fees of our independent non-executive Directors payable by us under their respective appointment letters is RMB160,000.

2. Remuneration of Directors

- (a) Save as disclosed in this document, none of our Directors has or is proposed to have a service contract with any member of our Group other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).
- (b) The aggregate amount of remuneration paid and benefits in kind granted to our Directors by our Group in respect of each of the years ended March 31, 2018, 2019 and 2020 was approximately RMB7.9 million, RMB5.7 million and RMB102.9 million.
- (c) Under the arrangements currently in force, we estimate that the aggregate remuneration payable to, and benefits in kind receivable by, our Directors by any member of our Group in respect of the years ended March 31, 2021 is approximately RMB37.5 million.

3. Disclosure of interests***Interests and short positions of our Directors in the share capital of our Company or our associated corporations following completion of the Global Offering***

Immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Plans, Post-IPO Share Option Scheme and Post-IPO Share Award Scheme), the interests or short positions of our Directors and chief executives in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the 'Model Code for Securities Transactions

by Directors of Listed Issuers' contained in the Listing Rules, to be notified to our Company and the Stock Exchange are set out below:

<u>Name of director</u>	<u>Nature of interest</u>	<u>Relevant entity</u>	<u>Number of Shares</u>	<u>Approximate percentage of interest in our Company immediately after the Global Offering ⁽¹⁾</u>
Ms. Gong	Interest in controlled corporation/ Interest of spouse	Sweet Panda Limited ⁽²⁾	416,221,675(L) ⁽³⁾	46.16%
Yan Jun	Beneficial owner	Company	2,500,640(L) ⁽⁴⁾	0.28%
Yang Jing	Beneficial owner	Company	8,000,640(L) ⁽⁵⁾	0.89%
Zhang Shi	Beneficial owner	Company	14,624,205(L) ⁽⁶⁾	1.62%

Note:

- (1) Assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Plans, Post-IPO Share Option Scheme and Post-IPO Share Award Scheme.
- (2) Sweet Panda Limited is wholly-owned by Ms. Gong.
- (3) Ms. Gong's spouse, Mr. Xu Jiming, is entitled to receive up to 17,332,785 Shares pursuant to the exercise of options granted to him under the Pre-IPO Share Option Plans, subject to the conditions (including vesting conditions) of those options. Ms. Gong is deemed to be interested in these Shares.
- (4) Represents Mr. Yan Jun's entitlement to receive up to 2,500,640 Shares pursuant to the exercise of options granted to him under the Pre-IPO Share Option Plans, subject to the conditions (including vesting conditions) of those options.
- (5) Represents Ms. Yang Jing's entitlement to receive up to 8,000,640 Shares pursuant to the exercise of options granted to her under the Pre-IPO Share Option Plans, subject to the conditions (including vesting conditions) of those options.
- (6) Represents Ms. Zhang Shi's entitlement to receive up to 14,624,205 Shares pursuant to the exercise of options granted to her under the Pre-IPO Share Option Plans, subject to the conditions (including vesting conditions) of those options.

Interests and short positions disclosable under Divisions 2 and 3 of Part XV of the SFO

For information, so far as is known to our Directors or chief executive, of each person, other than our Director or chief executive, who immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Plans, Post-IPO Share Option Scheme and Post-IPO Share Award Scheme) will have an interest or short position in the Shares or underlying shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, is, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group, see "Substantial shareholders".

D. PRE-IPO SHARE OPTION PLANS

Summary

The following is a summary of the principal terms of the two Pre-IPO Share Option Plans of the Company as approved and adopted pursuant to a shareholders' resolution of the Company passed on March 16, 2015 (the "Pre-IPO ESOP I" and the "Pre-IPO ESOP II", respectively), as amended from time to time. The terms of the Pre-IPO Share Option Plans are not subject to the provisions of Chapter 17 of the Listing Rules.

We have applied to the Stock Exchange and the SFC, respectively for, (i) a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix 1A to the Listing Rules; and (ii) an exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance from strict compliance with the disclosure requirements of paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding

Up and Miscellaneous Provisions) Ordinance. See the section headed “Waivers from Strict Compliance with the Listing Rules and Exemptions from the Companies (Winding Up and Miscellaneous Provisions) Ordinance—Waiver and Exemption in relation to the Pre-IPO Share Option Plans” for more information.

(a) Purpose

The purposes of the Pre-IPO Share Option Plans are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives to selected employees, directors, and consultants of the Group and to promote the success of the Company’s business by offering these individuals or entities an opportunity to acquire a proprietary interest in the success of the Company.

(b) Who may join

Those eligible to participate in the Pre-IPO Share Option Plans include employees, including officers and directors, of the Group and consultants of the Group or any parent company of the Company (the “**Participants**”).

(c) Maximum number of Shares

The maximum aggregate number of Shares under the Pre-IPO ESOP I which may be issued by the Company is 68,333,335 (as adjusted pursuant to the Share Division).

The maximum aggregate number of Shares under the Pre-IPO ESOP II which may be issued by the Company is 83,333,335 (as adjusted pursuant to the Share Division).

(d) Administration

The Pre-IPO Share Option Plans shall be administered by the chief executive officer of the Company or such other person approved and appointed by the Board or their delegate(s) (the “**Administrator**”).

In relation to each of the Pre-IPO Share Option Plans, subject to the provisions thereunder and the approval of any relevant authorities, the Administrator shall have the authority in its discretion to:

- (i) Determine the fair market value of the shares to which an Award (as defined below) relates;
- (ii) Select grantees to whom Awards may be granted;
- (iii) Determine the number of Shares to be covered by each Award;
- (iv) Approve the form of each Award Agreement (as defined below);
- (v) Determine the terms and conditions of any Award, including but not limited to the exercise price, the time or times when Options (as defined below) may be exercised (which may be based on performance criteria), the time or times when repurchase or redemption rights shall lapse, any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Award or the shares relating thereto, based in each case on such factors as the Administrator in its sole discretion shall determine;

- (vi) Implement a program where (A) outstanding Awards are surrendered or canceled in exchange for Awards of the same type, Awards of a different type, or cash, or (B) the exercise of an outstanding Award is reduced, based in each case on terms and conditions determined by the Administrator in its sole discretion;
- (vii) Approve earlier exercise of the Awards granted;
- (viii) Prescribe, amend and rescind rules and regulations relating to the Pre-IPO Share Option Plan;
- (ix) Allow grantees to satisfy withholding tax obligations by electing to have the Company withhold from the shares to be used under an Award that number of shares having a fair market value equal to the minimum amount required to be withheld;
- (x) Modify or amend each Award, including without limitation, the discretionary authority to extend the post-termination exercisability of an Option longer than is otherwise provided for in an Award Agreement or accelerate the vesting or exercisability of an Option;
- (xi) Construe and interpret the terms of the Pre-IPO Share Option Plan or any Awards granted pursuant thereto;
- (xii) Appoint one or more trustees or other professional parties as the Administrator may in its reasonable discretion consider appropriate with respect to the grant, administration and vesting of shares underlying the Awards granted; and
- (xiii) Make any other determinations and take any other action that the Administrator deems necessary or desirable for the administration of the Pre-IPO Share Option Plan.

(e) Grant of Awards

The Administrator is authorized to grant awards (“**Awards**”) in the form of options to purchase shares of the Company (“**Options**”) to Participants in accordance with the terms of the Pre-IPO Share Option Plans. Awards granted will be evidenced by an agreement (“**Award Agreement**”) between the Company and the grantee.

Each Award granted shall be subject to all applicable terms and conditions of the relevant Pre-IPO Share Option Plan and may be subject to any other terms and conditions that are not inconsistent with the relevant Pre-IPO Share Option Plan and that the Administrator deems appropriate for inclusion in an Award Agreement. Provisions of different Award Agreements need not be identical.

(f) Terms of the Pre-IPO Share Option Plans

Each of the Pre-IPO Share Option Plans commenced on March 16, 2015 and shall continue in effect for a term of ten years.

Upon expiry of the Pre-IPO Share Option Plans, any outstanding Award shall remain in force according to the terms of the applicable Pre-IPO Share Option Plan and Award Agreement; no shares shall be issued or sold under a Pre-IPO Share Option Plan after its termination, except upon exercise of an Award granted prior to the termination.

(g) Exercise of Options

i. Exercise price

The exercise price of any Option shall be determined by the Administrator in its sole discretion and specified the relevant Award Agreement.

ii. Term of Option

The Administrator in its sole discretion shall determine when an Option is to expire and shall specify the term of the Option in the Award Agreement, provided that the term shall not exceed ten years from the date of grant.

iii. Time and conditions of exercise

Any Option granted shall be exercisable in whole or in part according to the terms of the applicable Pre-IPO Share Option Plan at such times and under such conditions as may be determined by the Administrator and as set forth in the Award Agreement, subject to the grantee's continued status as a Participant and provided that an Option shall not be exercised for a fraction of a Share.

iv. Payment

The Administrator shall determine the consideration to be paid, including the method of payment, for the shares to be issued under the Pre-IPO Share Option Plans.

As a general rule, the entire exercise price of an Option shall be payable in cash or cash equivalents at the time when the shares are purchased. Other forms of consideration and method of payment, to the extent permitted by applicable laws, include: (i) surrendering shares that are already owned by the grantee, valued at their fair market value on the date the Option is exercised; (ii) services rendered to the Group; (iii) if shares of the Company are publicly traded, delivery of an irrevocable direction to a securities broker approved by the Company to sell shares of the Company and to deliver all or part of the sales proceeds to the Company in payment of all or part of the exercise price and any withholding taxes; (iv) if shares of the Company are publicly traded, delivery of an irrevocable direction to pledge shares of the Company to a securities broker or lender approved by the Company, as security for a loan, and to deliver all or part of the loan proceeds to the Company in payment of all or part of the exercise price and any withholding taxes.

v. Restriction on exercise of Option

In the event that a grantee who is an employee of the Group ceases to be a Participant for any reason, the Option granted to him/her may not be exercised as of such termination, unless otherwise provided in the applicable Award Agreement. Any exercise of Option would be subject to (i) such grantee's full compliance with relevant non-compete obligation, non-disclosure obligation and non-solicitation obligation, (ii) any other obligations to which the grantee is subject under any applicable employment agreement and any other agreements with the Group, and (iii) the termination of the grantee's employment is not for cause.

In the event that a grantee is in breach of any of the aforementioned obligations, the Company may at its sole discretion, and without prejudice to other rights and remedies the Company may be entitled, withdraw any Option which the grantee has not yet exercised and reacquire any shares issued to such grantee pursuant to any Option by refunding the exercise price paid by the grantee without any interest or fees.

(h) Rights on termination of employment or service and on death*i. Termination of employment or service*

If a grantee ceases to be a Participant for any reason other than because of death, then his/her Options shall expire on the earliest of (i) the expiration of the term of the Option as provided in the Award Agreement, (ii) the 30th day following the termination of the grantee's status as a Participant for any reason other than disability, or such later date as the Administrator may determine and specify in the Award Agreement, and (iii) the last day of the six-month period following the termination of the grantee's status as a Participant by reason of disability, or such later date as the Administrator may determine and specify in the Award Agreement. The grantee may exercise all or part of his/her Option at any time before the expiration of the Option and to the extent such Option was vested and exercisable as of the date of termination of his/her status as a Participant. The balance of the unvested shares subject to the Option shall be forfeited on the date of termination of the grantee's status as a Participant.

Following the termination of the grantee's status as a Participant, the Company shall have the right to repurchase the vested shares to the grantee at the consideration calculated based on the valuation of the Company in the most-recent previous private equity financing of the Company prior to the date of the termination.

ii. Death

If a grantee dies while remaining a Participant, then his/her Option shall expire on the earlier of (i) the expiration of the term of the Option as provided in the Award Agreement and (ii) the last day of the six-month period immediately following the grantee's death, or such later date as the Administrator may determine and specify in the Award Agreement. All or part of the grantee's Option may be exercised at any time before the expiration of the Option by the executors or administrators of the grantee's estate or by any person who has acquired the Option directly from the grantee by beneficiary designation, bequest, or inheritance, to the extent that the Option was vested and exercisable as of the date of the grantee's death. The balance of the shares subject to the Option shall be forfeited upon the grantee's death. Shares that are subject to any vested Option but are not purchased prior to the expiration of the Option shall be forfeited immediately following the Option's expiration.

(i) Limits on Transfer

Shares issued upon exercise of an Option shall be subject to such special forfeiture conditions, rights of repurchase or redemption, rights of first refusal, and other transfer restrictions as the Administrator may determine.

(j) Adjustments

The maximum number of shares that may be issued under the Pre-IPO Share Option Plans and the shares and the price per share under any outstanding Award shall be proportionately adjusted for any changes in the Company's capitalization, such as share split, reverse share split, share dividend, dividend in property other than cash, combination of shares, exchange of shares, combination, consolidation, recapitalization, reincorporation, reorganization, change in corporate structure, reclassification or similar events.

(k) Amendment and modification

The Board may at any time amend, alter, suspend, or terminate the Pre-IPO Share Option Plans, subject to any applicable laws and the memorandum and articles of association of the Company. No amendment, alteration, suspension, or termination of the Pre-IPO Share Option Plans shall materially and adversely impair the rights of any grantee with respect to an outstanding Award, unless mutually agreed otherwise between the grantee and the Administrator.

Outstanding Options granted

As of the Latest Practicable Date, the Company has granted Options under the Pre-IPO Share Option Plans to 1,174 grantees (including Directors, senior management and other connected persons of the Company, external consultants, external grantee(s), grantee(s) who have been granted options to subscribe for five million Shares or more, and other employees of the Company). The Company will not grant further Options under the Pre-IPO Share Option Plans after the Listing. The exercise price of the Option under the Pre-IPO Share Option Plans is between US\$0.014 per Share and US\$12.80 per Share. No consideration was payable by the grantees for the grant of Options under the Pre-IPO Share Option Plans. As of the date of this document, no Option has been exercised.

The aggregate number of Shares underlying the outstanding Options as at the Latest Practicable Date was 150,435,170 Shares, represents approximately 16.68% of the issued Shares immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Plans, Post-IPO Share Option Scheme and Post-IPO Share Award Scheme). Assuming full issuance of Shares pursuant to all the outstanding Options granted under the Pre-IPO Share Option Plans, the shareholding of our Shareholders immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued under the Post-IPO Share Option Scheme and Post-IPO Share Award Scheme) will be diluted by approximately 14.30% and the dilutive effect on our earnings per Share would be approximately 14.30%.

The grant of Options under the Pre-IPO Share Option Plans to the grantees as set out below has been approved by the Board.

(a) Pre-IPO ESOP I

The table below shows the details of the outstanding Options granted to the Directors and members of the senior management of the Company under Pre-IPO ESOP I:

Name	Role	Address	Number of Shares underlying Options outstanding	Exercise Price (per Share) (US\$)	Date of Grant	Vesting Period ⁽²⁾	Approximate percentage of issued Shares immediately after completion of Global Offering ⁽¹⁾
Zhang Shi	Executive Director, Senior Vice President, Head of Government Affairs	Room 202, Gate 2, Building No. 912, Run Ze Yue Xi, Chaoyang District, Beijing, China	10,000,000	0.09	July 17, 2017	4 years	1.11%
Xu Jiming	Senior Vice President	Level 31, Building No. 2, Guang Hua Xi Li No. 1, Chaoyang District, Beijing, China	15,000,000 50,000	0.09 0.09	August 24, 2016 December 1, 2020	4 years 0 year	1.66% 0.01%
Subtotal:	2 grantees		25,050,000				2.78%

Notes:

- (1) Assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Plans, Post-IPO Share Option Scheme and Post-IPO Share Award Scheme.
- (2) The exercise period of the Options granted under Pre-IPO ESOP I shall commence from the date on which the relevant Options become vested and end on the 10th anniversary of the grant date, subject to the terms of the Pre-IPO ESOP I and the share option award agreement signed by the grantee.

The table below shows the details of the outstanding Options granted to connected persons of the Company (who are not Directors or members of the senior management of the Company) under Pre-IPO ESOP I:

Name	Address	Number of Shares underlying Options outstanding	Exercise Price (per Share) (US\$)	Date of grant	Vesting Period ⁽²⁾	Approximate percentage of issued Shares immediately after completion of Global Offering ⁽¹⁾
Mr. Sun Zhe	601, Gate No. 2, Building No. 2, Ru Yuan North District, Hou Chang Cun Road, Haidian District, Beijing, China	20,000,000	0.014	August 24, 2016	4 years	2.22%
Subtotal:		20,000,000				2.22%

Notes:

- (1) Assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Plans, Post-IPO Share Option Scheme and Post-IPO Share Award Scheme.
- (2) The exercise period of the Options granted under Pre-IPO ESOP I shall commence from the date on which the relevant Options become vested and end on the 10th anniversary of the grant date, subject to the terms of the Pre-IPO ESOP I and the share option award agreement signed by the grantee.

The table below shows the details of the outstanding Options granted to external consultant, grantee who has been granted options to subscribe for five million Shares or more, and the remaining grantees (who are neither Directors or members of the senior management nor connected persons of the Company nor external grantee(s) or external consultant(s) or have been granted options to subscribe for five million Shares or more), under Pre-IPO ESOP I:

Name	Role	Number of grantee(s)	Address	Number of Shares underlying Options granted	Exercise Price (per Share) (US\$)	Date of Grant or effective date of grant	Vesting Period ⁽²⁾	Approximate percentage of issued Shares immediately after completion of Global Offering ⁽¹⁾
He Ke	External consultant	1	Room 501, No. 37 Yuezhou Road, Tianhe District, Guangzhou City	1,250,000	0.09	August 27, 2015	4 years	0.14%
Lv Dongchen ⁽²⁾ . . .	Finance Vice President	1	Room 2107, Block A, Huasheng Jiayuan, Mudan Garden, Hai dian District, Beijing City	15,000,000 1,489,735	0.014 0.09	August 24, 2016 December 1, 2020	4 years 4 years	1.66% 0.17%
Other grantees	N/A	19	N/A	5,543,600	0.09-0.14	December 9, 2014 to December 1, 2020	2-4 years	0.61%
Subtotal:		21 grantees		23,283,335				2.58%

Notes:

- (1) Assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Plans, Post-IPO Share Option Scheme and Post-IPO Share Award Scheme.
- (2) Lv Dongchen has been granted options under both the Pre-IPO Share Option Plans to subscribe for a total of 16,547,290 Shares (that is, over five million Shares).
- (3) The exercise period of the Options granted under Pre-IPO ESOP I shall commence from the date on which the relevant Options become vested and end on the 10th anniversary of the grant date, subject to the terms of the Pre-IPO ESOP I and the share option award agreement signed by the grantee.

(b) Pre-IPO ESOP II

The table below shows the details of the outstanding Options granted to the Directors and members of the senior management of the Company under Pre-IPO ESOP II:

Name	Role	Address	Number of Shares underlying Options outstanding	Exercise Price (per Share) (US\$)	Date of Grant	Vesting Period ⁽²⁾	Approximate percentage of issued Shares immediately after completion of Global Offering ⁽¹⁾
Yan Jun	Executive	Unit 5-1-1002, Hua	750,000	0.09	December 5, 2017	4 years	0.08%
	Director,	Hu Gou No. 8,					
	Chief	Chaoyang District,	750,000	0.09	November 30, 2018	4 years	0.09%
	Technology	Beijing, China	416,745	0.09	December 30, 2019	4 years	0.05%
	Officer		583,255	0.09	December 1, 2020	4 years	0.07%
			640	0.09	December 11, 2020	1 year	0.00%
Yang Jing	Executive	Unit 1603, Gate 1,	8,000,000	0.09	October 16, 2017	4 years	0.89%
	Director,	Building No. 19, Ya					
	President,	Cheng San Li,	640	0.09	December 11, 2020	1 year	0.00%
	Chief	Chaoyang District,					
	Financial	Beijing, China					
	Officer						
Zhang Shi	Executive	Room 202, Gate 2,	1,140,000	0.09	July 17, 2017	4 years	0.13%
	Director,	Building No. 912, Run	2,500,000	0.09	October 12, 2017	4 years	0.28%
	Senior Vice	Ze Yue Xi, Chaoyang					
	President,	District, Beijing,	267,285	0.09	December 31, 2018	2 years	0.03%
	Head of	China	166,000	0.09	May 23, 2019	1 year	0.02%
	Government	Affairs	550,280	0.09	December 30, 2019	4 years	0.06%
			640	0.09	December 11, 2020	1 year	0.00%
He Zhi	Chief	Room 204, Building	15,000,000	0.09	August 24, 2016	4 years	1.66%
	Innovation	No. 12, He Shi Yuan,					
	Officer	Haidian District,	192,855	0.09	December 30, 2019	4 years	0.02%
		Beijing, China	640	0.09	December 11, 2020	1 year	0.00%
Xu Jiming	Senior Vice	Level 31, Building	2,282,145	0.09	December 30, 2019	4 years	0.25%
	President	No. 2, Guang Hua Xi					
		Li No. 1, Chaoyang	640	0.09	December 11, 2020	1 year	0.00%
		District, Beijing,					
		China					
Subtotal:	5 grantees		32,601,765				3.62%

Notes:

- (1) Assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Plans, Post-IPO Share Option Scheme and Post-IPO Share Award Scheme.
- (2) The exercise period of the Options granted under Pre-IPO ESOP II shall commence from the date on which the relevant Options become vested and end on the 10th anniversary of the grant date, subject to the terms of the Pre-IPO ESOP II and the share option award agreement signed by the grantee.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

The table below shows the details of the outstanding Options granted to connected persons of the Company (who are not Directors or members of the senior management of the Company) under Pre-IPO ESOP II:

Name	Address	Number of Shares underlying Options outstanding	Exercise Price (per Share) (US\$)	Date of grant	Vesting Period ⁽²⁾	Approximate percentage of issued Shares immediately after completion of Global Offering ⁽¹⁾
Mr. Sun Zhe	601, Gate No. 2, Building No. 2, Ru Yuan North District, Hou Chang Cun Road, Haidian District, Beijing, China	640	0.09	December 11, 2020	1 year	0.00%
Mr. Liang Yupeng . . .	Room 3501, Building No. 9, 333 Lin Ping Road, Hongkou District, Shanghai, China	2,000,000 1,400,000 440	0.09 0.09 0.09	July 10, 2019 December 30, 2019 December 11, 2020	4 years 4 years 1 year	0.22% 0.16% 0.00%
Mr. Li Wei . . .	Room 1801, Gate No. 1, Building No. 1, Ya Cheng Er Li, Chaoyang District, Beijing, China	400,000 400,000 43,340 440	0.09 0.09 0.09 0.09	April 16, 2018 November 30, 2018 December 30, 2019 December 11, 2020	4 years 4 years 4 years 1 year	0.04% 0.04% 0.00% 0.00%
Ms. Wei Yili	Room 204, Building No. 12, He Shi Yuan, Haidian District, Beijing, China	20,000 5,000 6,000 640	0.09 0.09 0.09 0.09	March 10, 2017 March 26, 2018 January 1, 2019 December 11, 2020	4 years 4 years 4 years 1 year	0.00% 0.00% 0.00% 0.00%
Subtotal: 4 grantees		4,276,500				0.47%

Notes:

- (1) Assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Plans, Post-IPO Share Option Scheme and Post-IPO Share Award Scheme.
- (2) The exercise period of the Options granted under Pre-IPO ESOP II shall commence from the date on which the relevant Options become vested and end on the 10th anniversary of the grant date, subject to the terms of the Pre-IPO ESOP II and the share option award agreement signed by the grantee.

The table below shows the details of the outstanding Options granted to external consultants, external grantee who is not an external consultant, grantee who has been granted options to subscribe for five million Shares or more, and the remaining grantees (who are neither Directors or members of the senior management nor connected persons of the Company or external grantee(s) or external consultant(s) or have been granted options to subscribe for five million Shares or more), under Pre-IPO ESOP II:

Name	Role	Number of grantee(s)	Address	Number of Shares underlying Options granted	Exercise Price (per Share) (US\$)	Date of Grant	Vesting Period ⁽²⁾	Approximate percentage of issued Shares immediately after completion of Global Offering ⁽¹⁾
Pei Xi	External consultant	1	Apartment 4414, Hujialou Jinguang Center, Chaoyang District, Beijing City	1,250,000	0.09	May 31, 2017	4 years	0.14%
Wang Yongxiong . . .	External consultant	1	318 Campus Drive Stanford, CA 94305	1,152,875	0.09	October 1, 2017	5 years	0.13%
Zhang Xiaoming . . .	External expert	1	No. 54 Sanlihe, Xicheng District, Beijing City	25,000	0.09	December 1, 2017	2 years	0.00%

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Name	Role	Number of grantee(s)	Address	Number of Shares underlying Options granted	Exercise Price (per Share) (US\$)	Date of Grant	Vesting Period⁽²⁾	Approximate percentage of issued Shares immediately after completion of Global Offering⁽¹⁾
Wang Yufeng	External consultant	1	Room 101, No. 36 Building, Ziwei East Village, Fenghuang West Road, Langya District, Chuzhou City, Anhui Province	12,500	0.09	June 15, 2018	2 years	0.00%
Wei Bo	External consultant	1	11B, Tower 2A, Cullinan West, 28 Sham Mong Road, Kowloon, Hong Kong	25,000	0.09	September 1, 2018	2 years	0.00%
Tan Xiaosheng	External consultant	1	No. 404, Building 130, Nanhu West Park, Chaoyang District, Beijing City	250,000	0.09	May 22, 2020	4 years	0.03%
Perfect Sword Limited	External consultant	1	Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	1,000,000 1,163,845	0.09 8.5922	June 2, 2020 June 5, 2020	4 years 0 year	0.11% 0.13%
Liu Yuqi	External consultant	1	No. 808, Building 7, No. 66, Xianguangli, Chaoyang District, Beijing City	44,640 279,020	0.09 12.8	April 1, 2020 April 15, 2020	4 years 0 year	0.00% 0.03%
Zhuo Yunlong	External consultant	1	Room 505, Building 6, Lane 316, Dapu Road, Huangpu District, Shanghai City	13,400	0.09	July 1, 2020	1 year	0.00%
Radek	External consultant	1	HR5 3DJ/61 Bridge Street, Kington, Herefordshire, HR5 3DJ, United Kingdom	27,970 18,220	0.09 0.09	January 1, 2020 January 1, 2021	4 years 4 years	0.00% 0.00%
Zhang Ya-Qin	External consultant	1	Room 501, Building 7, Ziyu Huafu, Chaoyang District, Beijing City	581,925	8.5922	July 10, 2020	0 year	0.06%
Wang Xiuzhen	External consultant	1	Room 503, No. 10, Lane 179, Baotou Road, Yangpu District, Shanghai City	550,000	8.51	October 10, 2020	0 year	0.06%
Wei Xiujian	External consultant	1	No. 1002, Unit 3, Building 1, No. 2, South Inner Ring West Street, Wanbolin District, Taiyuan City, Shanxi Province	950,000	8.51	October 10, 2020	0 year	0.11%
Wang He	External consultant	1	No. 302, Unit 2, 7th Floor, Zhongli Station, Huangcun Town, Daxing District, Beijing City	18,500	0.09	December 1, 2020	0 year	0.00%

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Name	Role	Number of grantee(s)	Address	Number of Shares underlying Options granted	Exercise Price (per Share) (US\$)	Date of Grant	Vesting Period ⁽²⁾	Approximate percentage of issued Shares immediately after completion of Global Offering ⁽¹⁾
Hao Tianyong . . .	External consultant	1	Room 202, 4th Floor, Normal University, Guangdong	5,000	0.09	March 7, 2018	4 years	0.00%
			University of Foreign Studies, Guangzhou University Town, Panyu District, Guangzhou City, Guangdong Province	5,000	0.09	September 2, 2020	until December 30, 2021	0.00%
Tang Buzhou . . .	External consultant	1	Room 2308, Building B, Xufei Garden, Bagua 2nd Road, Futian District, Shenzhen, Guangdong, China	5,000	0.09	April 2, 2018	2 years	0.00%
Ding Lihua . . .	External consultant	1	No. 21, Guihu Garden, Guihua City, Xihu District, Hangzhou City	150,000	0.09	January 1, 2020	2 years	0.02%
Jiang Huimin . . .	External consultant	1	No. 1 Building, No. 2 Tiantanxili, Dongcheng District, Beijing City	15,000	0.09	October 1, 2020	4 years	0.00%
				5,000	0.09	November 1, 2020	4 years	0.00%
				440	0.09	December 11, 2020	1 year	0.00%
Wang Jingyuan . . .	External consultant	1	No. 501, Unit 5, Building 3, Yuandayuan West District, Century City, Haidian District, Beijing City	10,000	0.09	November 2, 2020	2 years	0.00%
Lv Dongchen ⁽³⁾	Finance Vice President	1	Room 2107, Block A, Huasheng Jiayuan, Mudan Garden, Haidian District, Beijing City	2,500	0.09	August 1, 2017	4 years	0.00%
				2,500	0.09	March 26, 2018	4 years	0.00%
				10,000	0.09	July 1, 2020	1 year	0.00%
				640	0.09	December 11, 2020	1 year	0.00%
				41,915	0.09	December 1, 2020	4 years	0.00%
Cyberland Investment Limited ⁽⁴⁾ . .	External grantee	1	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Island	614,765	0.09	August 21, 2019	0 year	0.01%
Other grantees . . .	N/A	1,143	N/A	36,992,915	0.09-0.14	October 1, 2020 to December 1, 2020	2-4 years	4.11%
Subtotal:		1,164 grantees		45,223,570				5.02%

Notes:

- (1) Assuming the Over-allotment Option is not exercised and no Shares are issued under the Pre-IPO Share Option Plans, Post-IPO Share Option Scheme and Post-IPO Share Award Scheme.
- (2) The exercise period of the Options granted under Pre-IPO ESOP II shall commence from the date on which the relevant Options become vested and end on the 10th anniversary of the grant date, subject to the terms of the Pre-IPO ESOP II and the share option award agreement signed by the grantee.

- (3) Lv Dongchen has been granted options under both the Pre-IPO Share Option Plans to subscribe for a total of 16,547,290 Shares (that is, five million Shares or more).
- (4) On August 21, 2019, the Group acquired 85% equity interest in Xinhexin Technology (Beijing) Co., Ltd., and, as part of the consideration, granted options to purchase 122,953 Class B ordinary shares with a par value of US\$0.0001 each of the Company (or 614,765 Shares as adjusted following the Share Subdivision) to Cyberland Investment Limited, a nominee company of one of the vendors. For further details of the Company's acquisition of Xinhexin Technology (Beijing) Co., Ltd., see section headed "Future Plans and Use of Proceeds—Use of Proceeds" in this document.

E. POST-IPO SHARE OPTION SCHEME

The following is a summary of the principal terms of the Post-IPO Share Option Scheme conditionally adopted by our Shareholders at the Shareholders' meeting on December 28, 2020. The terms of the Post-IPO Share Option Scheme will be governed by Chapter 17 of the Listing Rules.

(a) Purpose of the Post-IPO Share Option Scheme

The purpose of the Post-IPO Share Option Scheme is to provide selected participants with the opportunity to acquire proprietary interests in the Company and to encourage selected participants to work towards enhancing the value of our Company and its Shares for the benefit of our Company and Shareholders as a whole. The Post-IPO Share Option Scheme will provide our Company with a flexible means of retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to selected participants.

(b) Selected participants to the Post-IPO Share Option Scheme

Any individual, being an employee or director (including executive directors, non-executive directors and independent non-executive directors) of any member of the Group or any affiliate of the Group (including nominees and/or trustees of any employee benefit trust established for them), and any officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate of the Group who the Board or its delegate(s) considers, in its sole discretion, to have contributed or will contribute to our Group is entitled to be offered and granted options. However, no individual who is resident in a place where the grant, acceptance or exercise of options pursuant to the Post-IPO Share Option Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or its delegate(s), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, is eligible to be offered or granted options.

(c) Maximum number of Shares

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other schemes is 90,176,201 Shares, being no more than 10% of the Shares in issue on the Listing Date (the "**Option Scheme Mandate Limit**") (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options granted under the Pre-IPO Share Option Plans and grants under the Post-IPO Share Award Scheme). Options which have lapsed in accordance with the terms of the rules of the Post-IPO Share Option Scheme (or any other share option schemes of the Company) shall not be counted for the purpose of calculating the Option Scheme Mandate Limit.

The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other share option schemes of the Company at any time (and to which the provisions of Chapter 17 of the Listing Rules are applicable) must not exceed 30% of the Shares in issue from time to time (the "**Option Scheme Limit**"). No options may be granted under any schemes of our Company (or its subsidiaries) if this will result in the Option Scheme Limit being exceeded.

The Option Scheme Mandate Limit may be refreshed at any time by obtaining prior approval of our Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time. However, the refreshed Option Scheme Mandate Limit cannot exceed 10% of the Shares in issue as at the date of such approval. Options previously granted under the Post-IPO Share Option Scheme and any other share option schemes of our Company (and to which provisions of Chapter 17 of the Listing Rules are applicable) (including those outstanding, canceled or lapsed in accordance with its terms or exercised), shall not be counted for the purpose of calculating the refreshed Option Scheme Mandate Limit.

Our Company may also grant options in excess of the Option Scheme Mandate Limit, provided such grant is to specifically identified selected participant and is first approved by Shareholders in general meeting.

(d) Maximum entitlement of a grantee

Unless approved by our Shareholders, the total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the Post-IPO Share Option Scheme and any other share option scheme(s) of the Company to each selected participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue (the “**Individual Limit**”). Any further grant of options to a selected participant which would result in the aggregate number of Shares issued and to be issued upon exercise of all options granted and to be granted to such selected participant (including exercised, canceled and outstanding options) in the 12 month period up to and including the date of such further grant exceeding the Individual Limit shall be subject to separate approval of our Shareholders (with such selected participant and his associates abstaining from voting).

(e) Performance target

The Post-IPO Share Option Scheme does not set out any performance targets that must be achieved before the options may be exercised. However, the Board or its delegate(s) may at their sole discretion specify, as part of the terms and conditions of any option, such performance conditions that must be satisfied before the option can be exercised.

(f) Subscription price

The amount payable for each Share to be subscribed for under an option (“**Subscription Price**”) in the event of the option being exercised shall be determined by the Board but shall be not less than the greater of:

- (i) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant;
- (ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share on the date of grant.

(g) Rights are personal to grantee

An option is personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest in

favor of or enter into any agreement with any other person over or in relation to any option, except for the transmission of an option on the death of the grantee to his personal representative(s) on the terms of the Post-IPO Share Option Scheme.

(h) Options granted to directors or substantial shareholders of the Company

Each grant of options to any director, chief executive or substantial shareholder of our Company (or any of their respective associates) must first be approved by the independent non-executive Directors (excluding any independent non-executive Director who is a proposed recipient of the grant of options). Where any grant of options to a substantial shareholder or an independent non-executive Director of our Company (or any of their respective associates) would result in the number of Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, canceled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue; and
- (ii) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, in excess of HK\$5 million (or such other higher amount as may from time to time be specified by the Stock Exchange),

such further grant of options must also be first approved by the Shareholders (voting by way of poll) in a general meeting. In obtaining the approval, our Company shall send a circular to the Shareholders in accordance with and containing such information as is required under the Listing Rules. All connected persons of our Company shall abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular to be sent to the Shareholders in connection therewith.

(i) Grant offer letter and notification of grant of options

An offer shall be made to selected participants by a letter in duplicate which specifies the terms on which the option is to be granted. Such terms may include any minimum period(s) for which an option must be held and/or any minimum performance target(s) that must be achieved, before the option can be exercised in whole or in part, and may include at the discretion of the Board or its delegate(s) such other terms either on a case basis or generally.

An offer shall be deemed to have been accepted and the option to which the offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the offer letter comprising acceptance of the offer duly signed by the grantee with the number of Shares in respect of which the offer is accepted clearly stated therein, together with a remittance in favor of our Company of HK\$1.00 by way of consideration for the grant thereof, which must be received by the Company within 20 business days from the date on which the offer letter is delivered to the grantee.

Any offer may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares or a multiple thereof. To the extent that the offer is not accepted within 20 business days from the date on which the letter containing the offer is delivered to that selected participant, it shall be deemed to have been irrevocably declined.

(j) Restriction of grant of options

No offer shall be made and no option shall be granted to any selected participant in circumstances prohibited by the Listing Rules or at a time when the selected participant would or might be prohibited from dealing in the Shares by the Listing Rules or by any applicable rules, regulations or law. No offer shall be made and no option shall be granted to any selected participant where such person is in possession of any unpublished inside information in relation to our Company until such inside information has been published in an announcement in accordance with the Listing Rules. Furthermore, no offer shall be made and no option shall be granted:

- (i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (ii) during the period of 30 days immediately preceding the publication date of the half-year results or, if shorter, the period from the end of the relevant half-year period up to the publication date of the results.

Such period will also cover any period of delay in the publication of any results announcement.

(k) Employees' non-compete obligation to the Group

Unless waived by the Board or its delegate(s), during the employee's employment with the Group and within two years after the employee's employment with the Group ends, he/she shall not, directly or indirectly, (i) establish, carry on, participate in, work for, provide financial support or security for, or advise, any entity or individual that directly or indirectly competes with the Group; (ii) participate in or work for any entity or individual that is a supplier or vendor of the Group; or (iii) carry on any activity similar to the business carried on by the Group (the "**Non-compete Obligation**").

(l) Time of exercise of an option

An option may, subject to the terms and conditions upon which such option is granted, be exercised in whole or in part by the grantee giving notice in writing to the Company in such form as the Board may from time to time determine stating that the option is thereby exercised and the number of Shares in respect of which it is exercised; provided that, where the grantee is an employee, the grantee is in full compliance with the Non-compete Obligation at the time of giving the exercise notice to the Company (unless the requirement to comply with the Non-compete Obligation is waived by the Board or its delegate(s)).

(m) Cancellation of options

Any breaches of the rules of the Post-IPO Share Option Scheme by a grantee may result in the options granted to such grantee being canceled by the Company. Any options granted but not exercised may be canceled if the grantee so agrees. Issuance of new options to the same grantee may only be made if there are unissued options available under the Post-IPO Share Option Scheme (excluding the canceled options) and in compliance with the terms of the Post-IPO Share Option Scheme.

(n) Lapse of option

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (i) the expiry of the period within which an option may be exercised, which is to be determined and notified by the Board to each grantee at the time of making an offer, and shall not expire later than ten years from the date of grant (the “**Option Period**”);
- (ii) the expiry of any of the periods for exercising the option as referred to in paragraphs (p), (q) and (r) below; and
- (iii) the date on which the grantee commits a breach of the rules of the Post-IPO Share Option Scheme.

(o) Voting and dividend rights

No dividends shall be payable and no voting rights shall be exercisable in relation to any options or Shares that are the subject of options that have not been exercised.

(p) Effects of alterations in the capital structure of the company

In the event of an alteration in the capital structure of the Company whilst any option remains exercisable by way of capitalization of profits or reserves, rights issue, subdivision or consolidation of shares, or reduction of the share capital of the Company in accordance with legal requirements and requirements of the Stock Exchange (other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party), such corresponding alterations (if any) shall be made to:

- (i) the number or nominal amount of Shares comprised in each option so far as unexercised; and/or
- (ii) the Subscription Price; and/or
- (iii) the method of exercise of the option,

or any combination thereof, as the auditors or a financial adviser engaged by our Company for such purpose shall, at the request of the Company, certify in writing, either generally or as regards any particular grantee, to be in their opinion fair and reasonable, provided always that any such adjustments should give each grantee the same proportion of the equity capital of our Company as that to which that grantee was previously entitled prior to such adjustments, and no adjustments shall be made which will enable a Share to be issued at less than its nominal value. The capacity of the auditors or financial adviser (as the case may be) is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on our Company and the grantees. The costs of the auditors or financial advisor (as the case may be) shall be borne by our Company.

(q) Retirement, death or permanent physical or mental disability of an selected participant

If a grantee ceases to be selected participant by reason of (i) death of the grantee, (ii) termination of the grantee’s employment or contractual engagement with the Group or its affiliate by reason of his/her permanent physical or mental disablement, (iii) retirement of the grantee, the option may be exercised within the Option Period, or such other period as the Board or its delegate(s) may decide in their sole discretion.

In the case of death of a grantee, the option may be exercised within that period by the personal representatives of the grantee. In the case where a grantee no longer has any legal capacity to exercise the option, the option may be exercised within that period by the persons charged with the duty of representing the grantee under the relevant laws in Hong Kong. If the option is not exercised within the time mentioned above, the option shall lapse.

If a grantee, being an employee whose employment is terminated by the Group or its affiliate (as applicable) by reason of the employer terminating the contract of employment without notice or payment in lieu of notice, or the grantee having been found by the Board to have engaged in any Misconduct (as defined below), the option shall immediately lapse, unless the Board or its delegate(s) determines otherwise in their absolute discretion. “**Misconduct**” means (i) gross negligence or willful misconduct in the performance of the employee’s duties to the Company that has resulted or is likely to result in substantial and material damage to the Group; (ii) repeated unexplained or unjustified absence from the Company; (iii) a material and willful violation of any law, rules and regulations; (iv) commission of any act of fraud with respect to the Group; or (v) being convicted of any criminal offence involving his or her integrity or honesty.

If a grantee is declared bankrupt or becomes insolvent or makes any arrangements or composition with his creditors generally, the option shall immediately lapse.

If a grantee being an employee ceases to be selected participant due to termination of his or her employment or contractual engagement with the Group by reason of redundancy, the option may be exercised within three months of such cessation or within the Option Period, whichever is the shorter, or such other period as the Board or its delegate(s) may decide in their sole discretion.

If a grantee ceases to be selected participant other than in any of the circumstances described above, unless otherwise provided in the option agreement, a grantee may exercise his or her option within three months of such cessation or within the Option Period, whichever is the shorter, or such other period as the Board or its delegate(s) may decide in their sole discretion.

(r) Rights on takeover and schemes of compromise or arrangement

If a general offer by way of takeover is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror), and the offer becomes or is declared unconditional in all respects, the grantee shall be entitled to exercise the option (to the extent not already exercised) at any time within one month (or such other period as the Board or its delegate(s) may decide in their sole discretion) after the date on which the offer becomes or is declared unconditional. If the option is not exercised within the time specified, the option shall lapse.

If a compromise or arrangement between the Company and its members or creditors is proposed, our Company shall give notice to the grantee on the same date as it despatches the notice to each member or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon the grantee (or his personal representatives) may until the expiry of the period commencing with such date and ending with earlier of the date two calendar months thereafter or the date on which such compromise or arrangement is sanctioned by the court exercise any of his options (to the extent not already exercised) whether in full or in part, but the exercise of an option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court and

becoming effective, and upon such compromise or arrangement becoming effective, all options shall lapse except insofar as previously exercised under the Post-IPO Share Option Scheme. Our Company may require the grantee to transfer or otherwise deal with the Shares issued as a result of the exercise of options in these circumstances so as to place the grantee in the same position, as nearly as possible, as would have been the case had such Shares been subject to such compromise or arrangement. If the option is not exercised within the time specified, the option shall lapse.

(s) *Rights on a voluntary winding up*

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it dispatches such notice to each member of our Company give notice thereof to all grantees (together with a notice of the existence of the provisions of this sub-paragraph) and thereupon, each grantee (or his personal representatives) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid. If the option is not exercised within the time specified, the option shall lapse.

(t) *Ranking of shares*

The Shares to be allotted and issued upon the exercise of an option shall be identical to the then existing issued shares of the Company and subject to all the provisions of the memorandum and articles of association of the Company for the time being in force and will rank pari passu with the other fully paid Shares in issue on the date the name of the grantee is registered on the register of members of the Company or if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members, save that the grantee shall not have any voting rights, or rights to participate in any dividends or distributions (including those arising on a liquidation of the Company) declared or recommended or resolved to be paid to the Shareholders on the register on a date prior to such registration.

(u) *Duration*

The Post-IPO Share Option Scheme shall be valid and effective for the period of ten years commencing on the Listing Date (after which, no further options shall be offered or granted under the Post-IPO Share Option Scheme), but in all other respects the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the rules of the Post-IPO Share Option Scheme.

(v) *Alteration of the Post-IPO Share Option Scheme*

The Board may subject to the rules of the Post-IPO Share Option Scheme amend any of the provisions of the Post-IPO Share Option Scheme (including without limitation amendments in order to comply with changes in legal or regulatory requirements and amendments in order to waive any restrictions, imposed by the provisions of the Post-IPO Share Option Scheme, which are not found in Chapter 17 of

the Listing Rules) at any time (but not so as to affect adversely any rights which have accrued to any grantee at that date).

Those specific provisions of the Post-IPO Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of selected participants, and no changes to the authority of the administrator of the Post-IPO Share Option Scheme in relation to any alteration of the terms of the Post-IPO Share Option Scheme shall be made, without the prior approval of Shareholders in general meeting. Any alterations to the terms of the Post-IPO Share Option Scheme which are of a material nature, or any change to the terms and conditions of options granted, must also, to be effective, be approved by the Shareholders in general meeting and the Stock Exchange, except where the alterations take effect automatically under the existing terms of the Post-IPO Share Option Scheme. The options and the Post-IPO Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules. Any change to the authority of the Directors or scheme administrators in relation to any alteration to the terms of the Post-IPO Share Option Scheme must be approved by Shareholders in general meeting.

Notwithstanding any provisions to the contrary in the Post-IPO Share Option Scheme, if on the relevant date of exercise there are restrictions or conditions imposed by the relevant laws and regulations to which the grantee is subject and the grantee has not obtained approval, exemption or waiver from the relevant regulatory authorities for the subscription of and dealing in the Shares, the grantee may sell the options to such transferee, subject to the approval by the Board, which shall not unreasonably withhold or delay such approval. In the event that the options are transferred to a connected person of our Company, no Shares shall be allotted and issued upon the exercise of the options by a connected person of our Company unless the Board is satisfied that the allotment and issue of Shares will not trigger any breach of the Listing Rules, the Articles of Association, the Cayman Companies Act or the Takeovers Code.

(w) Termination

The Shareholders by ordinary resolution in general meeting or the Board may at any time resolve to terminate the operation of the Post-IPO Share Option Scheme prior to the expiry of the Post-IPO Share Option Scheme and in such event no further options will be offered or granted but the provisions of the Post-IPO Share Option Scheme shall remain in full force to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Post-IPO Share Option Scheme. Options complying with the provisions of Chapter 17 of the Listing Rules which are granted during the life of the Post-IPO Share Option Scheme and remain unexercised and unexpired immediately prior to the termination of the operation of the Post-IPO Share Option Scheme shall continue to be valid and exercisable in accordance with their terms of issue after the termination of the Post-IPO Share Option Scheme.

Details of the options granted, including options exercised or outstanding, under the Post-IPO Share Option Scheme shall be disclosed in the circular to the Shareholders seeking approval of the new scheme established after the termination of the Post-IPO Share Option Scheme.

F. POST-IPO SHARE AWARD SCHEME

The following is a summary of the principal terms of the Post-IPO Share Award Scheme conditionally adopted by our Shareholders at the Shareholders' meeting on December 28, 2020. The Post-IPO Share

Award Scheme is not a share option scheme and is not subject to the provisions of Chapter 17 of the Listing Rules. The Company may appoint one or more trustees (“**Trustee(s)**”) to administer the Post-IPO Share Award Scheme with respect to the grant of any award by the Board (an “**Award**”) which may vest in the form of Shares (“**Award Shares**”) or the actual selling price of the Award Shares in cash in accordance with the Post-IPO Share Award Scheme.

(a) Eligible Persons to the Post-IPO Share Award Scheme

Any individual, being an employee or director (including executive directors, non-executive directors and independent non-executive directors) of any member of the Group or any affiliate of the Group (including nominees and/or trustees of any employee benefit trust established for them), and any officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate of the Group who the Board or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to our Group is eligible to receive an Award. However, no individual who is resident in a place where the grant, acceptance or vesting of an Award pursuant to the Post-IPO Share Award Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or its delegate(s), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the Post-IPO Share Award Scheme.

(b) Purpose of the Post-IPO Share Award Scheme

The purpose of the Post-IPO Share Award Scheme is to align the interests of Eligible Persons’ with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain Eligible Persons to make contributions to the long-term growth and profits of the Group.

(c) Awards

An Award gives a selected participant a conditional right, when the Award Shares vest, to obtain the Award Shares or, if in the absolute discretion of the Board or its delegate(s), it is not practicable for the selected participant to receive the Award in Shares, the cash equivalent from the sale of the Award Shares. An Award includes all cash income from dividends in respect of those Shares from the date the Award is granted (the “**Grant Date**”) to the date the Award vests (the “**Vesting Date**”). For the avoidance of doubt, the Board at its discretion may from time to time determine that any dividends declared and paid by the Company in relation to the Award Shares be paid to the selected participant even though the Award Shares have not yet vested.

(d) Grant of Award

(i) Making the grant

The Board or the committee of the Board or person(s) to which the Board has delegated its authority may, from time to time, at their absolute discretion, grant an Award to a selected participant (in the case of the Board’s delegate(s), to any selected participant other than a Director or an officer of the Company) by way of an award letter (“**Award Letter**”). The Award Letter will specify the Grant Date, the number of Award Shares underlying the Award, the vesting criteria and conditions, the Vesting Date and such other details as the Board or its delegate(s) may consider necessary.

Each grant of an Award to any Director or the chairperson of the board of the Company shall be subject to the prior approval of the independent non-executive Directors of the Company (excluding any independent non-executive Director who is a proposed recipient of an Award). The Company will comply with the relevant requirements under Chapter 14A of the Listing Rules for any grant of Shares to connected persons of the Company.

(ii) Restrictions on grants and timing of grants

The Board and its delegate(s) may not grant any Award Shares to any selected participant in any of the following circumstances:

- (A) where any requisite approval from any applicable regulatory authorities has not been granted;
- (B) where any member of the Group will be required under applicable securities laws, rules or regulations to issue a prospectus or other offer documents in respect of such Award or the Post-IPO Share Award Scheme, unless the Board determines otherwise;
- (C) where such Award would result in a breach by any member of the Group or its directors of any applicable securities laws, rules or regulations in any jurisdiction;
- (D) where such grant of Award would result in a breach of the Post-IPO Share Award Scheme Limit (as defined below) or would otherwise cause the Company to issue Shares in excess of the permitted amount in the mandate approved by the Shareholders;
- (E) where an Award is to be satisfied by way of issue of new Shares to the Trustee, in any circumstances that cause the total Shares issued or allotted to connected persons to be in excess of the amount permitted in the mandate approved by the Shareholders;
- (F) where any Director of the Company is in possession of unpublished inside information in relation to the Company or where dealings by Directors of the Company are prohibited under any code or requirement of the Listing Rules and all applicable laws, rules or regulations, from time to time;
- (G) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (H) during the period of 30 days immediately preceding the publication date of the half-year results or, if shorter, the period from the end of the relevant half-year period up to the publication date of the results.

(e) Maximum Number of Shares to be Granted

The aggregate number of Shares underlying all grants made pursuant to the Post-IPO Share Award Scheme (excluding Award Shares which have been forfeited in accordance with the Post-IPO Share Award Scheme) will not exceed 45,088,100 Shares without Shareholders' approval (the "**Post-IPO Share Award Scheme Limit**") subject to an annual limit of 3% of the total number of issued Shares at the relevant time.

(f) Scheme Mandate

To the extent that the Post-IPO Share Award Scheme Limit is subsequently increased by way of alteration of the Post-IPO Share Award Scheme and the Company is required to issue and allot new

shares to satisfy any Awards in excess of any amount previously approved by the Shareholders, the Company shall at a general meeting propose, and the Shareholders shall consider and, if thought fit, pass an ordinary resolution approving a mandate specifying:

- (i) the maximum number of new Shares that may be issued for this purpose; and
- (ii) that the Board has the power to issue, allot, procure the transfer of and otherwise deal with the Shares in connection with the Post-IPO Share Award Scheme.

The mandate will remain in effect during the period from the passing of the ordinary resolution granting the mandate until the variation or revocation of such mandate by an ordinary resolution of the Shareholders in a general meeting.

(g) Rights attached to the Award

Save that the Board at its discretion may from time to time determine that any dividends declared and paid by the Company in relation to the Award Shares be paid to the selected participants even though the Award Shares have not yet vested, the selected participant only has a contingent interest in the Award Shares underlying an Award unless and until such Award Shares are actually transferred to the selected participant, nor does he/she have any rights to any related income until the Award Shares vest.

Neither the selected participant nor a Trustee may exercise any voting rights in respect of any Award Shares that have not yet vested.

(h) Rights attached to the Shares

Any Award Shares transferred to a selected participant in respect of any Awards will be subject to all the provisions of the Memorandum and the Articles and will form a single class with the fully paid Shares in issue on the relevant date.

(i) Issue of Shares and/or transfer of funds to the Trustee

The Company shall, as soon as reasonably practicable and no later than 30 business days from the Grant Date, (i) issue and allot Shares to the Trustee under the specific mandate sought from Shareholders during the general meeting and/or (ii) transfer to the Trustee the necessary funds and instruct the Trustee to acquire Shares through on-market transactions at the prevailing market price, so as to satisfy the Awards.

(j) Assignment of Awards

Unless express written consent is obtained from the Board or the committee of the Board or person(s) to which the Board has delegated its authorities, any Award Shares granted under the Post-IPO Share Award Scheme but not yet vested are personal to the selected participants to whom they are granted and cannot be assigned or transferred. A selected participant shall not in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any other person over or in relation to any Award, or enter into any agreement to do so.

(k) Vesting of Awards

The Board or its delegate(s) may from time to time while the Post-IPO Share Award Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the

Award to be vested. Vesting of any Award shall be, where the selected participant is an employee, conditional upon the selected participant being in full compliance with the Non-compete Obligation (as defined above) as of the Vesting Date (unless the requirement to comply with the Non-compete Obligation is waived by the Board or its delegate(s)).

Within a reasonable time period as agreed between the Trustee and the Board from time to time prior to any Vesting Date, the Board or its delegate(s) will send a vesting notice to the relevant selected participant and instruct the Trustee the extent to which the Award Shares held in the Trust shall be transferred and released from the Trust to the selected participant. Subject to the receipt of the vesting notice and notification from the Board or its delegate(s), the Trustee will transfer and release the relevant Award in the manner as determined by the Board or its delegate(s).

If, in the absolute discretion of the Board or its delegate(s), it is not practicable for the selected participant to receive the Award in Shares, solely due to legal or regulatory restrictions with respect to the selected participant's ability to receive the Award in Shares or the Trustee's ability to give effect to any such transfer to the selected participant, the Board or its delegate(s) will direct and procure the Trustee to sell, on-market at the prevailing market price, the number of Award Shares so vested in respect of the selected participant and pay the selected participant the proceeds arising from such sale based on the actual selling price of such Award Shares in cash as set out in the vesting notice.

If there is an event of change in control of the Company by way of a merger, a privatization of the Company by way of a scheme or by way of an offer, the Board or the committee of the Board or person(s) to which the Board has delegated its authority shall at their sole discretion determine whether the Vesting Dates of any Awards will be accelerated to an earlier date.

(l) Consolidation, subdivision, bonus issue and other distribution

In the event the Company undertakes a subdivision or consolidation of the Shares, corresponding changes will be made to the number of outstanding Award Shares that have been granted provided that the adjustments shall be made in such manner as the Board determines to be fair and reasonable in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Post-IPO Share Award Scheme for the selected participants. All fractional shares (if any) arising out of such consolidation or subdivision in respect of the Award Shares of a selected participant shall be deemed as returned shares and shall not be transferred to the relevant selected participant on the relevant Vesting Date. The Trustee shall hold returned shares to be applied towards future Awards in accordance with the provisions of the Post-IPO Share Award Scheme rules for the purpose of the Post-IPO Share Award Scheme.

In the event of an issue of Shares by the Company credited as fully paid to the holders of the Shares by way of capitalization of profits or reserves (including share premium account), the Shares attributable to any Award Shares held by the Trustee shall be deemed to be an accretion to such Award Shares and shall be held by the Trustee as if they were Award Shares purchased by the Trustee hereunder and all the provisions hereof in relation to the original Award Shares shall apply to such additional Shares.

In the event of any non-cash distribution or other events not referred to above by reason of which the Board considers an adjustment to an outstanding Award to be fair and reasonable, an adjustment shall be made to the number of outstanding Award Shares of each selected participant as the Board shall consider as fair and reasonable, in order to prevent dilution or enlargement of the benefits or potential

benefits intended to be made available under the Post-IPO Share Award Scheme for the selected participants. The Company shall provide such funds, or such directions on application of the returned shares or returned trust funds, as may be required to enable the Trustee to purchase Shares on-market at the prevailing market price to satisfy the additional Award.

In the event the Company undertakes an open offer of new securities, the Trustee shall not subscribe for any new Shares. In the event of a rights issue, the Trustee shall seek instructions from the Company on the steps or actions to be taken in relation to the nil-paid rights allotted to it.

(m) Cessation of employment and other events

If a selected participant ceases to be an Eligible Person by reason of retirement of the selected participant, any outstanding Award Shares and related income not yet vested shall continue to vest in accordance with the Vesting Dates set out in the Award Letter, unless the Board or its delegate(s) determines otherwise at their absolute discretion.

If a selected participant ceases to be an Eligible Person by reason of (i) death of the selected participant, (ii) termination of the selected participant's employment or contractual engagement with the Group or an affiliate by reason of his/her permanent physical or mental disablement, (iii) termination of the selected participant's employment or contractual engagement with the Group by reason of redundancy, any outstanding Award Shares and related income not yet vested shall be immediately forfeited, unless the Board or its delegate(s) determines otherwise at their absolute discretion.

If a selected participant, being an employee whose employment is terminated by the Group or an affiliate by reason of the employer terminating the contract of employment without notice or payment in lieu of notice, or the selected participant having been found to have engaged in any Misconduct (as defined above) as determined in good faith by the Board or its delegate(s) for the administration of the Post-IPO Share Award Scheme, any outstanding Award Shares and related income not yet vested shall be immediately forfeited, unless the Board or its delegate(s) determines otherwise at their absolute discretion.

If a selected participant is declared bankrupt or becomes insolvent or makes any arrangements or composition with his or her creditors generally, any outstanding Award Shares and related income not yet vested shall be immediately forfeited, unless the Board or its delegate(s) determines otherwise at their absolute discretion.

If a selected participant ceases to be an Eligible Person for reasons other than those stated in this paragraph, any outstanding Award Shares and related income not yet vested shall be immediately forfeited, unless the Board or its delegate(s) determines otherwise at their absolute discretion.

(n) Alteration of the Post-IPO Share Award Scheme

The Post-IPO Share Award Scheme may be altered in any respect (save for the Post-IPO Share Award Scheme Limit) by a resolution of the Board provided that no such alteration shall operate to affect adversely any subsisting rights of any selected participant unless otherwise provided for in the rules of the Post-IPO Share Award Scheme, except:

- (i) with the consent in writing of selected participants amounting to three-fourths in nominal value of all Award Shares granted by not yet vested on that date; or

- (ii) with the sanction of a special resolution that is passed at a meeting of the selected participants amounting to three-fourths in nominal value of all Award Shares granted by not yet vested on that date.

(o) Termination

The Post-IPO Share Award Scheme shall terminate on the earlier of:

- (i) the end of the period of ten years commencing on the Listing Date except in respect of any non-vested Award Shares granted hereunder prior to the expiration of the Post-IPO Share Award Scheme, for the purpose of giving effect to the vesting of such Award Shares or otherwise as may be required in accordance with the provisions of the Post-IPO Share Award Scheme; and
- (ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any selected participant under the rules of the Post-IPO Share Award Scheme, provided further that for the avoidance of doubt, the change in the subsisting rights of a selected participant in this paragraph refers solely to any change in the rights in respect of the Award Shares already granted to a selected participant.

(p) Administration of the Post-IPO Share Award Scheme

The Board has the power to administer the Post-IPO Share Award Scheme in accordance with the rules of the Post-IPO Share Award Scheme and, where applicable, the Trust deed, including the power to construe and interpret the rules of the Post-IPO Share Award Scheme and the terms of the Awards granted under the Post-IPO Share Award Scheme. The Board may delegate the authority to administer the Post-IPO Share Award Scheme to a committee of the Board or other person(s) as deemed appropriate at the sole discretion of the Board. The Board or its delegate(s) may also appoint one or more independent third party contractors to assist in the administration of the Post-IPO Share Award Scheme as they think fit.

(q) Grant of Shares under the Post-IPO Share Award Scheme

As of the date of this document, no Shares had been granted or agreed to be granted under the Post-IPO Share Award Scheme.

An application has been made to the Listing Committee for the listing of, and permission to deal in, the Shares which may be issued pursuant to the Post-IPO Share Award Scheme.

G. OTHER INFORMATION

1. Estate duty

Our Directors have been advised that no material liability for estate duty is likely to fall upon any member of our Group.

2. Litigation

Save as disclosed in this document, no member of our Group is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Company that would have a material adverse effect on our Company's results of operations or financial condition.

3. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Listing Committee for the listing of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the Global Offering (including any Shares issued and allotted pursuant to the exercise of the Over-allotment Option and the exercise of options granted under the Pre-IPO Share Option Plan).

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The Joint Sponsors will receive an aggregate of US\$1 million for acting as the sponsor for the Listing.

4. Consent of experts

The following experts have each given and have not withdrawn their respective written consents to the issue of this document with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included:

Name	Qualification
Goldman Sachs (Asia) L.L.C.	A licensed corporation to conduct type 1 (dealing in securities), type 4 (advising on securities), type 5 (advising on futures contracts), type 6 (advising on corporate finance), and type 9 (asset management) of the regulated activities as defined under the SFO
China International Capital Corporation Hong Kong Securities Limited	A licensed corporation to conduct type 1 (dealing in securities), type 2 (dealing in future contracts), type 4 (advising on securities), type 5 (advising on futures contracts) and type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
Han Kun Law Offices	Qualified PRC Lawyers
Maples and Calder (Hong Kong) LLP	Cayman Islands attorney-at-law
PricewaterhouseCoopers . . .	Certified Public Accountants under Professional Accountants Ordinance (Cap.50) Registered Public Interest Entity Auditor under Financial Reporting Council Ordinance (Cap.588)
Ernst & Young Transactions Limited	Industry consultant

As of the Latest Practicable Date, none of the experts named above has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for securities, in any member of our Group.

5. Binding effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

6. Bilingual document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

7. Preliminary expenses

The Company did not incur any material preliminary expenses.

8. Disclaimers

- (a) Save as disclosed in this document, within the two years immediately preceding the date of this document:
- (i) no share or loan capital or debenture of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be issued for cash or shares as fully or partly paid otherwise than in cash; and
 - (ii) no commissions, discounts, brokerages or other special terms have been granted, have been paid or are payable in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries by our Company for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in or debentures of our Company or any of our subsidiaries.
- (b) Save as disclosed in this document:
- (i) we do not have any promoter and no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this document;
 - (ii) there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;
 - (iii) no share or loan capital or debenture of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iv) none of the Directors or the experts named in the part headed “—Other information—Consents of experts” above has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;
 - (v) there is no arrangement under which future dividends are waived or agreed to be waived;
 - (vi) our Company has no outstanding convertible debt securities or debentures;
 - (vii) we do not have any issued and outstanding, authorized or otherwise created but unissued debt securities or term loans;
 - (viii) there are no contracts for hire or hire purchase of plant to or by us for a period of over one year which are substantial in relation to our business; and

- (ix) none of the Directors are materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of the Group.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

- (a) copies of the GREEN Application Forms;
- (b) the written consents referred to in the section headed “Statutory and general information—Other information—Consent of experts” in Appendix IV; and
- (c) copies of the material contracts referred to in the section headed “Statutory and general information—Further information about our business—Summary of material contracts” in Appendix IV.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Skadden, Arps, Slate, Meagher & Flom at 42/F Edinburgh Tower, The Landmark, 15 Queen’s Road Central, Central, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. up to and including the date which is 14 days from the date of this document:

- (a) the Memorandum and the Articles;
- (b) the Accountant’s Report and the report on the unaudited pro forma financial information of our Group from PricewaterhouseCoopers, the texts of which are set out in Appendices I and II;
- (c) The audited consolidated financial statements of our Company for the three financial years ended March 31, 2018, 2019 and 2020, and the three months ended June 30, 2020;
- (d) the PRC legal opinions issued by Han Kun Law Offices, our PRC Legal Adviser on PRC law, in respect of certain general corporate matters and property interests in the PRC of our Group;
- (e) the letter of advice prepared by Maples and Calder (Hong Kong) LLP, our legal adviser on Cayman Islands law, summarizing certain aspects of Cayman Companies Act referred to in Appendix III;
- (f) the Cayman Companies Act;
- (g) the industry report issued by Ernst & Young Transactions Limited, a summary of which is set forth in the section headed “Industry overview”;
- (h) the written consents referred to in the section headed “Statutory and general information—Other information—Consent of experts” in Appendix IV;
- (i) the material contracts referred to in the section headed “Statutory and general information—Further information about our business—Summary of material contracts” in Appendix IV;
- (j) the service contracts and the letters of appointment with our Directors referred to in the section headed “Statutory and general information—Further information about our Directors—Particulars of Directors’ service contracts and appointment letters” in Appendix IV;

- (k) the terms of the Pre-IPO Share Option Plans and a list of grantees under the Pre-IPO Share Option Plans;
- (l) the terms of the Post-IPO Share Option Scheme; and
- (m) the terms of the Post-IPO Share Award Scheme.



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YIDUCLOUD

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