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**Medlive Technology Co., Ltd.**

**醫脈通科技有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2192)**

## **DISCLOSEABLE TRANSACTION**

### **ACQUISITION OF 60% EQUITY INTEREST IN BEIJING MEDCON INFORMATION CONSULTING CO., LTD.\***

#### **EQUITY TRANSFER AGREEMENT**

On 11 October 2021, Yimaihutong, the Founders and the Target Company entered into the Equity Transfer Agreement pursuant to which Ms. Li agreed to sell, and Yimaihutong agreed to acquire, 60% equity interest of the Target Company for the Consideration of RMB100,253,400, which shall be paid by Yimaihutong to Ms. Li in cash in four Installments. The Consideration will be adjusted downwards if the Target Company's audited net profit for the Guaranteed Periods does not reach the agreed Guaranteed Profit.

The Founders have granted the Option to Yimaihutong so that if the actual cumulative audited net profit of the Target Company for all the Guaranteed Periods does not reach 50% of the Guaranteed Profit for the Guaranteed Periods, Yimaihutong has the right, but not an obligation, to require the Founders to repurchase the Target Equity held by Yimaihutong.

The Target Company is a well-known SaaS solution platform for academic conferences in the PRC and is one of the leading professional and prominent technology providers in academic conference management focusing on medical conference.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but all percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The grant of the Option by the Founders to Yimaihutong requiring the Founders to repurchase the Target Equity would be treated as a notifiable transaction and classified by reference to the percentage ratios pursuant to Rules 14.04(1)(b) and 14.73 of the Listing Rules. According to Rule 14.75(1) of the Listing Rules, on the grant of the Option (the exercise of which is at the discretion of Yimaihutong), only the premium will be taken into consideration for calculating the percentage ratios. As nil premium is payable on the grant of the Option, such grant will not constitute a notifiable transaction of the Company.

The Company will comply with the applicable Listing Rules if and when the Option is exercised.

## **EQUITY TRANSFER AGREEMENT**

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The principal terms of the Equity Transfer Agreement are set out below:

### **Date**

11 October 2021

### **Parties**

1. Purchaser Beijing Yimaihutong Technology Co., Ltd.\* (北京醫脈互通科技有限公司), an operating company of the Group incorporated in the PRC with limited liability which is controlled by the Group through contractual arrangements and the purchaser to the Acquisition. It is principally engaged in the provision of precision marketing and corporate solutions, medical knowledge solutions and intelligent patient management solutions

2. Founders Ms. Li Man (李嫚), the vendor of the Target Equity and the legal and beneficial owner of 60% equity interest of the Target Company as at the date of this announcement. Ms. Li is the spouse of Mr. Huang
- Mr. Huang Yong (黃勇), the legal and beneficial owner of 40% equity interest of the Target Company as at the date of this announcement. Mr. Huang is the spouse of Ms. Li
3. Target Company Beijing Medcon Information Consulting Co., Ltd.\* (北京美迪康信息諮詢有限公司), a company incorporated in the PRC with limited liability

To the best of knowledge, information and belief of the Directors, after making all reasonable enquiries, each of the Founders and the Target Company is an Independent Third Party.

### Consideration

The Consideration is RMB100,253,400 and shall be paid by Yimaihutong to Ms. Li in cash in four installments (the “**Installments**”) as follows:

- (a) within 10 business days after all the Conditions are satisfied (or waived by Yimaihutong), Yimaihutong shall pay RMB60,150,000 (representing approximately 60% of the Consideration) to Ms. Li (the “**First Installment**”);
- (b) within 10 business days after the later of (i) the date of issue of the audited report by an auditor as approved by Yimaihutong of the Target Company for the year ended 31 December 2021 or (ii) 31 March 2022, Yimaihutong shall pay RMB20,050,000 (representing approximately 20% of the Consideration) to Ms. Li (the “**Second Installment**”);
- (c) within 10 business days after the later of (i) the date of issue of the audited report by an auditor as approved by Yimaihutong of the Target Company for the year ended 31 December 2022 or (ii) 31 March 2023, Yimaihutong shall pay RMB10,020,000 (representing approximately 10% of the Consideration) to Ms. Li (the “**Third Installment**”); and
- (d) within 10 business days after the later of (i) the date of issue of the audited report by an auditor as approved by Yimaihutong of the Target Company for the year ended 31 December 2023 or (ii) 31 March 2024, Yimaihutong shall pay RMB10,033,400 (representing approximately 10% of the Consideration) to Ms. Li (the “**Fourth Installment**”).

## Adjustment of Consideration

The Founders have undertaken to ensure that the audited net profits of the Target Company for the years ending 31 December 2021, 2022 and 2023 (each a “**Guaranteed Period**”) shall be no less than RMB14,780,000, RMB17,000,000 and RMB19,540,000, respectively (the “**Guaranteed Profit**”). If the Guaranteed Profit is not met at the end of each Guaranteed Period, the amount payable under the Second Installment, the Third Installment and the Fourth Installment shall be adjusted downwards.

If at the time of the payment of each of the Second Installment, the Third Installment and the Fourth Installment:

- (a) the actual cumulative audited net profit of the Target Company for the completed Guaranteed Periods reaches 70% but is less than 100% of the cumulative Guaranteed Profit for the completed Guaranteed Periods, the adjusted amount payable under such Installment shall be determined in accordance with the following formula:

$$\text{Adjusted amount payable under such Installment} = \frac{A}{B} \times (C + \text{RMB3,330,000}) - \text{RMB3,330,000}$$

where:

A = the actual audited net profit of the Target Company for the immediately preceding Guaranteed Period

B = the Guaranteed Profit for the immediately preceding Guaranteed Period

C = the original amount of payable under such Installment

- (b) the actual cumulative audited net profit of the Target Company for the completed Guaranteed Periods does not reach 70% of the cumulative Guaranteed Profit for the completed Guaranteed Periods, the adjusted amount payable under such Installment shall be determined in accordance with the following formula:

$$\text{Adjusted amount payable under such Installment} = (A+B) \times \frac{C}{D} - E$$

where:

A = the original amount of payable under such Installment

B = the sum of the original amount payable under all previous Installments

C = the actual cumulative audited net profit of the Target Company for the completed Guaranteed Periods

D = the cumulative Guaranteed Profit for the completed Guaranteed Periods

E = the sum of all payments made under all previous Installments

If the adjusted amount payable under such Installment as determined using this formula is negative, Yimaihutong shall not be required to make any payment under such Installment.

Notwithstanding the above, the total Consideration payable by Yimaihutong to Ms. Li shall be adjusted with reference to the ratio of the actual cumulative audited net profit of the Target Company for all the Guaranteed Periods to the aggregate Guaranteed Profit for the Guaranteed Periods (the “**Fulfillment Ratio**”):

(a) if the Fulfillment Ratio reaches 70% but is less than 100%:

$$\begin{array}{l} \text{Total Consideration payable} \\ \text{shall not exceed} \end{array} = \text{RMB100,253,400} \times (0.5 + 0.5 \times \text{Fulfillment Ratio})$$

(b) the Fulfillment Ratio does not reach 70%:

$$\begin{array}{l} \text{Total Consideration payable} \\ \text{shall not exceed} \end{array} = \text{RMB100,253,400} \times \text{Fulfillment Ratio}$$

The amount payable under the Fourth Installment shall be adjusted downwards so that the total Consideration payable by Yimaihutong to Ms. Li will not exceed the maximum amount payable as determined using the above formulae (the “**Maximum Amount**”). Where the sum of all payments made under the First Installment, the Second Installment and the Third Installment (the “**Amounts Paid**”) exceeds the Maximum Amount, Ms. Li shall pay to Yimaihutong the difference between the Amounts Paid and the Maximum Amount within the time required for the payment of the Fourth Installment.

## **Option**

The Founders have granted an option to Yimaihutong so that if the actual cumulative audited net profit of the Target Company for all the Guaranteed Periods does not reach 50% of the Guaranteed Profit for the Guaranteed Periods, Yimaihutong has the right, but not an obligation, to require the Founders to repurchase the Target Equity held by Yimaihutong (the “**Option**”). The consideration of such repurchase shall be the sum of all payments made under all previous Installments plus a simple interest of 8% per annum. The Company will comply with the applicable Listing Rules if and when the Option is exercised.

## **Basis of Consideration**

The Consideration was determined after arm's length negotiations between Yimaihutong and Ms. Li with reference to the price to earnings multiples of conference service providers and healthcare service providers in the PRC and taking into account the audited net profit of the Target Company for the year ended 31 December 2020 of RMB12,853,031. The Company has also made reference to the current number and type of customers of the Target Company's conference service platform and the potential synergies between the Target Company's conference service platform and the Company's online professional physician platform.

The Consideration payable by Yimaihutong to Ms. Li will be funded by the net proceeds from the global offering of the Company in July 2021.

## **Conditions precedent**

The obligations of Yimaihutong to pay the Consideration and to complete the registration and filing procedures in respect of the Acquisition are subject to the satisfaction (or waiver by Yimaihutong) of the following Conditions:

- (a) the shareholders and the executive director of the Target Company shall have approved the Acquisition and the existing shareholders of the Target Company shall have given written confirmation to waive their pre-emptive right in respect of the Acquisition;
- (b) Yimaihutong shall have completed its necessary internal decision-making procedures in respect of the Acquisition;
- (c) key employees of the Target Company shall have signed employment contracts, non-compete agreements, and non-disclosure agreements with the Target Company in a form satisfactory to Yimaihutong; and
- (d) no material adverse change on the business, assets, finance, liabilities, prospects and operations of the Target Company shall have occurred.

As at the date of this announcement, Conditions in paragraphs (a) and (b) have been satisfied. It is expected that all the Conditions will be satisfied and the completion of the Acquisition will take place within October 2021.

## **Transfer**

All rights, obligations, risks and benefits arising from or attributable to the Target Equity will be transferred from Ms. Li to Yimaihutong on the date when Yimaihutong pays the First Installment to Ms. Li.

Within 10 business days from the payment of the First Installment, the Target Company and the Founders shall complete the registration and filing procedures in respect of the Acquisition with the local competent market supervision administration (the “**Market Supervision Administration**”).

If the transfer of the Target Equity has not been completed on or before 31 October of 2021 due to reasons that are caused by Ms. Li, it shall constitute a material breach against Yimaihutong, and Yimaihutong shall have the right to unilaterally terminate the Equity Transfer Agreement and Ms. Li shall refund any Consideration received from Yimaihutong.

Upon completion of the Acquisition, the Target Company will be owned as to 60% and 40% by Yimaihutong and Mr. Huang, respectively.

The Directors confirm that upon the completion of the Acquisition, the financial results of the Target Company will be consolidated into the consolidated financial statements of the Company pursuant to the existing contractual arrangements and in accordance with the prevailing accounting principles. Based on the review of the existing contractual arrangements and discussion with management of the Company, the auditor of the Company concurred with the above view.

## **Board composition**

Upon completion of the Acquisition: (i) the board of directors of the Target Company shall comprise five directors, three of which shall be appointed by Yimaihutong and the remaining two shall be appointed by Mr. Huang; and (ii) the general manager of the Target Company (who shall also be the legal representative of the Target Company) shall be appointed by the board of directors of the Target Company. It is expected that each of Ms. Li and Mr. Huang will be appointed by Mr. Huang to be directors of the Target Company.

## **Distribution of dividend**

Beginning from the year ending 31 December 2021, the Target Company shall distribute no less than 60% of the distributable profit of the Target Company to its shareholders.

## **Non-compete**

After the completion of Acquisition, for so long as any of the Founders continue to hold any equity interest in the Target Company, the Founders and the companies controlled by them will not engage or invest in the same or similar business as the Target Company's principal business, except for shares listed and traded on a stock exchange that are held solely for the purpose of investment income (the amount of which shall not exceed 5% of the total number of shares of such listed companies).

If the Founders and the companies controlled by them obtain any business opportunities from any third party that are in substantial competition or may have substantial competition with the Target Company's principal business, the Founders and the companies controlled by them shall notify the Target Company in writing immediately and refer such business opportunities to the Target Company.

## **INFORMATION OF THE TARGET COMPANY AND THE FOUNDERS**

### **The Target Company**

The Target Company is a company incorporated in the PRC with limited liability and is owned as to 60% and 40% by Ms. Li and Mr. Huang directly, respectively as at the date of this announcement.

The Target Company is a well-known SaaS solution platform for academic conferences in the PRC and is one of the leading professional and prominent technology providers in academic conference management focusing on medical conference. The Target Company offers one stop services covering the conference life circle which include website management, membership management, abstract submission management, paper review management, online registration and payment management, onsite registration management, conference programme management, slides transfer and rebroadcasting. The Target Company's medical conference service platform addresses the shortcomings of the traditional conference process by improving the efficiency, accuracy, attendance, safety of the conferences while reducing operation time and cost.

Set out below is the financial information of the Target Company for the two years ended 31 December 2020 and the six months ended 30 June 2021, prepared in accordance with the China Accounting Standards for Business Enterprises:

	<b>For the year ended</b>		<b>For the</b>
	<b>31 December</b>		<b>six months</b>
	<b>2019</b>	<b>2020</b>	<b>ended</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>30 June</b>
	<b>(RMB'000)</b>	<b>(RMB'000)</b>	<b>2021</b>
			<b>(Audited)</b>
			<b>(RMB'000)</b>
Net profit before tax	16,841	14,139	1,386
Net profit after tax	15,212	12,853	1,145

The audited net asset value of the Target Company as at 30 June 2021 prepared in accordance with the China Accounting Standards for Business Enterprises is approximately RMB30,625,000.

Based on the due diligence on the Target Company conducted by the Company's professional advisers and discussions with the management of the Target Company (the "**Due Diligence**"), the Directors noted that: (i) the net profit after tax has decreased from RMB15,212,000 for the year ended 31 December 2019 to approximately RMB12,853,000 for the same period in 2020, which according to the Due Diligence, was due largely to the COVID-19 pandemic which has reduced the number of physical conferences held in 2020. The management of the Target Company expects the level of demand for physical conferences will recover beginning from the second half of 2021; and (ii) the financial results of the Target Company of the first half of a financial year do not represent the financial performance of the Target Company in the entire financial year, which according to the Due Diligence, was due largely to the seasonality of the medical conferences, which are typically held between September to December.

### **The Founders**

Ms. Li, a PRC resident and an Independent Third Party, is the vendor of the Target Equity and the legal and beneficial owner of 60% equity interest of the Target Company as at the date of this announcement. Ms. Li is a merchant and the spouse of Mr. Huang.

Mr. Huang, a PRC resident and an Independent Third Party, is the legal and beneficial owner of 40% equity interest of the Target Company as at the date of this announcement. Mr. Huang is a merchant and the spouse of Ms. Li.

## REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is the leading online professional physician platform in China. The Group has focused on using technology to support physicians' clinical decision making for over 20 years.

The Target Company is a well-known SaaS solution platform for academic conferences in the PRC and is one of the leading professional and prominent technology providers in academic conference management focusing on medical conference. Its key customers include national medical associations and societies and science research institutes which hold regular large scale academic conferences in large venues in various cities in the PRC, including Beijing, Shanghai, Guangzhou, Xiamen, Hangzhou, Xi'an, Dalian, Chengdu, Chongqing.

As the Target Company operates in the pharmaceutical industry, it is less affected by the overall economic conditions in the PRC and is able to benefit from the relevant national policies. Driven by the national industrial internet policies, the pharmaceutical industry has a strong demand for digitalization, which lead to the increase in the overall demand of the Target Company's services. As the process of digitalizing conferences continues to advance, the number of service providers in digital conference management have increased, and the market for small and medium-sized conferences is becoming increasingly competitive. The Target Company, on the other hand, remains a leader in providing conference management for state level and regional level of national medical associations and societies.

As part of the Group's business strategies, the Group intends to achieve external growth by strategically pursuing partnership and acquisition opportunities. The Directors consider that the Acquisition, if materializes, presents a good opportunity for the Group and complements the Group's business. It would also allow the Group to gain access to the customer base of the Target Company and medical related contents generated in the course of the business of the Target Company, enhance the Group's capability in providing medical conference services and enable the Group to capitalize on the emerging opportunities presented by the growing demand for digital conference management.

In order to conduct the current business of the Target Company and in anticipation of the business expansion of the Target Company, the Target Company currently holds (i) the radio and television program production license 《廣播電視節目製作經營許可證》 (the "**Radio and TV License**"); (ii) the internet cultural operation license 《網絡文化經營許可證》 (the "**Internet Culture License**"); and (iii) the value-added telecommunication business operating license 《增值電信業務經營許可證》 (the "**ICP License**").

Foreign investment is prohibited for companies which hold the Radio and TV License and the Internet Culture License and foreign investors are not allowed to hold more than 50% equity interests in companies which holds the ICP License. As such, the Company is restricted from holding direct interests in the Target Company.

In order to enable to Group to gain effective control over the Target Equity and enjoy the economic benefits of and interests in the Target Equity and to comply with foreign ownership restrictions under the PRC laws and regulations, the acquisition of the Target Company will be made by Yimaihutong, an operating company of the Group incorporated in the PRC with limited liability which is controlled by the Group through contractual arrangements (details of which has been disclosed in the prospectus of the Company dated 30 June 2021).

In view of the foregoing, and taking into account: (i) the Consideration is to be paid in Installments subject to downward adjustment with reference to the Guaranteed Profit; and (ii) Yimaihutong has been granted by the Founders the Option requiring the Founders to repurchase the Target Equity, the Directors believe that the terms of the Acquisition are fair and reasonable and in the interests of the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but all percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The grant of the Option by the Founders to Yimaihutong requiring the Founders to repurchase the Target Equity would be treated as a notifiable transaction and classified by reference to the percentage ratios pursuant to Rules 14.04(1)(b) and 14.73 of the Listing Rules. According to Rule 14.75(1) of the Listing Rules, on the grant of the Option (the exercise of which is at the discretion of Yimaihutong), only the premium will be taken into consideration for calculating the percentage ratios. As nil premium is payable on the grant of the Option, such grant will not constitute a notifiable transaction of the Company.

The Company will comply with the applicable Listing Rules if and when the Option is exercised.

**As the Acquisition is subject to fulfilment and/or waiver, if applicable, of the Conditions which may or may not be fulfilled and/or waived, there is no assurance that the Acquisition will be completed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

In this announcement, the following expressions have the meanings respectively set opposite them, unless the context otherwise requires:

“Acquisition”	the proposed acquisition of the Target Equity by Yimaihutong from Ms. Li pursuant to the Equity Transfer Agreement
“Board”	the board of Directors
“Company”	Medlive Technology Co., Ltd. (醫脈通科技有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2192)
“Conditions”	the conditions precedent to the obligations of Yimaihutong to pay the Consideration and to complete the registration and filing procedures in respect of the Acquisition as set out in the section headed “Equity Transfer Agreement — Conditions precedent” in this announcement
“Consideration”	the consideration in respect of the Acquisition, being RMB100,253,400 (subject to downward adjustment)
“Directors”	the directors of the Company
“Equity Transfer Agreement”	the equity transfer agreement entered into among Yimaihutong, the Founders and the Target Company on 11 October 2021 in relation to the Acquisition
“Founders”	Ms. Li and Mr. Huang
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Parties”	third parties independent of the Company and not connected with its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Huang”	Mr. Huang Yong (黃勇), the legal and beneficial owner of 40% equity interest of the Target Company as at the date of this announcement
“Ms. Li”	Ms. Li Man (李嫻), the vendor of the Target Equity and the legal and beneficial owner of 60% equity interest of the Target Company as at the date of this announcement
“Option”	the option granted by the Founders to Yimaihutong requiring the Founders to repurchase the Target Equity as detailed in the section headed “Equity Transfer Agreement — Option” in this announcement
“PRC”	the People’s Republic of China (but excluding, for the purpose of this announcement only, Hong Kong, Macau and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“SaaS”	software as a service
“Shares”	ordinary shares of US\$0.00001 each in the issued share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Beijing Medcon Information Consulting Co., Ltd.* (北京美迪康信息諮詢有限公司), a company incorporated in the PRC with limited liability and is owned as to 60% and 40% by Ms. Li and Mr. Huang directly, respectively as at the date of this announcement
“Target Equity”	60% equity interest in the Target Company

“US\$”	United States dollars, the lawful currency of the United States of America
“Yimaihutong”	Beijing Yimaihutong Technology Co., Ltd.* (北京醫脈互通科技有限公司), an operating company of the Group incorporated in the PRC with limited liability which is controlled by the Group through contractual arrangements and the purchaser of the Target Equity
“%”	per cent. or percentage

\* *For identification purposes only*

By order of the board of  
**Medlive Technology Co., Ltd.**  
**Tian Liping**  
*Chairwoman and Chief Executive Officer*

Hong Kong, 11 October 2021

*As of the date of this announcement, the Board comprises Ms. Tian Liping, Mr. Tian Lixin, Mr. Tian Lijun and Ms. Zhou Xin as executive Directors; Mr. Eiji Tsuchiya and Dr. Li Zhuolin as non-executive Directors; and Mr. Richard Yeh, Dr. Ma Jun and Ms. Wang Shan as independent non-executive Directors.*