

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



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 LINBERG CONSULTING & INTELLIGENCE (SHANGHAI) CO., LTD.*

EQUITY TRANSFER AGREEMENT

On 12 October 2023, Kingyee Beijing, the Sellers and the Target Company entered into the Equity Transfer Agreement pursuant to which Seller A, Seller B and Seller C agreed to sell 42%, 9% and 9% equity interest of the Target Company, respectively, and Kingyee Beijing agreed to acquire 60% equity interest of the Target Company for the Consideration of RMB33.93 million, which shall be paid by Kingyee Beijing to the Sellers in cash.

The Target Company is principally engaged in the business of providing research services to pharmaceutical companies. It has a professional research team of 17 people, providing a full range of research services to pharmaceutical companies including research in areas of market attractiveness, new product concept testing, market segmentation of physicians and target physicians positioning, usage and concept tracking and market share tracking.

The Sellers have granted the Option to Kingyee Beijing so that if the accumulated audited net profit of the Target Company during the Guaranteed Period does not reach 50% of the Guaranteed Profit, Kingyee Beijing has the right, but not an obligation, to require the Sellers to repurchase the Target Equity held by Kingyee Beijing.

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 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 Sellers to Kingyee Beijing requiring the Sellers 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 Kingyee Beijing), 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.

EQUITY TRANSFER AGREEMENT

On 12 October 2023, Kingyee Beijing, the Sellers and the Target Company entered into the Equity Transfer Agreement pursuant to which Seller A, Seller B and Seller C agreed to sell 42%, 9% and 9% equity interest of the Target Company, respectively, and Kingyee Beijing agreed to acquire 60% equity interest of the Target Company for the Consideration of RMB33.93 million, which shall be paid by Kingyee Beijing to the Sellers in cash.

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

Date

12 October 2023

Parties

1. Purchaser Kingyee (Beijing) Co., Ltd. (金葉天成(北京)科技有限公司), an indirect wholly-owned subsidiary of the Company incorporated in the PRC with limited liability 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. Sellers Wu Ning (吳寧), as Seller A;

Chen Lifei (陳黎斐), as Seller B; and

Gao Yifan (高益范), as Seller C
3. Target Company Linberg Consulting & Intelligence (Shanghai) Co., Ltd.* (翎博市場信息諮詢(上海)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 Sellers and the Target Company is an Independent Third Party.

Consideration and Guaranteed Profit

The Sellers have undertaken to ensure that the accumulated audited net profit of the Target Company for the four financial years ending 31 December 2023, 2024, 2025 and 2026 (each of the financial years, a “**Guaranteed Yearly Period**” and the entirety of such four financial years, the “**Guaranteed Period**”) in total shall be no less than RMB21.72 million (the “**Guaranteed Profit**”).

The Consideration payable by Kingyee Beijing is RMB33.93 million in which a total of RMB23.751 million, RMB5.0895 million and RMB5.0895 million shall be paid to Seller A, Seller B, and Seller C respectively, in each case subject to adjustments made to the Remaining Instalments (as defined below). The Consideration shall be paid in cash at a maximum of five instalments (collectively, the “**Instalments**”) as follows:

- (a) within 5 business days after all the Conditions are satisfied (or waived by Kingyee Beijing), Kingyee Beijing shall pay RMB11.90 million, RMB2.55 million and RMB2.55 million to Seller A, Seller B and Seller C, respectively (the “**First Instalment**”); and

- (b) subject to completion of the Acquisition, for each of the four remaining instalments after the First Instalment (the “**Remaining Instalment(s)**”), within 5 business days after (i) the date of issue of the annual results announcement of the Company; or (ii) the date of issue of an audited report of the Target Company by an auditor recognized by Kingyee Beijing, whichever is later, for each Guaranteed Yearly Period, Kingyee Beijing shall pay the Sellers an adjusted amount in accordance with the following formula:

$$\text{Consideration for each of the Remaining Instalments} = \left(\frac{A}{B} \times C\right) - D$$

where:

- A = Accumulated audited net profit or loss of the Target Company for all Guaranteed Yearly Periods up until the end of the relevant Guaranteed Yearly Period
- B = The Guaranteed Profit (being RMB21.72 million)
- C = The total Consideration to be paid to each Seller
- D = The Consideration already paid to each Seller at the time of each Remaining Instalment

If the adjusted amount payable under any Remaining Instalments as determined using the above formula is negative, Kingyee Beijing shall not be required to make any payment under the relevant Remaining Instalment, but the Sellers shall not be required to return any Consideration already received. Further, Kingyee Beijing shall not be required to pay the difference if the actual payment made to the Sellers after the Remaining Instalments have been paid is lower than RMB33.93 million, nor make any Remaining Instalment to such extent if it shall result in the total amount of Consideration paid exceeding RMB33.93 million.

Option and pledge of Sellers’ equity interests

The Sellers have granted the Option to Kingyee Beijing so that if the accumulated audited net profit of the Target Company during the Guaranteed Period in total does not reach 50% of the Guaranteed Profit, Kingyee Beijing has the right, but not an obligation, to require the Sellers to repurchase the Target Equity held by Kingyee Beijing. The consideration of such repurchase shall be the sum of all payments made under all previous Instalments plus a simple interest of 8% per annum. The Company will comply with the applicable Listing Rules if and when the Option is exercised.

The Sellers have pledged their 40% equity interests in the Target Company in total as security for the performance of their above-mentioned obligation to repurchase the Target Equity.

Basis of Consideration

The value of the Target Company is reflected in its business capabilities of providing a full range of research services to pharmaceutical companies and its professional research team of 17 people. As such, the net asset value of the Target Company is not a factor taken into account by the Company when determining the Consideration. The Consideration was determined after arm's length negotiations between Kingyee Beijing and the Sellers with reference to the price-to-earnings multiples of the Group's previous similar acquisitions in 2022 and 2023 (being the acquisitions of 60% equity interest in Beijing Focus and 50% equity interest in Beijing SCMedcon, respectively), and adopting the Guaranteed Profit (meaning the Target Company shall record an average net profit of RMB5.43 million per financial year during the Guaranteed Period) for the basis of calculation, as well as the benefits expected to be derived by the Acquisition as described under the section headed "Reasons for and benefits of the Acquisition" in this announcement.

The Consideration payable by Kingyee Beijing to the Sellers will be funded by the net proceeds from the global offering of the Company in July 2021.

Conditions precedent

The obligations of Kingyee Beijing 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 Kingyee Beijing) of the following Conditions:

- (a) the existing shareholders of the Target Company shall have given all necessary approvals and consent for the Acquisition and shall have waived their pre-emptive right in respect of the Acquisition;
- (b) the appointment of directors, supervisors and senior management members nominated by Kingyee Beijing to the Target Company shall have been approved by the shareholders meeting and the executive directors of the Target Company;
- (c) the amended articles of association as provided for in the Equity Transfer Agreement shall have been approved by the shareholders meeting and the executive directors of the Target Company;
- (d) Kingyee Beijing shall have completed its necessary internal decision-making procedures in respect of the Acquisition; and

- (e) certain key employees of the Target Company (collectively, the “**Key Employee(s)**”), shall have signed, among others, employment contracts, non-compete agreements, and non-disclosure agreements with the Target Company in forms satisfactory to Kingyee Beijing and the tenure of the employment contracts shall be no less than five years.

Pursuant to the terms of the Equity Transfer Agreement, completion of the Acquisition shall take place upon payment of the First Instalment. As at the date of this announcement, Conditions in paragraphs (a), (d) and (e) have been satisfied.

Transfer

All rights, obligations, risks and benefits arising from or attributable to the Target Equity will be transferred from the Sellers to Kingyee Beijing on the date of payment of the First Instalment (the “**Transfer Date**”).

Unless otherwise agreed between the parties, within 30 days from the Transfer Date, the Target Company and the Sellers shall complete the registration and filing procedures in respect of the Acquisition with the local competent market supervision administration.

Upon completion of the Acquisition, the Target Company will be owned as to 60%, 28%, 6% and 6% by Kingyee Beijing, Seller A, Seller B and Seller C, respectively.

Upon completion of the Acquisition, Kingyee Beijing will become the largest shareholder of the Target Company. As Kingyee Beijing will also control the majority of the composition of the board of the Target Company as described under the section “Board composition” below, the Directors confirm that upon completion of the Acquisition, the Target Company’s financial results will be consolidated into the consolidated financial statements of the Company.

Board composition

Upon completion of the Acquisition, (i) the board of directors of the Target Company shall comprise five directors, three of whom shall be appointed by Kingyee Beijing and the remaining two directors shall be appointed by the Sellers; (ii) the chairman of the board of directors of the Target Company shall be designated by Kingyee Beijing while the vice-chairman shall be designated by the Sellers; and (iii) the general manager of the Target Company shall be nominated by the Sellers and be appointed by the board of directors of the Target Company, whereas the financial controller shall be nominated by Kingyee Beijing and be appointed by the board of directors of the Target Company.

Distribution of dividend

Beginning from the year ending 31 December 2023, the Target Company shall distribute 60% of the distributable profit of the Target Company to its shareholders. After the Guaranteed Period, the shareholders of the Target Company may agree to distribute up to 90% of the distributable profit of the Target Company to its shareholders, provided that there are sufficient funds for meeting the Target Company's normal business operations and investment needs.

Kingyee Beijing, Seller A, Seller B and Seller C shall have entitlements to the accrued undistributed profit of the Target Company for periods prior to 31 December 2022 in proportion to their holdings in the Target Company upon completion of the Acquisition. For reference purpose, the accrued undistributed profit of the Target Company for periods prior to 31 December 2022 based on the unaudited management accounts of the Target Company is approximately RMB1.65 million.

Non-compete and other undertakings

The Sellers agreed not to transfer their equity interests in the Target Company to any third party that is engaged in a business that competes with Kingyee Beijing.

The Sellers undertake that, upon the signing of the Equity Transfer Agreement until the expiry of a two-year period after a Seller ceases to hold any equity interest in the Target Company or a Key Employee's employment with the Target Company is terminated (whichever is later), the Key Employees and the entities 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 Key Employees and the entities 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 Key Employees and the entities 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 SELLERS

The Target Company

The Target Company is a company incorporated in the PRC with limited liability and is owned as to 70%, 15% and 15% by Seller A, Seller B and Seller C, respectively, as at the date of this announcement.

The Target Company is a high-quality enterprise established for more than ten years focusing on providing research services to pharmaceutical companies. It has a professional research team of 17 people, providing a full range of research services to pharmaceutical companies including research in areas of market attractiveness, new product concept testing, market segmentation of physicians and target physicians positioning, usage and concept tracking and market share tracking.

Set out below is the financial information of the Target Company for the two years ended 31 December 2022 and for the six months ended 30 June 2023 based on its unaudited management accounts:

	For the year ended		For the six
	31 December		months ended
	2021	2022	30 June
	(Unaudited)	(Unaudited)	(Unaudited)
	(RMB'000)	(RMB'000)	(RMB'000)
Net profit before tax	1,825	2,796	1,656
Net profit after tax	1,731	2,658	1,573

The net asset value of the Target Company as at 31 December 2022 and as at 30 June 2023 based on its unaudited management accounts were approximately RMB2.83 million and RMB4.40 million, respectively.

The Sellers

Mr. Wu Ning (吳寧) (“**Mr. Wu**”) is Seller A and the legal and beneficial owner of 70% equity interest of the Target Company as at the date of this announcement, and also the founder, the general manager and a Key Employee of the Target Company. Mr. Wu was a clinical orthopedic surgeon with a master degree in clinical orthopaedic medicine. He founded the Target Company in 2013. Mr. Wu is a PRC national.

Ms. Chen Lifei (陳黎斐) (“**Ms. Chen**”) is Seller B and the legal and beneficial owner of 15% equity interest of the Target Company as at the date of this announcement. She graduated from the department of nursing in Hangzhou Medical College. She is the director of operations and a Key Employee of the Target Company and has extensive experience in the operations of healthcare market research. Ms. Chen is a PRC national.

Ms. Gao Yifan (高益范) (“**Ms. Gao**”) is Seller C and the legal and beneficial owner of 15% equity interest of the Target Company as at the date of this announcement. She graduated from the department of biology in Fudan University and has more than 15 years of healthcare market research experience. She is the director of research and a Key Employee of the Target Company. Ms. Gao is a PRC national.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is the leading online professional physician platform in China, with over 3.8 million licensed physicians registered users and a very large influence in China. Benefitting from the relatively high coverage rate among Chinese physician users and engagement of users, the Group is able to provide precision marketing solutions to pharmaceutical and medical device companies with high efficiency, empowering its customers to maintain consistent engagement of physicians throughout the whole lifecycle of pharmaceutical and medical devices and provide compliant, precise and effective academic training for physicians. The Target Company is a high-quality enterprise focusing on providing research services to pharmaceutical companies.

After completion of the Acquisition, it is expected that the resources of the Target Company and Yimaitong will be combined with each other to allow the provision of upgraded research products and services to pharmaceutical companies customers, including panel services, primary market research (“PMR”) services and research services based on artificial intelligence (“AI”). It is expected that a full range of market research needs of customers can be met, particularly in the following few aspects: (1) the Target Company’s insights in pharmaceutical market research, combined with Yimaitong’s many years of industry resources and a deep grasp of industry demand, will provide pharmaceutical companies with professional market research report products in the future; (2) by combining with the IT development resources of Yimaitong, the process and efficiency of PMR can be optimised, allowing the provision of more efficient, professional and timely research services to customers; and (3) by combining Yimaitong’s IT capabilities, research corpus and the Target Company’s market research professional capabilities, the Group will focus on developing AI+ research business in the future to provide standardised research reports to the market and to also meet the needs of some customers for quick/light research.

Integrating the Target Company and enhancing the research business will further enrich the integrated marketing solution product portfolio of Yimaitong. The Group will therefore have more opportunities to reach pharmaceutical companies customers in the early stage of products strategy analysis and market research, and provide forward-looking research and timely feedback for the implementation of Yimaitong’s digital marketing solution through research, so as to provide customers with a closed-loop one-stop solution integrating research, marketing strategy formulation, marketing plan execution, results evaluation, tracking and improvement. This will strengthen the competitiveness of Yimaitong in the field of market services to pharmaceutical companies and form a new revenue growth engine.

In view of the foregoing, and taking into account: (i) the Consideration is to be paid in Instalments and subject to the Guaranteed Profit provisions; and (ii) Kingyee Beijing has been granted by the Sellers the Option requiring the Sellers 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 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 Sellers to Kingyee Beijing requiring the Sellers 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 Kingyee Beijing), 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 Kingyee Beijing from the Sellers pursuant to the Equity Transfer Agreement
“Beijing Focus”	Beijing Focus Innovation Technology Co., Ltd.* (北京專注創新科技有限公司), a company incorporated in the PRC with limited liability and a 60% subsidiary of the Company
“Beijing SCMedcon”	Beijing SCMedcon Co., Ltd.* (北京石成醫學諮詢有限公司), a company incorporated in the PRC with limited liability and a 50% subsidiary of the Company
“Board”	the board of Directors

“Company” or “Yimaitong”	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 Kingyee Beijing 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 RMB33.93 million (subject to adjustments made to the Remaining Instalments), and where the context requires, the amount of cash consideration paid or payable to each of the Sellers
“Directors”	the directors of the Company
“Equity Transfer Agreement”	the equity transfer agreement entered into among Kingyee Beijing, the Sellers and the Target Company on 12 October 2023 in relation to the Acquisition
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and not connected with its connected persons (as defined under the Listing Rules)
“Kingyee Beijing”	Kingyee (Beijing) Co., Ltd. (金葉天成(北京)科技有限公司), an indirect wholly-owned subsidiary of the Company incorporated in the PRC with limited liability and the purchaser of the Target Equity
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Option”	the option granted by the Sellers to Kingyee Beijing requiring the Sellers to repurchase the Target Equity as detailed in the section headed “Equity Transfer Agreement — Option and pledge of Sellers’ equity interests” 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
“Seller A”	Wu Ning (吳寧)
“Seller B”	Chen Lifei (陳黎斐)
“Seller C”	Gao Yifan (高益范)
“Seller(s)”	collectively, Seller A, Seller B and Seller C, and where the context requires, any one of them
“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”	Linberg Consulting & Intelligence (Shanghai) Co., Ltd.* (翎博市場信息諮詢(上海)有限公司), a company incorporated in the PRC with limited liability and is owned as to 70%, 15% and 15% by Seller A, Seller B and Seller C, 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

“%” 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, 12 October 2023

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 Mr. Kazutaka Kanairo as non-executive Directors; and Mr. Richard Yeh, Dr. Ma Jun and Ms. Wang Shan as independent non-executive Directors.