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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		Year-on-Year Change*
	2023	2022	
	(RMB in thousands)		%
Revenue	412,004	314,054	31.2
Cost of sales	(160,669)	(101,313)	58.6
Gross profit	251,335	212,741	18.1
Profit for the year	251,760	126,421	99.1
Profit attributable to owners of the parent	242,301	117,321	106.5
Non-HKFRS adjusted net profit**	271,093	145,155	86.8

* Year-on-Year Change % represents a comparison between the current reporting year and the previous year.

** Non-HKFRS adjusted net profit was derived from the profit for the year adjusted by excluding share-based compensation to key employees, fair value adjustment of contingent consideration and foreign exchange difference.

REVENUE BY SOLUTION CATEGORIES

	For the year ended 31 December				Year-on-
	2023		2022		Year
	(RMB in thousands, except for percentages)				
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>	<i>%</i>
Revenue:					
Precision marketing and corporate solutions	372,687	90.5	288,177	91.8	29.3
Medical knowledge solutions	16,141	3.9	12,261	3.9	31.6
Intelligent patient management solutions	23,176	5.6	13,616	4.3	70.2
Total	<u>412,004</u>	<u>100.0</u>	<u>314,054</u>	<u>100.0</u>	<u>31.2</u>

* Year-on-Year Change % represents a comparison between the current reporting year and the previous year.

OPERATIONAL HIGHLIGHTS

The following table sets forth the major operating data of the Group:

	As of 31 December 2023	As of 31 December 2022
Number of registered users (<i>in millions</i>)	6.8	6.2
Number of registered physician users (<i>in millions</i>)	4.0	3.7
	For the year ended 31 December	
	2023	2022
Number of healthcare customers of precision marketing and corporate solutions	182	130
Number of products of healthcare customers marketed under precision marketing and corporate solutions	386	284
Engaged targeted physicians (<i>in thousands</i>)	774	627
Paid clicks (<i>in millions</i>)	9.7	7.2
Average MAUs* (<i>in millions</i>)	2.40	2.05

* Average MAUs means the average of the number of unique registered users (i.e. having eliminated all duplication) that accessed the Company's platform in each of October, November and December of the relevant year.

The board of directors (the “**Board**”) of Medlive Technology Co., Ltd. (the “**Company**” or “**Medlive**” or “**We**”) is pleased to announce the audited consolidated results (the “**Annual Results**”) of the Company and its subsidiaries (together the “**Group**”) for the year ended 31 December 2023 (the “**Reporting Year**”). The Annual Results have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

BUSINESS OVERVIEW AND OUTLOOK

Business Review

2023 was the first year after the full release of COVID-19 epidemic control measures by the central government. It was also the year of fully promoting the reform of the medical system and quality development. At the beginning of the year, hospital diagnosis and treatment returned to normal, which brought recovery to the industry. During the year, regulatory policies for the pharmaceutical industry were frequently issued, and in particular, the centralized rectification of corruption in the pharmaceutical sector was launched across the country, providing a strong safeguard for the long-term and healthy development of the industry. The normalization of volume-based procurement and medical insurance negotiation policies has, on the one hand, created a more favorable environment and opportunities for pharmaceutical innovation and promoted the launch and commercialization of innovative drugs. On the other hand, pharmaceutical and medical device companies were required to pay more attention to the improvement of its marketing efficiency, which further stimulated the increasing demand for precise digital academic education to physicians, and the pharmaceutical digital marketing industry continued to develop.

As 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. Our self-developed *Medlive* platform is widely recognized by physicians and other medical professionals in China and has become the most popular professional medical platform. As of 31 December 2023, the number of registered users through our website, desktop application and mobile application was approximately 6.8 million, over 4.0 million of whom were licensed physicians in China, representing approximately 87% of the total number of licensed physicians in China as of the same date.

With its high-quality professional medical content and rich medical tools, our *Medlive* platform meets the three major needs of physicians in clinical diagnosis, professional learning and medical research, and is embedded in the daily scenarios of many physicians in China. In 2023, the average MAUs (without duplication) of the *Medlive* platform reached 2.4 million. With a relatively high coverage rate among Chinese physician users and relatively high MAUs on our platform, we have a solid foundation for developing precision marketing solutions.

In 2023, we continued to expand in strategic investments by further expanding the scope and coverage of our solution offerings to pharmaceutical and medical device companies. Relying on the professional advantages of the investee companies in their segments, coupled with the Group's long-term experience and insights in serving Chinese physicians, patients and pharmaceutical and medical device companies, as well as its strong R&D and operational capabilities, we are committed to developing a healthcare ecosystem encompassing clinical institutions, industry experts, diverse R&D institutions, patient organizations, and government regulatory bodies. Our mission is to empower pharmaceutical and medical device companies to enhance their market recognitions and foster medical collaboration. In addition, we were able to establish cooperation with pharmaceutical and medical device companies in the early stages of product strategy analysis and market research, and provide forward-looking research and timely feedback for the implementation of the Group's digital marketing solutions through surveys. A one-stop closed-loop integrated solution was provided to our customers, which covers comprehensive surveys research, formulation of marketing strategies, execution of marketing proposals, effectiveness evaluation, tracking and improvement. As a result, the Group's competitive barriers in the pharmaceutical and medical device companies market has been deepened, and a new growth driver of our revenue has been formed.

In recent years, artificial intelligence (AI) technology has developed rapidly. As a high-tech enterprise, Medlive attaches great importance to the seamless integration of technology and healthcare, and accelerates the application of advanced technologies in the healthcare field. Since our inception, we are committed to applying advanced technologies to various scenarios that physicians need in their daily work, such as diagnosis, medication, ward rounds, medical conferences, medical knowledge retrieval, research writing, patient management and education. We provide physicians with comprehensive clinical decision-making support, effectively solve clinical and scientific research problems faced by physicians, and help them improve work efficiency. In 2023, we proactively built a vertical AI model based on the needs of the Group's business development. By integrating the extensive professional knowledge and practical experience of the healthcare industry into the training and fine-tuning process of large models, we have rapidly promoted the application of AI technology in key scenarios such as medical translation, medical information search and the organization and collation of medical literature. In addition, we have successfully commercialized the generative AI technology. For example, our independently developed intelligent medical consulting system, Medlive 3.0, which provides physicians, patients and other medical professionals with more professional and comprehensive information support and intelligent interactive experience. It can accurately and quickly provide academic information on problems encountered by physicians in clinical practice, improving loyalty and operational efficiency of physicians. Moreover, Medlive 3.0 can also provide support for pharmaceutical and medical device companies in terms of employees training and improvement of human efficiency.

The Group generates revenue by offering three categories of solutions to address various needs of its *Medlive* platform participants, namely, precision marketing and corporate solutions, medical knowledge solutions and intelligent patient management solutions. For the year ended 31 December 2023, the Group's revenue was approximately RMB412.0 million, representing an increase of 31.2% as compared with the same period last year. While expanding revenue, the Group continuously enhanced its profitability. The Group's net profit increased by 99.1% from RMB126.4 million for the year ended 31 December 2022 to RMB251.8 million for the year ended 31 December 2023. The net profit margin increased from approximately 40.3% for the year ended 31 December 2022 to approximately 61.1% for the year ended 31 December 2023, representing an increase of 20.8 percentage points. The adjusted net profit for the year ended 31 December 2023 was approximately RMB271.1 million, representing an increase of approximately 86.8% as compared with approximately RMB145.2 million for the year ended 31 December 2022. The adjusted net profit margin for the year ended 31 December 2023 was approximately 65.8%, representing an increase of 19.6 percentage points as compared with approximately 46.2% for the year ended 31 December 2022.

Precision marketing and corporate solutions

The majority of the Group's revenue comes from precision marketing solutions, which provide digital medical marketing services to pharmaceutical and medical device companies. Attributable to the post-pandemic resumption of regular diagnosis and treatments at hospitals, paired with the expedited approval process for new drugs, the product sales and marketing activities of pharmaceutical and medical device companies have regained momentum rapidly. In response to the market needs, the precision marketing and corporate solutions provided by the Group empowered our 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, and have been widely recognized by customers in the industry. In 2023, the number of customers of these solutions was 182, increased by 40.0% as compared with 130 in 2022. At the same time, the number of products covered increased steadily from 284 in 2022 to 386 in 2023. The growing number of products has allowed us to further convert registered physician users on the platform into engaged targeted physicians. The number of engaged targeted physicians increased from 627,000 in 2022 to 774,000 in 2023. At the same time, the number of paid clicks also increased from 7.2 million times increased to 9.7 million times. As a result, for the year ended 31 December 2023, the revenue of the Group's precision marketing and corporate solutions increased by 29.3% to RMB372.7 million from RMB288.2 million in the same period of 2022.

We conduct thorough analysis of the academic features and life cycle of pharmaceutical and medical device products, and provide effective and results-oriented precision digital marketing services. Our digital precision marketing services offer solutions covering the whole process including the research and formulation of medical strategy, analysis of learning profile for experts and specialists, digital production of educational content, event design and execution, precise distribution of digital educational content and evaluation of results. We establish a fully integrated internet ecosystem through *Medlive*, connecting all channels including websites, mobile APPs, WeChat and other social media accounts, online communities and electronic newsletters. We build a database system that encompasses massive amount of data on browsing behavior of physicians, forming rich digital behavior and cognitive profiles of physicians. Our disease knowledge base platform is a content aggregation platform as well as a personal behavior data platform for physicians. Starting from this platform, we can radiate to various scenarios including clinical research, information browsing, guideline learning, case discussion, patient education, internet diagnosis and treatment and academic conferences. Based on comprehensive and rich insights into physicians, we use AI technology to establish an analysis and content recommendation engine for physicians' online learning. The model not only meets their personalized learning needs for clinical knowledge and experience, but also effectively supports the digital education of clinical physicians throughout the entire lifecycle of pharmaceutical and medical device products in core, intermediate and basic markets. This empowers the pharmaceutical and medical device companies to selectively and precisely deliver content to targeted physicians at their preferred times and through their preferred channels.

We charge the pharmaceutical and medical device companies based on the number of clicks on their paid content engaged by targeted physicians. With this solution's precise access to Chinese physicians and efficient academic education, our marketing efficiency has been significantly improved. For example, in 2023, we cooperated with a pharmaceutical company on a certain tumor treatment drug. We formulated a medical strategy and online education plan based on target physician portraits and initial surveys, focusing on objective academic diagnosis and treatment information to improve physicians' awareness of key drug information in a targeted manner, break their prescription bottleneck and thereby bringing changes to their prescribing behavior. We quantify the effect of precise academic education to customers through real-time data feedback, which helps them expand their markets efficiently. It also helps us strengthen our collaboration with our customers and obtain more marketing budgets from them.

We also offer various corporate solutions that enable (i) pharmaceutical and medical device companies to cost-effectively conduct market research; and (ii) pharmaceutical and medical device companies, hospitals and other stakeholders of the healthcare industry to improve the efficiency of clinical trials and medical research. In 2023, we leveraged the brand image of the *Medlive* platform in the clinical research field, as well as the close collaboration with pharmaceutical and medical device companies before and after product launch, to develop real-world studies (“**RWS**”), trial design and protocol writing, medical monitoring and article support, data management and statistics and scientific research services for physicians, and have achieved progress in the fields of oncology, hematology, neurology, pediatrics and cardiovascular disease.

In recent years, RWS has entered a period of rapid development and has become an important means of forming medical evidence in supporting the registration of innovative drugs and medical devices, expanding indications, revising usage instructions and assessing medical insurance eligibility. Pharmaceutical and medical device companies urgently need clinical research service providers with solid clinical research experience, digital clinical trial systems and close cooperation with clinical physicians to provide efficient RWS services aimed at generating evidence-based support. In 2023, with its solid foundation and advantages in healthcare, the Group’s clinical research team continued to expand project management, clinical operation and data statistics. Our business has developed rapidly, and clinical trial digital systems have continued to play a role in clinical research practice. By relying on our team’s extensive industry experience in drug pre-launch and post-launch clinical research, solid medical and statistical capabilities and clinical operation capabilities to target difficulties and pain points of clinical research, we provide customized research designs and efficient solutions. Decentralized clinical trial (DCT) system, digital patient follow-up system, patient management system based on big data, centralized monitoring and remote monitoring, AI equipped journal selection, clinical research center selection, feasibility assessment, patient recruitment, patient follow-up, data collection, data quality control and auxiliary publication, etc., all use digital tools to practice and explore the efficiency improvement of clinical research, and also provide empowerment for the execution of the Group’s precision marketing solutions. Based on our in-depth understanding of scientific research of clinical physicians, we also provided support for clinical research (IIT) initiated by many high-level researchers in 2023.

In the first half of 2023, we established the Medlive Oncology Clinical Science Committee (醫脈通腫瘤臨床科學委員會). The committee gathers top-tier experts from various fields, such as gastrointestinal cancer, hematological malignancies, urological cancer, melanoma, lung cancer, breast cancer, and gynecological cancer. Building upon the extensive collaborations established between the Group and pharmaceutical companies, the committee reinforces our business foundation in areas including clinical research of oncology drugs guided by clinical science, clinical development strategies for innovative drugs, clinical science advisory boards, medical monitoring, training for clinical development, and cultivation of medical professionals.

In July 2023, we established a profound strategic cooperation with the Hainan Boao Lecheng International Medical Tourism Pilot Zone Administration. This collaboration will capitalize on the policy advantages of the “pioneering and trial” approach in the Lecheng Pilot Zone, using our advanced and dynamic medical platform as the driving force, to jointly create the “Lecheng Pilot Zone Perpetual Pharmaceutical and Medical Device Exhibition and Academic Platform” (樂城先行區永不謝幕藥械展線上學術平台). It will provide efficient, professional and compliant services for physicians across the country to better understand and use pharmaceutical and medical device products in the Lecheng Pilot Zone, establishing a fast lane for medical exchanges and interactions between physicians and patients nationwide. By utilizing the “Medlive Integrated System” (醫脈通醫患一體化系統) to connect physicians and patients within and beyond the Lecheng Pilot Zone, we will meet patients’ demand for the use of special pharmaceutical products in Lecheng and connect real-world data inside and outside the island. We will also provide real-world research services based on the integration of clinical research capabilities of the Hainan Institute of Real World Research (海南省真實世界數據研究院) and Medlive, enabling us to become an important convergence point of domestic and international dual circulation in terms of pharmaceutical, medical device and clinical science innovations.

Medical knowledge solutions

The Group’s medical knowledge solutions satisfy the needs of physicians for continuing medical education and clinical decision support and the needs of other healthcare professionals for professional medical information. The Group’s medical knowledge solutions deliver medical knowledge and intelligent tools through multiple user-friendly channels, including its website, mobile applications, desktop applications, WeChat mini-programs and WeChat official accounts. On the back of the disease knowledge database of the *Medlive Knowledge Base*, the Group expanded its clinical decision support products from cancers to cover other diseases and areas such as cardiovascular, endocrine, vestibular medicine, neurological infectious, mental, respiratory, digestive, obstetrics and pediatrics diseases. These coupled with the other clinical guides and clinical drug reference tools offered by the Group provide physicians with a more comprehensive clinical decision support tool at the point of care, helping them to give diagnosis and treatment in an effective and efficient manner.

To further enhance our service quality and gain a deeper understanding of the needs of physicians, we issued the second report of the Survey on Digital Life of Clinical Physicians in China (《中國臨床醫生數字生活調研》) recently. The survey collected data from 7,980 clinical physicians, covering more than 50 departments across 31 provincial administrative regions in mainland China. Based on insights into physicians' digital lifestyle in 2022, this report further deepens the analysis of physicians' online behavior, digital marketing awareness, scientific research activities and patient management and education. In addition, taking into account the in-depth implementation of the medical anti-corruption policy in 2023 and the significant progress of large model technology, we have an in-depth study on challenges and pain points faced by physicians in key areas such as scientific research, learning, diagnosis and treatment and patient management. Physicians also anticipate that the large model can empower and meet their needs. Such insights will guide us in optimizing academic information services for clinical physicians and ensuring that our services are more accurate and efficient.

The Group further consolidated our platform advantage by continuously enriching the professional medical content on our *Medlive* platform to maintain the relatively high coverage and engagement of physician users. With the increasing maturity and popularity of AI technology, we have conducted in-depth review and improvement of the entire platform content to provide users with easier-to-use products and experiences. In 2023, more than 400 new disease knowledge entries were added to our *Medlive Knowledge Base*, bringing the total number of entries to more than 1,200. Among them, books based on the vestibular disease knowledge base had already been published, and the disease knowledge base in cardiovascular and other fields was also in the process of being published. In terms of clinical guidelines, we have strengthened our strategic cooperation with the Chinese Medical Association, Wanfang Medical Database, NCCN (National Comprehensive Cancer Network of the United States) and ASCO (American Society of Clinical Oncology), and added more than 5,000 clinical guidelines to the *Medlive* platform. The number of clinical guidelines of the *Medlive* platform increased to 28,000. We also cooperated with many domestic experts to formulate the Chinese version of NCCN clinical guidelines, integrating guidelines, drugs and disease knowledge bases to achieve an integrated intelligent retrieval to improve the efficiency of physicians' clinical decision-making. In terms of medication reference, we have added more than 3,000 entries on common drug interactions and more than 4,500 entries on medications for special groups to assist clinical physicians and pharmacists in using drugs more rationally and safely. Our video platform, *eBroadcasting*, completed the text translation of 70,000 videos and corrected the content through large model technology. The accuracy of the text is over 98%, enabling users to search for video contents and quickly learn the essence of videos.

In order to better enhance the scientific research capability of Chinese physicians, we continue to step up our strategic layout in the field of scientific research and accelerate the deployment of “scientific research efficiency enhancement” products, in order to allow digital technology to better assist clinical research. We launched the *eClinicalResearch* platform, aiming to support physicians’ scientific research to be more efficient through technology, continuously expand the service model for physicians and improve the service level of the platform. In 2023, we upgraded the *eMedical Papers Service* platform, introducing the SCI manuscript submission feature with intelligent journal selection services specially designed for physicians aiming to publish their research findings in core journals. Leveraging the strength of artificial intelligence (AI) technologies, our platform empowers physicians to select the most suitable journals, thus increasing the success rate of publication and overcoming the challenges of journal selection and submission. In addition, we have embedded 醫學文獻王 into the large AI model and launched a new intelligent literature assistant to support document summarization, interpretation and PDF document translation. Furthermore, we have added functions such as AI expansion and AI polishing of academic writing to help users improve their scientific research efficiency more intelligently.

Since 2022, the Group has entered into cooperation with the National Health Commission’s Capacity Building and Continuing Education Center. In the first half of 2023, we conducted research to understand the specific needs and current conditions of oncologists across county-level institutions. Through the research, we gained insights into the establishment of oncology departments, talent development, prevalent tumor types, available treatment options, and the requirements for ongoing education and training in these regions. Based on the findings, we co-published the Research Report on the State of Oncology Diagnosis and Treatment in County Areas of China (《中國縣域腫瘤診療現狀調研報告》). Based on the report, the two parties jointly formulated a county oncologist capacity training strategy, which mainly includes the “星月” expert team training program, that is, on a provincial basis, tertiary hospitals are set as training bases, and county hospitals are set as cultivation bases, using mentoring model to improve the capabilities of primary oncologists. There are also expert grassroots ward round clinic plans, case competition plans, and tumor surgery observation and teaching programs. In 2023, we completed the launch of standardized training bases for tumor treatment in various hospitals. It is expected that the base construction of at least 60 hospitals will be completed in the next three years.

Intelligent patient management solutions

The Group's intelligent patient management solutions offer comprehensive single disease management services, including (i) monitoring and improving management services of diseases knowledge dissemination and treatment compliance to patients through Internet hospital; and (ii) condition-specific patient education services in collaboration with non-profit organizations. We connect physicians and patients by disease types, and provide physicians with management tools and medical contents through an innovative full-course disease management platform to help clinical physicians to make diagnosis and manage patients accurately and efficiently, and improve patients' return consultation rate and medication compliance. In addition, it provides patients with online diagnosis and treatment, disease education, patient management and other services, ultimately improving the patients' quality of life and benefiting the patients. As at 31 December 2023, the Group's chronic disease management services platform had accumulated approximately 377,000 users and in addition approximately 105,000 participating physicians.

As the number of our patients increases, the effects of intelligent patient management solutions are gradually becoming apparent, and successful cases continue to emerge. For example, we provide integrated physician-patient services in the central nervous system (CNS) field for a large pharmaceutical company. Based on the characteristics and life cycle of the customer's drug in this disease field, together with the clinical manifestations and diagnosis and treatment issues of the disease, on the one hand, we conducted physician education to improve the level of standardized diagnosis and treatment. On the other hand, physicians within the project were invited to cooperate in patient management. We have established an exclusive patient group for each physician with a single disease, and provided medical assistance to help answer questions and solve patients' problems in a timely manner. We continued to carry out systematic, targeted and multi-form patient education interactions based on the pain points of physicians and patients. During the implementation of the solution, we promptly reported patient needs and interactive effects in an organized manner to physicians to dynamically optimize the management plan. After a period of physician-patient management, the return consultation rate of patients and the average dosage and frequency of medication have increased significantly.

In 2023, to further enhance patients' satisfaction with online consultations and address the challenges of limited high-end medical resources, our Internet hospital launched the “*醫知行*” expert video consultation platform. This platform congregates numerous clinical experts with deputy chief titles or above from China's top 100 hospitals. Through video consultations, we aim to closely replicate the experience of an in-person hospital visit, thus enhancing the overall user experience for healthcare consultation. Users can easily browse and select from a roster of qualified physicians on the platform, ensuring they can obtain reliable and timely responses to their health concerns.

Business Outlook

In the ever-changing healthcare industry, opportunities and challenges coexist. In order to maintain and strengthen the Group's leading position in the industry, we plan to make full use of our existing advantages and resources and continue to develop our business with the strategy of "horizontal expansion + vertical extension".

- **Horizontal expansion — Specialized construction and operation by department**

Specialty classification management: We will continue to enrich the professional medical information and product tools on the Group's *Medlive* platform, expand our businesses by specialty and disease classification, conduct in-depth research on disease types and related innovative pharmaceutical and medical device products, and enhance the professionalism of specialized content. We will also provide full life cycle digital solutions for different disease segments and treatment fields. For example, in the field of pain, we have newly opened a pain specialist channel and a WeChat official account. In the field of oncology, we have reached a strategic cooperation with the Chinese Anti-Cancer Association and will further strengthen the provision of the latest clinical guidelines, medication references and clinical research development for specialists related to various tumor types, thereby helping to improve the diagnosis and treatment capabilities of doctors in this field, and driving the development of clinical, scientific research, patient education and other aspects.

Expert resource integration: We will build an expert resource database by department and integrate the data, research results and clinical experience of experts in various fields. By working closely with such experts, we will be able to provide physicians with higher quality academic resources and clinical guidance. For example, based on expert resources in the field of neurology, we expand the participation and coverage of oncology IIT research, combine the clinical research training of physicians with the implementation of clinical research, and superimpose the advantages of our strong medical team to form a comprehensive healthcare support, covering from formulation of clinical research strategy to generation of clinical research evidence.

Specialty patient management: We will continue to connect physicians and patients by disease type and continue to expand disease coverage and the number of patients. Based on our service experience in specialized fields and the recognition of the majority of physicians in China, we will leverage our advantages in product research and development and patient management to provide physicians with management tools and medical content, and effectively promote physicians to participate in patient education and management. In the future, we will continue to expand into other cancers, chronic diseases, rare diseases and other disease areas on the basis of our existing coverage of breast cancer, lung cancer, lymphoma, diabetes, Parkinson's, stroke and other diseases.

Collaboration between specialties: Specialties on the *Medlive* platform are relatively independent but closely coordinated. We will continue to explore and strengthen cross-specialty connections and cooperation through in-depth understanding of the characteristics and needs of each specialty. Various specialties can share resources, physician insights and product tools. In addition, we will also use advanced technological means, such as AI and big data, to deeply explore the interconnections between specialties and improve service efficiency.

- **Vertical extension — Extending the drug life cycle from marketing to the upstream and downstream of the value chain**

Expanding our customer coverage: We will closely follow the trend of digital transformation of pharmaceutical and medical device companies and continue to leverage the unique advantages of our online professional physician platform. We will further expand our coverage of pharmaceutical and medical device companies users. In particular, in the field of innovative drugs and medical devices, we will further leverage the advantages of the *Medlive* platform in supporting clinical research of physicians, integrate academic resources from various associations and academic leaders in various specialty fields, and capitalize on our platform's extensive physicians resources to help pharmaceutical and medical device companies promote professional academic content in both core markets and the vast primary market. Efforts will be made to enhance customer loyalty through high-quality service levels, attracting more digital marketing expenditure from pharmaceutical and medical device companies.

Enriching our solutions: Based on the Group's advantages in precision marketing, we will further expand our solutions that focus on the needs of pharmaceutical and medical device companies in medicine, clinical research and other aspects, thereby gaining more budget share from our customers. In particular, we will continue to invest in developing comprehensive solutions which comprise medical strategy, market strategy and multi-channel digital strategy. By capitalizing on the increasing demand for clinical research in the industry, we will further extend the depth and breadth of clinical research services, provide more extensive support to pharmaceutical and medical device companies in accumulating evidence through RWS, and support clinical decision-making and marketing. Patient management has increasingly become an important need of pharmaceutical and medical device companies. We will also further improve our "patient-centered" integrated medical service that supports the entire life cycle of drugs, including digital patient community management, patient management based on internet hospitals, patient call centers, patient self-management tools, patient education knowledge bases, patient assistance services, physician-patient and patient-patient interaction tools as well as patient surveys.

Making strategic investments and mergers and acquisitions: By taking advantage of the platform advantages and financial advantages as a listed company, we will explore strategic partnerships and integrate industry resources through investments and acquisitions. Leveraging our proprietary platform of professional physicians and based on our existing business, we will actively seek quality target enterprises that possess high synergies with the Group and conduct business integration after acquisition. We will continue to leverage our advantages and industry insights in physician resources, medical content, product research and development and user management, grow together with our investee companies, and further consolidate the Group's leading position in the industry.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

In 2023, the Group generated revenue from three solution categories, namely (i) precision marketing and corporate solutions; (ii) medical knowledge solutions; and (iii) intelligent patient management solutions. The Group's revenue increased by approximately 31.2% from approximately RMB314.1 million for the year ended 31 December 2022 to approximately RMB412.0 million for the year ended 31 December 2023, primarily due to the revenue increase from its precision marketing and corporate solutions.

Precision Marketing and Corporate Solutions

Revenue from precision marketing solutions is primarily derived from fees paid by the Group's healthcare customers for the Group's digital detailing, digital marketing consulting and digital content creation services. Revenue from corporate solutions is primarily derived from fees paid by the Group's healthcare customers for its digital market research, electronic data capture ("EDC") and clinical data management system ("CDMS") solutions, real-world studies ("RWS") support solutions, patient recruitment service, as well as application software development service related to precision marketing and corporate solutions.

Revenue from precision marketing and corporate solutions increased by approximately 29.3% from approximately RMB288.2 million for the year ended 31 December 2022 to approximately RMB372.7 million for the year ended 31 December 2023, primarily due to (i) an expansion of the Group's healthcare customer base from 130 for the year ended 31 December 2022 to 182 for the year ended 31 December 2023; and (ii) an increase of number of healthcare products marketed using the Group's precision marketing and corporate solutions from 284 for the year ended 31 December 2022 to 386 for the year ended 31 December 2023, resulting from user growth and increased user engagement as illustrated by the increase in the number of paid clicks from approximately 7.2 million in 2022 to approximately 9.7 million in 2023.

Medical Knowledge Solutions

Revenue from medical knowledge solutions is primarily derived from provision of professional medical information covering continuing medical education and clinical decision support, including licensing software to physicians, other registered users, including other healthcare professionals, and pharmaceutical companies. Revenue from medical knowledge solutions increased by approximately 31.6% from approximately RMB12.3 million for the year ended 31 December 2022 to approximately RMB16.1 million for the year ended 31 December 2023, primarily due to the Group's increased offerings of medical knowledge products as well as the introduction of a variety of membership marketing methods, effectively increasing the unit price of users.

Intelligent Patient Management Solutions

Revenue from intelligent patient management solutions was primarily derived from fees paid by non-profit organizations with medical focus and pharmaceutical companies for provision of patient education services to patients and non-profit organizations, including content development, application software development and other related services. The Group also started to generate revenue from commissions on fees paid by patients for online consultation services and prescription services on its Internet hospital since the first half of 2021. Revenue from intelligent patient management solutions increased by approximately 70.2% from approximately RMB13.6 million for the year ended 31 December 2022 to approximately RMB23.2 million for the year ended 31 December 2023 mainly because the single-disease patient management platform established by the Group has achieved initial results and scale. While academically educating physicians and improving the level of standardized medical care, the platform effectively connects physicians and patients to scientifically and efficiently implement patient management and education services.

Cost of sales

The Group's cost of sales consists of (i) employee benefit expenses relating to salaries and benefits for employees involved in operating the Group's platform and developing content; (ii) content development cost primarily relating to fees paid to content contributors and service fees paid to content production service providers; (iii) technology service fees relating to cloud content delivery network and telecommunication services as well as licensing fees; and (iv) other expenses primarily relating to consulting fees, equipment rental expenses, travel and transportation expenses. The Group's cost of sales increased by approximately 58.6% from approximately RMB101.3 million for the year ended 31 December 2022 to approximately RMB160.7 million for the year ended 31 December 2023. The increase was primarily due to the fact that (i) in 2023, the cost ratio of newly acquired subsidiaries and clinical research projects is higher than that of traditional precision marketing projects, resulting in a higher rate of growth in cost as compared with the growth rate of revenue; and (ii) the number of offline meetings has increased in 2023, and the cost ratio of offline meetings are higher than that of online meetings.

Gross profit and gross profit margin

As a result of the foregoing, the Group's gross profit increased by approximately 18.1% to approximately RMB251.3 million for the year ended 31 December 2023 from approximately RMB212.7 million for the year ended 31 December 2022. The Group's gross profit margin was approximately 61.0% for the year ended 31 December 2023, which decreased compared to the gross profit margin of 67.7% for the year ended 31 December 2022.

Other Income

Other income and gains primarily consist of (i) bank interest income; (ii) investment income from financial assets at fair value through profit or loss; and (iii) government subsidy. The Group recorded other income and gains of approximately RMB188.5 million for the year ended 31 December 2023, compared to approximately RMB75.7 million for the year ended 31 December 2022. The increase was primarily attributable to (i) a substantial increase in interest income derived from bank deposits as a result of repeated increase in market interest rates during 2022; and (ii) recognition of government subsidy.

Selling and Distribution Expenses

The Group's selling and distribution expenses primarily consist of (i) expenses for promotion activities to drive user growth and engagement; (ii) employee benefit expenses relating to salaries and benefits for employees in selling and distribution functions; and (iii) other expenses primarily relating to business development expenses. The Group's selling and distribution expenses increased by approximately 13.4% from approximately RMB28.9 million for the year ended 31 December 2022 to approximately RMB32.8 million for the year ended 31 December 2023, primarily due to an increase in the number of the Group's sales personnel.

Administrative Expenses

The Group's administrative expenses primarily consist of (i) research and development costs primarily relating to salaries and benefits for employees in research and development functions; (ii) employee benefit expenses relating to salaries and benefits for employees in management as well as general and administrative functions; (iii) depreciation of assets, which includes depreciation of right-of-use assets relating to the Group's leases and depreciation of property, plant and equipment; (iv) taxes and surcharges; (v) maintenance expenses primarily relating to technology and telecommunication service fees, as well as service fees for outsourced administrative services; and (vi) other expenses primarily

relating to rent, travel and transportation expenses and general office expenses. The Group's administrative expenses increased by approximately 18.0% from approximately RMB122.4 million for the year ended 31 December 2022 to approximately RMB144.5 million for the year ended 31 December 2023, primarily due to recognition of (i) increased expenses in maintaining and upgrading the *Medlive* platform, in particular, the investment in vertical large models in the medical field has increased; and (ii) increase in research and development fees, while other administrative expenses have been effectively controlled.

Finance Costs

The Group's finance costs consist of interest on lease liabilities. Finance costs are charged to profit or loss over the lease periods so as to produce a constant periodic rate of interest on the remaining balance of the liabilities for each period. Lease liabilities decrease over the periods of the leases, resulting in higher finance costs at the beginning of lease periods. The Group's finance costs decreased from approximately RMB0.5 million for the year ended 31 December 2022 to approximately RMB0.4 million for the year ended 31 December 2023.

Profit Before Tax

As a result of the foregoing, the Group's profit before tax increased by approximately 87.5% from approximately RMB135.0 million for the year ended 31 December 2022 to approximately RMB253.1 million for the year ended 31 December 2023.

Income Tax Expenses

The Group's income tax expense decreased by approximately 84.1% from approximately RMB8.6 million for the year ended 31 December 2022 to approximately RMB1.4 million for the year ended 31 December 2023, primarily because the share options granted under the pre-IPO share option scheme started to vest and were exercised since July 2022 and the number of share options exercised in 2023 was more than that for 2022. The share-based compensation is deductible for income tax purposes, resulting in lower income tax expenses in 2023 as compared with 2022.

Profit for the Year and Profit Attributable to Owners of the Parent

As a result of the foregoing, the Group's profit for the year increased by approximately 99.1% from approximately RMB126.4 million for the year ended 31 December 2022 to approximately RMB251.8 million for the year ended 31 December 2023 and the Group's profit attributable to owners of the parent increased by approximately 106.5% from approximately RMB117.3 million to approximately RMB242.3 million.

The Group's net profit margin (calculated on the basis of the profit for the year) increased by 20.8 percentage points from 40.3% for the year ended 31 December 2022 to 61.1% for the year ended 31 December 2023.

Non-HKFRS Measures — Adjusted Net Profit

To supplement the Group's consolidated financial statements which are presented in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”), the Company also used unaudited non-HKFRS adjusted net profit as an additional financial measure in order to evaluate its financial performance by eliminating the impact of items that it does not consider indicative of the performance of its business. The term “adjusted net profit” is not defined under HKFRS. Other companies in the industry which the Group operates in may calculate such non-HKFRS item differently from the Group. The use of adjusted net profit has material limitations as an analytical tool, as adjusted net profit does not include all items that impact the Group's net profit for the Reporting Year and should not be considered in isolation or as a substitute for analysis of the Group's results as reported under HKFRS.

The following table sets out the calculation of adjusted net profit for the years indicated:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Profit for the year	251,760	126,421
Add:		
Share-based compensation	10,415	17,245
Fair value adjustment of contingent consideration	2,161	1,201
Foreign exchange difference	6,757	288
	<hr/>	<hr/>
Adjusted net profit	<u>271,093</u>	<u>145,155</u>

The adjusted net profit for the year ended 31 December 2023, adjusted by excluding share-based compensation to key employees, fair value adjustment of contingent consideration and foreign exchange difference, was approximately RMB271.1 million, increased by approximately 86.8% as compared to approximately RMB145.2 million for the year ended 31 December 2022. The adjusted net profit margin for the year ended 31 December 2023 was approximately 65.8%, up 19.6 percentage points from approximately 46.2% for the year ended 31 December 2022.

The fair value adjustment of contingent consideration is added as an adjustment item in presenting the unaudited non-HKFRS adjusted net profit starting financial year ended 31 December 2023 as this item relates to the deferred consideration payable by the Group for its acquisitions of certain subsidiaries in 2021, 2022 and 2023. Moreover, the deferred consideration amounts can be reduced if the guaranteed net profits of the acquired subsidiaries are not met. This item is a non-cash item and the amount of fair value adjustment does not represent the actual amount of deferred consideration payable, nor does it reflect the financial performance of the relevant subsidiaries for the relevant reporting periods. As the Group continues its strategy of making synergetic acquisitions with possibly deferred consideration as a term of the acquisition, it becomes more meaningful to eliminate the impact of fair value adjustment of contingent consideration as this item is not indicative of the performance of the business of the relevant acquired subsidiaries.

The foreign exchange difference is related to the initial public offering of the Company's shares ("Shares") in July 2021 (the "Global Offering"). The proceeds from the Global Offering are primarily denominated in Hong Kong dollars and the foreign exchange difference mainly arises from the currency fluctuation of Hong Kong dollars against RMB. Such foreign exchange difference is non-operational in nature and the amount does not directly correlate with the underlying performance of the Company's business operations. The share-based compensation relates to the pre-IPO share options to subscribe for a total of 26,754,000 Shares granted to certain directors and key employees and share awards representing 500,000 Shares granted to a key employee, and is a non-cash item.

Liquidity and Capital Resources

For the year ended 31 December 2023, the Group financed its operations primarily through cash generated from the Group's operating activities and the net proceeds received and interest income derived from the Global Offering. The Group intends to continue to finance its expansion and business operations using a combination of cash generated from operating activities and the net proceeds received and interest income derived from the Global Offering.

The Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements from time to time. Taking into account the net proceeds received from the Global Offering and the current cash position of the Group, the Board considers that the Group has sufficient working capital to meet its operation needs for at least the next 12 months.

The net proceeds received by the Company from its Global Offering in July 2021 which are not put into use immediately, have been placed in fixed deposits with licensed financial institutions. Please refer to the section headed "Use of Proceeds from the Global Offering" for details regarding the use of idle proceeds from the Global Offering.

Cash and cash equivalents and time deposits

The Group operates its business in the PRC and its transactions and revenue were primarily denominated in Renminbi. As such, the Group did not have material exposure to fluctuations in foreign currency exchange rates for cash generated from its operating activities. However, the net proceeds received by the Company from the Global Offering are denominated in Hong Kong dollars and the Company is exposed to fluctuation of exchange rate between Renminbi and Hong Kong dollars. As at 31 December 2023, the Group had cash and cash equivalents of approximately RMB4,358.3 million and non-current time deposits of approximately RMB42.0 million, which primarily consisted of cash at bank, as compared to approximately RMB4,187.3 million of cash and cash equivalents and approximately RMB92.4 million of non-current time deposits as at 31 December 2022. As at 31 December 2023, over 36.4% of the Group's cash and cash equivalents and non-current time deposits are denominated in Hong Kong dollars, around 10.5% are denominated in RMB and around 53.1% are denominated in US dollars.

The Group currently does not have any hedging policy for foreign currencies in place. However, the Board will remain alert to any relevant risks and, if necessary, consider to hedge any material potential foreign exchange risk.

Borrowings

During the year ended 31 December 2023, the Group did not have any short-term or long-term bank borrowings and had no outstanding bank and other borrowings and other indebtedness apart from lease liabilities for the relevant lease terms amounting to approximately RMB8.2 million in aggregate.

Gearing ratio

The gearing ratio, which is calculated by dividing borrowings by total equity, was zero since there was no borrowing as of 31 December 2023.

Charge on assets

As of 31 December 2023, the Group did not pledge any of its assets.

Capital expenditures

For the year ended 31 December 2023, the Group's capital expenditure amounted to approximately RMB88.2 million, which mainly comprised capital expenditures recorded for the acquisition of 60% interests in Beijing Medcon Information Consulting Co., Ltd.* (北京美迪康信息諮詢有限公司) (“**Beijing Medcon**”), 50% equity interest in Beijing SCMedcon Co., Ltd.* (北京石成醫學諮詢有限公司) (“**SCMedcon**”) and 60% equity interest in Linberg Consulting & Intelligence (Shanghai) Co., Ltd.* (翎博市場信息諮詢(上海)有限公司) (“**Linberg Consulting**”), and expenditures on IT equipment, as compared to approximately RMB46.0 million for the year ended 31 December 2022. The Group funded its capital expenditure by using the cash flow generated from its operation and the net proceeds received from the Global Offering.

Contingent liabilities and guarantees

As of 31 December 2023, the Group did not have any significant unrecorded contingent liabilities, guarantees or any material litigation against the Group.

Material acquisitions or disposals and future plans for major investment

On 11 October 2021, the Company, through its subsidiary, Beijing Yimaihutong Technology Co., Ltd. (北京醫脈互通科技有限公司) (“**Yimaihutong**”), entered into an equity transfer agreement to acquire 60% equity interest of Beijing Medcon for a cash consideration of RMB100,253,400. The cash consideration shall be paid by Yimaihutong in four installments. The consideration will be adjusted downwards according to the terms of the equity transfer agreement if Beijing Medcon's audited net profit for the years ended 31 December 2022 and 2023 do not reach RMB17,000,000 and RMB19,540,000, respectively. As the audited net profit of Beijing Medcon for the years ended 31 December 2022 and 2023 exceeded RMB17,000,000 and RMB19,540,000, respectively, no adjustment to the consideration has been made and Yimaihutong has paid the first, second and third installments totalling RMB90,220,000.

On 12 June 2023, Kingyee (Beijing) Co., Ltd. (金葉天成(北京)科技有限公司) (“**Kingyee Beijing**”), an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement pursuant to which Kingyee Beijing acquired 50% equity interest of SCMedcon for a cash consideration of RMB65,000,000.

* For identification purposes only

SCMedcon is principally engaged in the business of organising medical exhibition conferences and exchange meetings for pharmaceutical and medical device companies and institutions serving the medical industry, and provision of related medical training services and medical content services. Utilising the expertise of its employees, SCMedcon is also engaged in the provision of a comprehensive range of management consulting and medical technology services to pharmaceutical and medical devices companies such as the production of medical knowledge materials and medical data management and analysis.

The sellers of the 50% interests in SCMedcon have undertaken to ensure that the accumulated audited net profit of SCMedcon for the four years ending 31 December 2023, 2024, 2025 and 2026 in total shall be no less than RMB58,080,000 (the “**SC Medcon Guaranteed Profit**”). The cash consideration of RMB65,000,000 is payable in five instalments. The first instalment of RMB35,750,000 has been paid. The remaining amount is payable over the next four years after the audited financial results of the Group and SCMedcon for the relevant year have been issued. The consideration may be adjusted downwards if the SCMedcon Guaranteed Profit is not met.

The sellers have also granted an option to Kingyee Beijing so that if less than 55% of the SCMedcon Guaranteed Profit is met, Kingyee Beijing has the right, but not an obligation, to require the sellers to repurchase interests in SCMedcon held by Kingyee Beijing. Further details of this acquisition are set out in the Company’s announcement dated 12 June 2023. The acquisition completed in June 2023.

On 12 October 2023, Kingyee Beijing entered into an equity transfer agreement pursuant to which Kingyee Beijing acquired 60% equity interest of Linberg Consulting for a cash consideration of RMB33,930,000.

Linberg Consulting 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 of the 60% interests in Linberg Consulting have undertaken to ensure that the accumulated audited net profit of Linberg Consulting for the four years ending 31 December 2023, 2024, 2025 and 2026 in total shall be no less than RMB21,720,000 (the “**Linberg Consulting Guaranteed Profit**”). The cash consideration of RMB33,930,000 is payable in five instalments. The first instalment of RMB17,000,000 has been paid. The remaining amount is payable over the next four years after the audited financial results of the Group and Linberg Consulting for the relevant year have been issued. The consideration may be adjusted downwards if the Linberg Consulting Guaranteed Profit is not met.

The sellers have also granted an option to Kingyee Beijing so that if less than 50% of the Linberg Consulting Guaranteed Profit is met, Kingyee Beijing has the right, but not an obligation, to require the sellers to repurchase interests in Linberg Consulting held by Kingyee Beijing. Further details of this acquisition are set out in the Company's announcement dated 12 October 2023. The acquisition completed in October 2023.

The Group will continue to selectively pursue suitable strategic investments and acquisitions that can generate convincing synergies with the Group's existing solutions offerings, expand its customer base and/or enhance its technological capabilities. The Group will utilize proceeds from the Global Offering for the purpose of any such acquisition.

Employees and Staff Costs

As of 31 December 2023, the Group had a total of 742 full time employees, all of whom, except for one employee based in Hong Kong, were located in mainland China. In particular, 186 employees are responsible for the Group's content management, 239 employees for platform operation and customer service, 176 employees for research and development, 63 employees for general and administration and 78 employees for sales and marketing. The total staff cost incurred by the Group for the year ended 31 December 2023 was approximately RMB159.2 million compared to approximately RMB152.8 million for the year ended 31 December 2022. The increase was primarily due to increased headcount in sales personnel and platform development staff.

The Group provides orientation and training to new recruits as well as ongoing in-house training for junior employees, which the Group believes can enhance the skills and productivity of its employees. The Group compensates employees with base salaries and performance-based bonuses. The Company has also adopted a pre-IPO share option scheme, a post-IPO share option scheme and a share award scheme to incentivize employees and senior management and to align their interests with that of the Company.

Further details of the principal terms of the abovementioned share incentive schemes are set out in the 2023 annual report of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2023

	<i>Notes</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
REVENUE	4	412,004	314,054
Cost of sales		<u>(160,669)</u>	<u>(101,313)</u>
Gross profit		251,335	212,741
Other income and gains	4	188,483	75,739
Selling and distribution expenses		(32,778)	(28,899)
Administrative expenses		(144,481)	(122,443)
Other expenses		(9,071)	(1,582)
Finance costs		(361)	(531)
Share of profit of an associate		<u>5</u>	<u>12</u>
PROFIT BEFORE TAX		253,132	135,037
Income tax expense	6	<u>(1,372)</u>	<u>(8,616)</u>
PROFIT FOR THE YEAR		<u>251,760</u>	<u>126,421</u>
Attributable to:			
Owners of the parent		242,301	117,321
Non-controlling interests		<u>9,459</u>	<u>9,100</u>
		<u>251,760</u>	<u>126,421</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	8	<u>RMB33.56 cents</u>	<u>RMB16.42 cents</u>
Diluted	8	<u>RMB32.99 cents</u>	<u>RMB15.93 cents</u>

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
PROFIT FOR THE YEAR	<u>251,760</u>	<u>126,421</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(6,261)	(23,272)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company's financial statements into presentation currency	<u>69,317</u>	<u>353,159</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>63,056</u>	<u>329,887</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>314,816</u>	<u>456,308</u>
Attributable to:		
Owners of the parent	305,357	447,208
Non-controlling interests	<u>9,459</u>	<u>9,100</u>
	<u>314,816</u>	<u>456,308</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	<i>Notes</i>	2023 RMB'000	2022 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		2,620	3,268
Right-of-use assets		8,455	11,304
Goodwill		192,525	111,518
Other intangible assets		66,736	24,336
Investment in an associate		360	355
Time deposits		42,014	92,438
Deferred tax assets		8,518	8,283
		<hr/>	<hr/>
Total non-current assets		321,228	251,502
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories		99	199
Trade receivables	9	109,871	95,079
Contract assets		46,049	29,132
Prepayments, other receivables and other assets		15,674	10,413
Financial assets at fair value through profit or loss		42,640	29,640
Cash and cash equivalents		4,358,255	4,187,264
		<hr/>	<hr/>
Total current assets		4,572,588	4,351,727
		<hr/>	<hr/>
CURRENT LIABILITIES			
Trade payables	10	14,771	2,709
Other payables and accruals		135,238	85,913
Contingent consideration payables		18,242	13,956
Lease liabilities		4,549	5,136
Tax payable		16,972	25,032
		<hr/>	<hr/>
Total current liabilities		189,772	132,746
		<hr/>	<hr/>
NET CURRENT ASSETS		4,382,816	4,218,981
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,704,044	4,470,483
		<hr/>	<hr/>

	<i>Note</i>	2023 RMB'000	2022 <i>RMB'000</i>
NON-CURRENT LIABILITIES			
Lease liabilities		3,643	6,126
Contingent consideration payables		47,663	27,803
Deferred tax liabilities		7,536	4,640
		<hr/>	<hr/>
Total non-current liabilities		58,842	38,569
		<hr/>	<hr/>
Net assets		4,645,202	4,431,914
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital	<i>11</i>	46	45
Reserves		4,597,323	4,400,978
		<hr/>	<hr/>
		4,597,369	4,401,023
		<hr/>	<hr/>
Non-controlling interests		47,833	30,891
		<hr/>	<hr/>
Total equity		4,645,202	4,431,914
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 8 April 2013. The registered address of the Company is PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. During the year, the Company's subsidiaries were principally engaged in the provision of precision marketing and corporate solutions, medical knowledge solutions, and intelligent patient management solutions.

In the opinion of the directors, the Company does not have an immediate holding company or ultimate holding company. Ms. Tian Liping, Mr. Tian Lixin, Mr. Tian Lijun and Tiantian Co., Limited (as one group) and M3, Inc., which is incorporated in Japan, are the controlling shareholders of the Company, as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and contingent consideration payables which have been measured at fair value. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group 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 (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform — Pillar Two Model Rules</i>

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.
- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Since the Group's policy

aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

- (d) Amendments to HKAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their services and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

(a) *Revenue from external customers*

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Chinese Mainland	402,130	296,886
Overseas	9,874	17,168
Total revenue	<u>412,004</u>	<u>314,054</u>

The revenue information above is based on the locations of the customers.

(b) *Non-current assets*

All non-current assets of the Group are in Chinese Mainland. Accordingly, no geographical information of segment assets is presented.

Information about major customers

No revenue from the Group's sales to a single customer accounted for 10% or more of the Group's revenue during the years ended 31 December 2023 and 2022.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue from contracts with customers	412,004	314,054

Revenue from contracts with customers

(a) *Disaggregated revenue information*

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Types of services		
Precision marketing and corporate solutions	372,687	288,177
Medical knowledge solutions	16,141	12,261
Intelligent patient management solutions	23,176	13,616
Total	412,004	314,054
Geographical markets		
Chinese Mainland	402,130	296,886
Overseas	9,874	17,168
Total	412,004	314,054
Timing of revenue recognition		
Services transferred at a point in time	330,036	253,630
Services transferred over time	81,968	60,424
Total	412,004	314,054

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2023	2022
	RMB'000	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Precision marketing and corporate solutions	9,415	4,994
Intelligent patient management solutions	148	76
Medical knowledge solutions	186	—
	<hr/>	<hr/>
Total	<u>9,749</u>	<u>5,070</u>

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Application software development service

The performance obligation is satisfied over time as services are rendered or at the point in time when services are accepted according to the agreement. Payment is generally due within 120 days from the date of billing, except for certain customers, where payment in advance is required.

Software licensing service

The performance obligation is satisfied over time as services are rendered and payment in advance is normally required.

Patient counselling service

The performance obligation is satisfied over time as services are rendered and payment is generally due within 120 days from the date of billing.

Other services

The performance obligation is satisfied at the point in time when the individual service is rendered and payment is generally due within 120 days from the date of billing.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Amounts expected to be recognised as revenue:		
Within one year	114,951	119,787
After one year	67,345	60,266
	<u> </u>	<u> </u>
Total	<u>182,296</u>	<u>180,053</u>

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to precision marketing solutions and corporate solutions, of which the performance obligations are to be satisfied within three years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

An analysis of other income and gains is as follows:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Other income and gains		
Bank interest income	183,884	66,242
Government grants*	3,680	7,990
Investment income from financial assets at fair value through profit or loss	786	720
Others	133	787
	<u> </u>	<u> </u>
Total other income and gains	<u>188,483</u>	<u>75,739</u>

* The government grants mainly represent incentives awarded by the local governments to support the Group's operations. There were no unfulfilled conditions or contingencies attached to these grants.

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	<i>Notes</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Cost of services provided*		160,481	101,132
Cost of inventories sold		188	181
Depreciation of property, plant and equipment		1,594	1,464
Depreciation of right-of-use assets		5,301	6,095
Amortisation of other intangible assets**		2,476	1,428
Research and development costs		54,255	46,231
Impairment/(reversal of impairment) of trade receivables, net	9	505	(232)
Covid-19-related rent concessions from lessors		—	(768)
Lease payments not included in the measurement of lease liabilities		3,053	2,150
Bank interest income	4	(183,884)	(66,242)
Government grants	4	(3,680)	(7,990)
Foreign exchange differences, net		6,757	288
Investment income from financial assets at fair value through profit or loss	4	(786)	(720)
Fair value adjustment of contingent consideration		2,161	1,201
Loss on disposal of items of property, plant and equipment		4	91
Auditor's remuneration		2,043	2,113
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		126,002	112,488
Pension scheme contributions***		15,128	12,126
Staff welfare expenses		2,228	6,108
Share-based payment expense		5,744	8,748
Total		149,102	139,470

* The employee benefit expense included in "Cost of services provided" in the consolidated statement of profit or loss and other comprehensive income is RMB51,027,000 (2022: RMB44,885,000) during the year.

** The amortisation of other intangible assets is included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.

*** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

6. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in this jurisdiction.

The statutory tax rate for the subsidiary in Hong Kong is 16.5%. No Hong Kong profits tax on the subsidiary has been provided as there was no assessable profit arising in Hong Kong during the year.

The provision for current income tax in Chinese Mainland is based on a statutory tax rate of 25% of the assessable profits of the PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law.

Kingyee (Beijing) Co., Ltd., Yimaihutong, Medcon and Beijing Focus Innovation Technology Co., Ltd. are accredited as High and New Technology Enterprises and were entitled to a preferential income tax rate of 15% (2022: 15%) during the year. Shijiazhuang Maili Technology Co., Ltd. Yinchuan Yimaitong Internet Hospital Co., Ltd., Beijing Yimaitong Medicine Co., Ltd., Linberg and Shanghai Yimaitong Huilin Medical Technology Co., Ltd. are accredited as Small and Micro Enterprises and were entitled to a preferential tax rate of 5% (2022: 2.5%) during the year.

The income tax expense of the Group during the year is analysed as follows:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Current — Chinese Mainland		
Charge for the year	1,983	8,938
Underprovision in prior years	2	809
Deferred tax	(613)	(1,131)
Total tax charge for the year	<u>1,372</u>	<u>8,616</u>

A reconciliation of the tax expense applicable to profit before tax at the statutory rate in Chinese Mainland to the tax expense at the effective tax rate is as follows:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before tax	<u>253,132</u>	<u>135,037</u>
Tax at the statutory tax rate of 25% in Chinese Mainland	63,284	33,760
Preferential tax rates enacted by local authority	(8,620)	(5,888)
Effect of tax rate differences in other jurisdictions	(41,786)	(16,950)
Income not subject to tax	(1,574)	(1,409)
Additional deductible allowance for research and development expenses	(6,432)	(5,351)
Expenses not deductible for tax	58	3,389
Additional deductible allowance for share options exercised	(6,338)	(2,998)
Tax losses not recognised	2,953	2,659
Tax losses utilised from previous periods	(175)	(408)
Adjustments in respect of current tax of previous periods	2	809
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	—	1,003
Tax charge at the Group's effective tax rate	<u>1,372</u>	<u>8,616</u>

7. DIVIDENDS

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Interim — RMB10.67 cents (2022: Nil) per ordinary share	78,010	—
Proposed final — RMB12.48 cents (2022: RMB6.54 cents) per ordinary share	<u>90,725</u>	<u>46,928</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 721,911,495 (2022: 714,408,486) in issue during the year. The weighted average number of ordinary shares for the year is adjusted to reflect the ordinary shares issued under the share award scheme adopted by the Company.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculation of the basic and diluted earnings per share is based on:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	<u>242,301</u>	<u>117,321</u>
	Number of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	721,911,495	714,408,486
Effect of dilution — weighted average number of ordinary shares:		
Share options	<u>12,671,548</u>	<u>22,093,282</u>
	<u>734,583,043</u>	<u>736,501,768</u>

9. TRADE RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade receivables	111,190	95,893
Impairment	(1,319)	(814)
	<u>109,871</u>	<u>95,079</u>

The Group's trading terms with its customers are mainly on credit. The credit terms granted generally ranged up to 180 days, depending on the specific payment terms in each contract. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice dates and net of loss allowance, is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 6 months	106,424	94,533
6 to 12 months	2,633	131
1 to 2 years	761	397
2 to 3 years	53	18
	<u>109,871</u>	<u>95,079</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
At beginning of year	814	1,046
Impairment/(reversal of impairment), net	505	(232)
At end of year	<u>1,319</u>	<u>814</u>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing and days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2023

	Trade receivables ageing						Total
	Current	Less than 6 months and past due	6 to 12 months and past due	1 to 2 years and past due	2 to 3 years and past due	Over 3 years and past due	
Expected credit loss rate	—	0.3%	5.9%	40.3%	61.0%	100.0%	1.2%
Gross carrying amount (RMB'000)	91,857	14,606	2,798	1,274	136	519	111,190
Expected credit losses (RMB'000)	—	39	165	513	83	519	1,319

As at 31 December 2022

	Trade receivables ageing						Total
	Current	Less than 6 months and past due	6 to 12 months and past due	1 to 2 years and past due	2 to 3 years and past due	Over 3 years and past due	
Expected credit loss rate	—	0.2%	7.1%	38.7%	81.3%	100.0%	0.8%
Gross carrying amount (RMB'000)	71,646	22,930	141	648	107	421	95,893
Expected credit losses (RMB'000)	—	45	10	251	87	421	814

Note: The Group estimated the expected credit loss rate to be minimal on the current trade receivables.

10. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 3 months	12,722	2,516
3 to 6 months	1,099	82
6 to 12 months	797	89
Over 1 year	153	22
	<u>14,771</u>	<u>2,709</u>

Included in the Group's trade payables are amount due to M3, Inc., a shareholder of the Company, of RMB778,000 as at 31 December 2023 (2022: RMB276,000), which are repayable on demand.

The trade payables are non-interest-bearing and are normally settled within six months.

11. SHARE CAPITAL

Shares

	2023 <i>US\$</i>	2022 <i>US\$</i>
Authorised: 50,000,000,000 ordinary shares of US\$0.00001 each	<u>500,000</u>	<u>500,000</u>
Issued and fully paid: 726,962,500 (2022: 717,348,000) ordinary shares of US\$0.00001 each	<u>7,269</u>	<u>7,173</u>
Equivalent to RMB	<u>46,000</u>	<u>45,000</u>

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At 1 January 2022	713,225,500	44
Issue of shares for share award scheme	4,122,500	1
At 31 December 2022 and 1 January 2023	717,348,000	45
Issue of shares for share award scheme (<i>note</i>)	9,714,500	1
Repurchase (<i>note</i>)	(100,000)	—
At 31 December 2023	<u>726,962,500</u>	<u>46</u>

Note:

In April, May and July 2023, the Company issued 2,441,000, 545,000 and 6,728,500 ordinary shares with par value of US\$0.00001 each, respectively, for the exercise of share options under the Company's pre-IPO share option scheme.

The Company purchased 100,000 of its shares on the Stock Exchange for a total cash consideration of HK\$744,945 (equivalent to approximately RMB683,000), and all 100,000 shares were cancelled during the year ended 31 December 2023 (equivalent to approximately RMB683,000).

12. COMMITMENTS

At the end of the reporting period, the Group did not have any significant commitments.

13. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 March 2024.

OTHER INFORMATION

FINAL DIVIDEND

The Board has resolved to recommend a final dividend of RMB0.1248 (equivalent to HK\$0.1375 based on the rate of HK\$1.10142 to RMB1.00, being the official exchange rate of HK dollars against Renminbi as quoted by the People's Bank of China on 22 March 2024) per Share. Subject to the passing of the relevant resolution at the annual general meeting, the final dividend will be paid in Hong Kong dollars at HK\$0.1375 per Share. The final dividend will be paid on or around 24 June 2024 to shareholders whose names appear on the register of members of the Company on 3 June 2024.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from 21 May 2024 to 24 May 2024 (both days inclusive) in order to determine the identity of the shareholders who are entitled to attend the annual general meeting, during which period no share transfers will be registered. To be eligible to attend the annual general meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Tricor Investor Services Limited, at 17/F Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on 20 May 2024.

Subject to the passing of the relevant resolution at the annual general meeting, which is proposed to be held on 24 May 2024, the register of members of the Company will be closed from 30 May 2024 to 3 June 2024 (both days inclusive), for the purpose of determining shareholders' entitlements to the final dividend. In order to qualify for the final dividend, all transfer documents, accompanied by relevant share certificates, must be lodged for registration with the Company's Hong Kong share registrar, Tricor Investor Services Limited, at 17/F Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on 29 May 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Year, the Company repurchased a total of 100,000 Shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) for an aggregate consideration of HK\$744,945 before expenses. The repurchased Shares were subsequently cancelled. The repurchase was effected for the enhancement of shareholder value in the long term. Details of the Shares repurchased are as follows:

Month of repurchase in the Reporting Year	No. of Shares repurchased	Repurchase consideration per Share		Aggregate Consideration paid HK\$
		Highest price paid HK\$	Lowest price paid HK\$	
October	100,000	7.48	7.41	744,945

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the Reporting Year.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Shares were listed on the Stock Exchange on 15 July 2021. The net proceeds from the Company’s global offering (including the exercise of the over-allotment option) was approximately HK\$4,677 million (the “**IPO Proceeds**”), which were to be utilized for the purposes as set out in the prospectus of the Company dated 30 June 2021 (the “**Prospectus**”). On 12 June 2023, the Company announced re-allocation of the use of the IPO Proceeds, the extension of timing of the use of the IPO Proceeds and the possible utilization of idle IPO Proceeds to subscribe for or purchase wealth management products (the “**Announcement**”). For further details and reasons for such changes, please refer to the Announcement. The following table shows a summary of the allocation of the intended use of the IPO Proceeds as adjusted and set out in the Announcement, and the utilization as at 31 December 2023:

Intended use of IPO proceeds	Allocation of intended use of IPO Proceeds (as adjusted) (HK\$ millions)	Utilization as at 31 December 2023 (HK\$ millions)	Remaining balance as at 31 December 2023 (HK\$ millions)	Expected time of use
A. Business Expansion				
(1) enhance medical knowledge solutions of the Company and enrich medical knowledge information and tools on the platform of the Company	280.7	36.2	244.5	before December 2027
(2) improve patient care offerings	187.1	33.7	153.4	before December 2027
(3) strengthen intelligent clinical research solutions	140.3	36.8	103.5	before December 2027
(4) strengthen the relationships with the existing customers of the Company and develop and attract additional customers in pharmaceutical, biotechnology and medical device industries	187.1	43.3	143.8	before December 2027
(5) enhance user growth and engagement through targeted sales and marketing activities	140.3	29.2	111.1	before December 2027

Intended use of IPO proceeds	Allocation of intended use of IPO Proceeds (as adjusted) <i>(HK\$ millions)</i>	Utilization as at 31 December 2023 <i>(HK\$ millions)</i>	Remaining balance as at 31 December 2023 <i>(HK\$ millions)</i>	Expected time of use
B. Investment in technology and enhancement of research and development capabilities				
(1) recruit talent and collaborate with experts	467.7	83.6	384.1	before December 2027
(2) develop and expand the application scenarios of technology of the Company, particularly, machine learning, natural language processing, knowledge graph and user understanding	374.2	56.7	317.5	before December 2027
(3) build up the data center of the Company and strengthen the computing power and storage capabilities of the IT infrastructure of the Company	93.6	19.1	74.5	before December 2027
C. Pursue strategic investments or acquisitions opportunities	2,338.6	195.8	2,142.8	N/A
D. General replenishment of the working capital of the Company and for other general corporate purposes	467.7	106.0	361.7	N/A
Total	<u>4,677.3</u>	<u>640.4</u>	<u>4,036.9</u>	

As at 31 December 2023, unutilised IPO Proceeds were deposited with licensed financial institutions and no IPO Proceeds have been used for the subscription or purchase of wealth management products.

EVENTS AFTER THE REPORTING YEAR

There was no important event affecting the Group which occurred after the end of the Reporting Year up to the date of this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the Reporting Year, the Company has complied with the applicable code provisions as set forth in Part 2 of the Corporate Governance Code contained in Appendix C1 (the “**Corporate Governance Code**”) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), except for a deviation from code provision C.2.1 which requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Ms. Tian Liping (“**Ms. Tian**”) is the chairwoman and chief executive officer of the Company. With extensive experience in the medical information technology industry, Ms. Tian is responsible for formulating and implementing the overall development strategies and business plans of the Group and oversees the overall development and operations of the Group. Ms. Tian founded the Group in 1996 and is instrumental to the Company’s growth and business expansion since its establishment. The Board considers that vesting the roles of chairwoman and chief executive officer in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high-calibre individuals. The Board currently comprises four executive directors (including Ms. Tian), two non-executive directors and three independent non-executive directors and therefore, in the Company’s view, has an appropriate level of independence element in its composition.

The Board will continue to review and monitor the practices of the Company for the purpose of complying with the Corporate Governance Code and maintaining a high standard of corporate governance practices of the Company.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its code of conduct regarding directors’ securities transactions. All directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code during the Reporting Year.

SCOPE OF WORK FOR ANNUAL RESULTS ANNOUNCEMENT BY AUDITOR

The financial information set out in this announcement does not constitute the Group’s audited accounts for the year ended 31 December 2023, but represents an extract from the consolidated financial statements for the year ended 31 December 2023 which have been audited by the auditor of the Company, Ernst & Young, in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the Rule 3.21 of the Listing Rules and the Corporate Governance Code. As of the date of this announcement, the Audit Committee comprises three independent non-executive directors of the Company, namely, Ms. Wang Shan, Mr. Richard Yeh and Dr. Ma Jun. Ms. Wang Shan is the chairwoman of the Audit Committee.

The Audit Committee has reviewed the Annual Results, and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made.

CHANGE IN DIRECTORS' BIOGRAPHICAL DETAILS UNDER RULE 13.51B(1) OF THE LISTING RULES

Mr. Richard Yeh, an independent non-executive director of the Company, has resigned from all positions at I-Mab Biopharma (Shanghai) Co., Ltd. (NASDAQ:IMAB) in February 2024.

Ms. Wang Shan, an independent non-executive director of the Company, retired in September 2023 and no longer served at Hitachi Solutions (China) Co., Ltd. (日立解決方案(中國)有限公司).

Save as disclosed above, there has been no change in the directors' biographical details which are required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and that of the Company (<http://ir.medlive.cn>). The annual report of the Company for the year ended 31 December 2023 will be despatched to the shareholders of the Company and will be available on the website of the Stock Exchange and that of the Company in due course.

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

Hong Kong, 25 March 2024

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.