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MedSci Healthcare Holdings Limited
梅 斯 健 康 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2415)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

The Board of MedSci Healthcare Holdings Limited announces the audited consolidated annual results of the Company and its subsidiaries for the year ended 31 December 2023, together with the comparative figures for the year ended 31 December 2022.

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		Year-on-year movement*
	2023	2022	
	(RMB'000)		%
Revenue	**349,194**	348,950	0.1
Cost of sales	**132,587**	142,629	–7.0
Gross profit	**216,607**	206,321	5.0
Profit/(Loss) for the period	**55,042**	–99,881	NA
Profit/(Loss) attributable to owners of the parent	**55,042**	–99,881	NA
Non-IFRS adjusted net profit**	**55,507**	45,553	21.9

* Year-on-year movement% represents a comparison between the Reporting Period and the Corresponding Period.

** Non-IFRS adjusted net profit was derived from the unaudited profit for the year adjusted by excluding the relevant listing expenses and fair value gains/losses on convertible redeemable preferred shares.

Revenue by solution category

	For the year ended 31 December				Year-on-year movement*
	2023		2022		
	(RMB'000, except percentages)				
		%		%	%
Revenue					
Precision omni-channel marketing solutions	**173,764**	**49.8**	198,508	56.9	–12.5
Physician platform solutions	**120,045**	**34.4**	89,136	25.5	34.7
RWS solutions	**55,385**	**15.9**	61,306	17.6	–9.7
Total	**349,194**	**100**	348,950	100	0.1

* Year-on-year movement% represents a comparison between the Reporting Period and the Corresponding Period.

Revenue increased by approximately RMB0.2 million, or approximately 0.1%, from approximately RMB349.0 million for the year ended 31 December 2022 to approximately RMB349.2 million for the year ended 31 December 2023.

Profit attributable to owners of the parent arising from continuing operations for the year ended 31 December 2023 was approximately RMB55.0 million, representing an increase of approximately RMB154.9 million or 155.1% as compared to the year ended 31 December 2022.

The basic and diluted earnings per share for 2023 amounted to approximately RMB0.11 and RMB0.08 respectively.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: nil).

BUSINESS OVERVIEW

The Group operates online professional physician platforms in China. As at 31 December 2023, our platform had approximately 3.1 million registered physician users and our average MAU reached approximately 2.9 million in 2023. Our *MedSci* platform also features a high percentage of experienced physician users with the title of associate-chief physician (副主任醫師) and above. The total number of registered physician users on our *MedSci* platform who had the title of associate-chief physician and above represented 72% of the total number of physicians in China who had obtained the title of associate-chief physician and above, based on the latest published information from the NHC. Our *MedSci* platform is accessible through multiple channels such as website, mobile application, WeChat mini-program and WeChat public account. The platform proactively engages physicians through means such as email, phone calls, WeChat, and WeChat groups. Contents available on our platform are principally and independently published by *MedSci*. Furthermore, third parties, including pharmaceutical and medical device companies, industry associations, and individual self-media, are provided with ancillary support for their release of information.

At the same time, the government will continue with the anti-corruption campaign in the pharmaceutical sector, which will curb traditional pharmaceutical marketing models implemented by traditional pharmaceutical enterprises and facilitate their shift towards the digital marketing model. The key of digital marketing lies in three factors, including the activity level of a platform for physicians, medical academic competence, and digitalisation technology. By persisting in the development model driven by both medicine and digitalisation, *MedSci* continues to strengthen its medical academic competence, and achieve a balanced development of the above three capabilities in the omni-channel academic marketing, so that we will secure a more advantageous position.

MedSci operates as a platform focusing on the individual growth of physicians. It is exactly this element that has been actively attracting a large number of physicians for registration and their ongoing attention, resulting in a high level of user activities, which is also perceived as the cornerstone of commercialisation. However, due to a fairly short history of commercialisation, our *MedSci* platform's reputation among a large number of pharmaceutical and medical device enterprises remains limited. As the industry transitions its marketing models to digital marketing, with pharmaceutical and medical device enterprises deepening their understanding of our *MedSci* platform, a solid foundation will be laid for the sustained exploration of its commercial potential in the future.

The Group maintains a comparatively balanced development in precision omni-channel marketing, physician platforms, and real-world clinical study (RWS) businesses. By rendering support to precision omni-channel marketing and RWS business, our platform effectively safeguards the foundation and sustainability of our business operations. The Group's precision omni-channel marketing largely differs from the majority of digital marketing companies in the following ways: (i) the Group's precision omni-channel marketing mainly features the integration of academic marketing and digital marketing, which persists in the dual drive of medicine and digitalisation to promote the transformation of the pharmaceutical marketing model from traditional marketing models to digital and academic approaches, as pure digital marketing easily leads to the phenomenon where bad money drives out good money. As affected by policies including volume-based procurement and current anti-corruption campaigns in the healthcare industry, pharmaceutical and medical device enterprises have witnessed significant reduction in both revenue and profit, and therefore are actively seeking digital and academic marketing models, as well as marketing solutions to improve efficiency at lower costs, comply with regulations, and implement precise, value-based medicine, which aims to align with the current strict anti-corruption policies and identify alternatives to traditional marketing models; (ii) the Group's precision omni-channel marketing does not contradict digital marketing or on-ground marketing. It flexibly adopts multimodal marketing approaches according to different stages of product lifecycles. For example, in the early stages of launching innovative drug products, the Group closely integrates digital academic marketing with the ground sales teams of our clients to achieve the omni-channel coverage for greater marketing effectiveness; and (iii) value-based healthcare orientation. By persisting in the development model driven by both medicine and digitalisation, the Group explores the academic highlights of pharmaceutical and medical device products, which are used to identify the clinical application differences among different products. This allows the products to accurately match suitable patients, which is conducive to promoting rational use of drugs in clinical settings and facilitating the clinical recognition of the therapeutic value of the products, and ultimately benefits patients, as well as pharmaceutical and medical device enterprises.

In response to the requirements of pharmaceutical and medical device enterprises for precision omni-channel marketing and RWS, the Group has developed targeted digital academic marketing products based on the features of therapeutic fields and product lifecycles: (i) as sales of these prescription drug products manifest their seasonality and unpredictability, traditional marketing models find themselves in a difficult position to adapt to rapid seasonal changes, whereas digital marketing is characterised by speed and a wide coverage, quickly making products known to physicians for prescription; (ii) as for rare disease products, due to the specificity of rare diseases, pharmaceutical sales representatives find it challenging to pursue the traditional offline marketing strategy. In contrast, online marketing demonstrates the advantages of speed and low cost, while online education also makes it easier for more physicians to participate in screening, diagnosis, and treatment processes. The Group has created the iDocEco ecosystem and iPatflow digital patient classification product for these types of products, facilitating their faster identification of potential patients and subsequent diagnosis and treatment; (iii) as for targeted therapeutic drugs for segmented targets, unlike major targets, segmented targets cover a limited number of patients with more dispersed distribution. Through online marketing, it is easier to screen and gather more target patients, thus allowing companies to achieve more efficient marketing outcomes. This type of marketing adopts digital academic marketing products, such as iDocEco ecosystem and iPatflow, for products similar to rare diseases; and (iv) as for innovative prescription drugs related to chronic diseases, with the product life cycles shortening, pharmaceutical and medical device enterprises implementing traditional marketing models find it challenging to promptly deliver their products to a broad market. The digital marketing model makes it easier to cover a vast market and serve as an important supplement to traditional marketing techniques. The Company has developed a three-tier promotion digital product, which facilitate the marketing of such products. Through digital marketing, it rapidly enhances the public awareness and sales of such products, such as those related to weight reduction and diabetes. Currently, these solutions have achieved significant marketing outcomes for multiple rare disease products and innovative drugs for certain specific therapeutic areas, providing timely diagnosis and treatment for many patients suffering from rare diseases.

In 2023, 390 pharmaceutical and medical device enterprises utilised our Group's precision omni-channel marketing and RWS services, including 484 medical device-related products. With favourable policies surrounding innovative pharmaceuticals and medical devices, it will contribute to the sustainable development of the Group's future business.

As regards research and development, for the large language model (LLM), we conducted internal testing of our exclusive artificial intelligence (AI) program called MSchat in https://mschat.medsci.cn in 2023. AI is currently applied in two major aspects. On one hand, AI is fully promoted throughout the Group for internal daily work to improve work efficiency and quality. As the application of AI deepens, the Group will further enhance its work efficiency, increasing the human efficiency ratio and securing an advantageous position among the fierce competition. On the other hand, AI is embedded in products available to clients, improving the product experience and intelligence, which also enhances product competitiveness. Indeed, AI currently witnesses rapid development, with many open-source products available. The Group mainly focuses on the application of AI in specific products to improve product experience, as well as application efficiency and quality. Meanwhile, the Group has actively deployed various AI applications across different business segments. Currently, AI technology has been fully implemented in a variety of departments including research and development, as well as medical department, to enhance efficiency and quality. The physician platform business, as the cornerstone of the Group's development, primarily caters to the ongoing medical education and clinical research requirements of healthcare professionals. By providing our website and mobile application services, we offer comprehensive support to physicians in clinical practice and research, including access to cutting-edge information, research skill development, and research tool support. This business segment maintains a steady growth trajectory, which will further strengthen our leading position in this field.

The Group's revenue increased by approximately 0.1% from approximately RMB349.0 million for the year ended 31 December 2022 to approximately RMB349.2 million for the year ended 31 December 2023. Our gross profit amounted to approximately RMB216.6 million for the year ended 31 December 2023, representing an increase of approximately 5.0% as compared to approximately RMB206.3 million for the year ended 31 December 2022. The gross profit margin for the year ended 31 December 2023 continued to maintain a high level at 62.0%. The net profit for the year ended 31 December 2023 was approximately RMB55.0 million as compared to net loss of approximately RMB99.9 million for the year ended 31 December 2022. The adjusted net profit for the year ended 31 December 2023 was approximately RMB55.5 million, representing an increase of approximately 21.9% as compared to approximately RMB45.6 million for the year ended 31 December 2022. The Group's net profit margin (calculation of which is based on the profit for the year) grew from approximately −28.6% for the year ended 31 December 2022 to approximately 15.8% for the year ended 31 December 2023. The adjusted net profit margin for the year ended 31 December 2023 was approximately 15.9%, representing an increase of 2.8 percentage points as compared to approximately 13.1% for the year ended 31 December 2022.

OUTLOOK

Although the pharmaceutical sector faces numerous challenges amid the ongoing adjustments of the overall economic conditions, our *MedSci* platform as the physician platform remains confident about the future. In 2024, the Group will consolidate its position as China's leading physician platform through the following strategies:

(i) We continue to build multiple targeted precision omni-channel marketing products based on the features of the therapeutic field and product lifecycle. In the earlier stages, the Group mainly focuses its service products on innovative drugs and medical devices, particularly innovative medications.

In the context of the comprehensive rollout of centralised procurement and the intensified anti-corruption efforts in the pharmaceutical sector, the Group persists in the value-based medical concept and upholds the development model driven by both medical academia and digitalisation. This aligns well with policy developments and the demand for digital academic marketing transformation from customers. Due to the accumulation of a large customer base, industry experience, and best practices in previous years, our *MedSci* platform will be in a favourable position to benefit from the industry's digital and academic marketing transformation.

(ii) Mature pharmaceutical and medical device products continue to hold a dominant position in the overall market share. Historically, the Company's omni-channel marketing of mature products was comparatively limited. In 2024, the Company plans to explore digital marketing for mature products in specific fields with reference to the success of the "three-tier promotion" products in the chronic disease sector, and it is expected to generate additional revenue in 2024.

(iii) The LLM AI application in the healthcare and pharmaceutical sectors has gained widespread usage due to the rapid development of AI technology. The Group actively embraces AI and expects to enhance service quality and efficiency to reduce relative costs as AI applications deepen. Furthermore, in 2024, specific applications based on MSchat, which are targeted at pharmaceutical and medical device enterprises, will be launched.

(iv) Specialisation and segmentation of the physician platform. The Group's physician platform is comprehensive, allowing doctors across different disciplines to exchange knowledge and enabling specialist practitioners to learn interdisciplinary knowledge. In recognition of the value of vertical medical platforms, however, the Group will develop a specialist platform for vertical fields to further refine the platform's value and user experience, laying the foundation for future commercialisation.

(v) In 2024, the Group will pursue a dual-track strategy of internal expansion and external acquisitions. Based on the current needs of the healthcare and pharmaceutical industries, the Group actively explores new business directions to identify the second growth curve for the business. Internal expansion primarily involves the continuity of developing innovative products and extending services to explore new business growth engines. External acquisitions are focused on identifying suitable acquisition targets to supplement the breadth and depth of the business.

FINANCIAL STATEMENTS AND PRINCIPAL NOTES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
REVENUE	4	**349,194**	348,950
Cost of sales		**(132,587)**	(142,629)
GROSS PROFIT		**216,607**	206,321
Other income and gains	4	**35,310**	13,792
Selling and distribution expenses		**(90,492)**	(94,901)
Administrative expenses		**(56,404)**	(73,392)
Research and development expenses		**(39,855)**	(35,013)
Impairment losses on financial and contract assets		**(13,616)**	(2,534)
Fair value gains/(losses) on convertible redeemable preferred shares		**12,785**	(109,350)
Other expenses		**(3,609)**	(858)
Finance costs		**(276)**	(357)
PROFIT/(LOSS) BEFORE TAX	5	**60,450**	(96,292)
Income tax expenses	6	**(5,408)**	(3,589)
PROFIT/(LOSS) FOR THE YEAR		**55,042**	(99,881)
Attributable to owners of the parent		**55,042**	(99,881)

	2023	2022
	RMB'000	*RMB'000*
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Translation difference of the Company's financial statements into presentation currency	**30,394**	18,280
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the foreign operations	**143**	185
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**30,537**	18,465
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**85,579**	(81,416)
Attributable to owners of the parent	**85,579**	(81,416)
EARNINGS/LOSSES PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		
Basic	**0.11**	(0.21)
Diluted	**0.08**	(0.21)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at 31 December 2023

	Notes	**31 December 2023** **RMB'000**	31 December 2022 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**16,403**	17,363
Right-of-use assets		**5,362**	10,229
Intangible assets		**2,683**	1,567
Long term accounts receivable		**801**	1,196
Deferred tax assets		**3,342**	1,306
Total non-current assets		**28,591**	31,661
CURRENT ASSETS			
Trade receivables	*9*	**34,765**	37,720
Contract assets		**88,637**	64,927
Due from a related party		**—**	250
Prepayments, deposits and other receivables		**8,722**	12,691
Financial assets at fair value through profit or loss		**501,892**	—
Time deposits		**451,074**	278,584
Cash and bank balances		**181,920**	320,682
Total current assets		**1,267,010**	714,854
CURRENT LIABILITIES			
Trade payables	*10*	**2,052**	1,967
Other payables and accruals		**162,137**	154,148
Lease liabilities		**3,992**	5,526
Tax payables		**6,397**	2,163
Total current liabilities		**174,578**	163,804
NET CURRENT ASSETS		**1,092,432**	551,050

	Note	31 December 2023 RMB'000	31 December 2022 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,121,023**	582,711
NON-CURRENT LIABILITIES			
Convertible redeemable preferred shares		**—**	720,907
Lease liabilities		**644**	4,068
Total non-current liabilities		**644**	724,975
NET ASSETS/(LIABILITIES)		**1,120,379**	(142,264)
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*11*	**420**	5
Treasury shares		**(42,037)**	—*
Convertible preferred shares		**—**	53,417
Reserves		**1,161,996**	(195,686)
TOTAL EQUITY/(DEFICIENCY IN ASSETS)		**1,120,379**	(142,264)

* Amount less than RMB1,000.

PRINCIPAL NOTES TO CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

MedSci Healthcare Holdings Limited (the "**Company**") is incorporated in Cayman Islands on 22 June 2021 as an exempted company with limited liability under the laws of the Cayman Islands. The registered office address of the Company is 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands.

The Company is an investment holding company. During the year ended 31 December 2023, the principal activities of the Company and its subsidiaries (collectively referred to as the "**Group**") are provision of physician platform solutions, precision omni-channel marketing solutions, and real-world study solutions (collectively the "**Listing Business**") in the People's Republic of China (the "**PRC**").

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 27 April 2023 (the "**Listing Date**").

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") promulgated by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments and wealth management products 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, directly or indirectly, 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:

1) the contractual arrangement with the other vote holders of the investee;

2) rights arising from other contractual arrangements; and

3) 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 Group 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 (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) 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 IFRSs for the first time for the current year's financial statements.

IFRS 17	*Insurance Contracts*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform — Pillar Two Model Rules*

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

(a) Amendments to IAS 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 IFRS 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 note 2 to 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 IAS 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 IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in IAS 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. The Group has not applied the initial recognition exception and recognised deferred tax assets and deferred tax liabilities respectively for all transactions fallen within the scope of the amendments in prior years, the amendments had no impact on the Group's financial statements.

(d) Amendments to IAS 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

The Group is principally engaged in the provision of physician platform solutions, precision omni-channel marketing solutions and real-world study solutions in the Chinese Mainland

IFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. The information reported to the directors of the Company, who are the chief operating decision-makers, for the purpose of the resource allocation and assessment of performance does not contain discrete operating segment financial information and directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information

During the year, the Group operated within one geographical segment because all of its revenue was generated in the Chinese Mainland and the majority of its long-term assets/capital expenditures were located/incurred in the Chinese Mainland. Accordingly, no further geographical segment information is presented.

Information about major customers

The revenue from sales to a group of customers under common control accounted for 10% or more of the Group's revenue during each of the reporting period is set out below:

	2023	2022
	RMB'000	*RMB'000*
Customer group A	**NA***	39,010

* No revenue from sales to a single customer account for 10% or more of the Group's revenue.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue		
Revenue from contracts with customers	**349,194**	348,950

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2023

	Physician platform solutions *RMB'000*	**Precision omni-channel marketing solutions** *RMB'000*	**Real-world study solutions** *RMB'000*	**Total** *RMB'000*
Types of goods or services				
Provision of services	**120,045**	**173,764**	**55,385**	**349,194**
Geographical markets				
Chinese Mainland	**120,045**	**173,764**	**55,385**	**349,194**
Timing of revenue recognition				
Over time	**120,045**	**173,764**	**55,385**	**349,194**
Total revenue from contracts with customers	**120,045**	**173,764**	**55,385**	**349,194**

For the year ended 31 December 2022

	Physician platform solutions *RMB'000*	Precision omni-channel marketing solutions *RMB'000*	Real-world study solutions *RMB'000*	Total *RMB'000*
Types of goods or services				
Provision of services	89,136	198,508	61,306	348,950
Geographical markets				
Chinese Mainland	89,136	198,508	61,306	348,950
Timing of revenue recognition				
Over time	89,136	198,508	61,306	348,950
Total revenue from contracts with customers	89,136	198,508	61,306	348,950

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 each of the reporting period:

	2023	2022
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of year	**107,234**	124,341

(b) Performance obligations

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

Physician platform solutions

The performance obligation is satisfied over time as services are rendered and payment in advance is normally required. The Group has elected the practical expedient for not disclosing the remaining performance obligations for these types of contracts.

Precision omni-channel marketing solutions and real-world study solutions

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 to 180 days from the date of billing. The Group has elected the practical expedient for not disclosing the remaining performance obligations for these types of contracts.

Others

The performance obligation is satisfied upon delivery of goods and payment is generally due on receipt of goods. There was no unsatisfied performance obligation at the end of the reporting period.

	2023	2022
	RMB'000	*RMB'000*
Other income		
Bank interest income	**15,371**	10,379
Tax linked incentives by local authorities	**3,569**	1,918
Government grants*	**8,954**	600
Value-added tax additional deduction	**374**	744
Others	**68**	151
	28,336	13,792
Gains		
Fair value gain of financial assets at fair value through profit or loss	**6,974**	—
	35,310	13,792

* Various government grants have been received for operation within Shanghai, Chinese Mainland, to reward business performance and support operational development of enterprises in that area. There are no unfulfilled conditions or contingencies relating to these grants.

5. PROFIT/(LOSS) BEFORE TAX

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

	Notes	2023 RMB'000	2022 RMB'000
Cost of services provided**		**76,596**	90,770
Depreciation of property, plant and equipment		**1,141**	1,145
Depreciation of right-of-use assets		**6,555**	7,155
Amortisation of intangible assets		**654**	78
Research and development expenses*		**39,855**	35,013
Impairment/(reversal of Impairment) of financial assets, net:			
—Trade receivables		**(35)**	160
—Contract assets		**13,632**	2,379
—Other receivables		**19**	(5)
Lease payment not included in the measurement of lease liabilities		**72**	80
Bank interest income	*4*	**(15,371)**	(10,379)
Tax incentives	*4*	**(3,943)**	(2,662)
Fair value (gains)/losses on convertible redeemable preferred shares		**(12,785)**	109,350
Fair value gain on financial assets at fair value through profit or loss	*4*	**(6,974)**	—
Loss on deregistration of a subsidiary		**—**	71
Listing fee		**13,250**	36,084
Auditor remuneration		**2,680**	—
Employee benefit expenses (including directors' and chief executive's remuneration *(note 8)*			
Salaries, bonus and other allowances		**139,718**	136,042
Pension scheme contributions and social welfare		**35,587**	34,651
Equity-settled share-based payments		**5,370**	6,267
		180,675	176,960

* The amounts disclosed for research and development expenses included direct employee costs and overhead costs (e.g., depreciation of the related equipment).

** Cost of services provided represents "Cost of sales" in the consolidated statement of profit or loss excluding employee benefit expense, depreciation of property, plant and equipment, depreciation of right-of-use assets and amortisation of intangible assets.

6. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Company and the Group's subsidiary incorporated in the British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong and the United States were not liable for income tax as the subsidiary in Hong Kong did not have any assessable profits arising in Hong Kong and the subsidiary in the United States has tax losses during the year ended 31 December 2023.

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, except for Shanghai MedSci, a subsidiary of the Group. Shanghai MedSci was accredited as a high and new technology enterprise ("**HNTE**") and reapplied the certification in 2023, as the certification was valid for three years. For the year ended 31 December 2023, Shanghai MedSci was entitled to a preferential PRC Corporate Income tax rate of 15%.

Corporate income tax of the Group has been provided at the applicable tax rates on the estimated taxable profits arising in Chinese Mainland during the year ended 31 December 2023. The major components of income tax expense of the Group are as follows:

	2023	2022
	RMB'000	*RMB'000*
Current — Chinese Mainland:		
Charge for the year	**7,444**	3,696
Deferred tax	**(2,036)**	(107)
Total tax charge for the year	**5,408**	3,589

A reconciliation of tax expense applicable to profit/(loss) before tax at the statutory rate for the jurisdictions in which the majority of the Company's subsidiaries are domiciled to the income tax expense at the effective tax rate for each of the reporting periods is as follows:

	2023	2022
	RMB'000	*RMB'000*
Profit/(loss) before tax	**60,450**	(96,292)
Tax at the statutory tax rate of 25% in Chinese Mainland	**15,113**	(24,073)
Preferential tax rates enacted by local authority	**(3,918)**	(2,804)
Fair value losses on convertible redeemable preferred shares not deductible for tax	**(3,196)**	27,337
Additional deductible allowance for qualified research and development expenses	**(4,164)**	(2,407)
Expenses not deductible for tax	**926**	5,659
Income not subject to tax	**—**	(232)
Tax losses not recognised	**647**	109
Tax charge at the Group's effective tax rate	**5,408**	3,589

7. DIVIDENDS

The directors do not recommend any interim or final dividend in respective of the period/year.

8. EARNINGS/(LOSSES) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amounts are based on the profit/loss attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 518,070,865 (after adjusted for the effect of the Capitalisation Issue (note 11)) in issue during the year ended 31 December 2023 (2022: 472,599,172). The share subdivision was treated as having been in issue for the whole year and also included in the loss per share calculation of the comparative period presented so as to give a comparable result.

For the year ended 31 December 2023, 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 ended 31 December 2023, as used in the basic earnings/loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued on the conversion of convertible redeemable preferred shares into ordinary shares.

No adjustment has been made to the basic loss per share amounts presented for the year ended 31 December 2022 in respect of a dilution as the impact of the convertible redeemable preferred shares and the awarded interests/shares of the Company's/Shanghai MedSci's share incentive plan had an antidilutive effect on the basic earnings/loss per share amounts presented.

The calculations of basic and diluted earnings/(loss) per share are based on:

	2023	2022
	RMB'000	*RMB'000*
EARNINGS/(LOSS)		
Earnings/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings/(loss) per share calculation	**55,042**	(99,881)
Less: Fair value gains on convertible redeemable preferred shares	**12,785**	—
Earnings/(loss) attributable to ordinary equity holders of the parent, used in the diluted earnings/(loss) per share calculation	**42,257**	(99,881)

	Number of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation	**518,070,865**	472,599,369
Effect of dilution — weighted average number of ordinary shares:		
Convertible redeemable preferred shares	**563,142**	—
Total	**518,634,007**	472,599,369

9. TRADE RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade Receivables	**35,946**	38,936
Impairment	**(1,181)**	(1,216)
Net carrying amount	**34,765**	37,720

Trade receivable mainly arise from real-world study solutions and precision omni-channel marketing solutions.

The Group's trading terms with its customers are generally on credit, details of which are included in note 5. The credit terms granted 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 date and net of loss allowance, is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 6 months	**29,718**	32,027
Over 6 months and within 1 year	**4,114**	4,778
1 to 2 years	**887**	881
2 to 3 years	**46**	34
	34,765	37,720

10. TRADE PAYABLES

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

	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**2,052**	1,967

The trade payables are non-interest-bearing and are normally settled on terms of three months.

11. SHARE CAPITAL AND TREASURY SHARES

	At 31 December 2023		At 31 December 2022	
	Number of shares	**Amount**	Number of shares	Amount
		RMB'000		*RMB'000*
Authorised:				
Ordinary shares of USD0.0001 each	**15,000,000,000**	**10,361**	388,000,000	248
Issued:				
Ordinary shares of USD0.0001 each	**607,170,950**	**420**	7,988,403	5
Treasury shares held	**(71,330,450)**	**(42,037)**	(1,321,309)	—

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

	Number of ordinary shares	**Amount**	Number of treasury shares	Amount
		RMB'000		*RMB'000*
At 1 January 2022	8,060,216	5	(1,321,309)	—*
Conversion into convertible redeemable preferred shares	(71,813)	—*	—	—
At 31 December 2022 and 1 January 2023	7,988,403	5	(1,321,309)	—*
Conversion of convertible preferred shares to ordinary shares (a)	1,077,315	1	—	—
Conversion of convertible redeemable preferred shares (b)	1,741,921	1	—	—
Capitalisation Issue (c)	529,574,311	367	(64,744,141)	(30)
Issue of shares from IPO (d)	66,789,000	46	—	—
Shares repurchased (e)	—	—	(5,265,000)	(42,007)
At 31 December 2023	607,170,950	420	(71,330,450)	(42,037)

(a) All convertible preferred shares were automatically converted into ordinary shares on a one for one basis upon the successful IPO of the Company on 27 April 2023. As a result, the equity instruments for convertible preferred shares were derecognised and recorded as share capital and share premium.

(b) All convertible redeemable preferred shares were automatically converted into ordinary shares on a one for one basis upon the successful IPO of the Company on 27 April 2023. As a result, the financial liabilities of convertible redeemable preferred shares were derecognised and recorded as share capital and share premium.

(c) Pursuant to the written resolution of the shareholders of the Company passed on 28 March 2023, and subject to the share premium account of the Company being credited as a result of the issue of the offer shares pursuant to the Global Offering, a total of 529,574,311 shares credited as fully paid at par were allotted and issued on the Listing Date ("**27 April 2023**") to the holders of shares whose names appear on the register of members of the Company on the day preceding the Listing Date in proportion to their then existing shareholdings in the Company (on the basis that each preferred share was converted into one share) by capitalising the relevant sum from the share premium account of the Company ("**Capitalisation Issue**"). The shares allotted and issued pursuant to the above Capitalisation Issue will rank pari passu in all respects with the existing issued shares.

(d) In connection with the Company's IPO on 27 April 2023, 66,789,000 ordinary shares were issued and allotted at an offer price of HKD9.10 per share for a total gross cash consideration of HKD607,780,000 (equivalent to RMB535,880,000).

(e) During the year ended 31 December 2023, amounted to 5,265,000 of the Company's issued shares were purchase by a trustee under a share award scheme at a total consideration of approximately HK$45,777,000 (equivalent to approximately RMB42,007,000).

12. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 28 March 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

In 2023, we generated revenue primarily from three main business lines, namely (i) precision omni-channel marketing solutions; (ii) physician platform solutions; and (iii) RWS solutions. Our total revenue increased by 0.1% from approximately RMB349.0 million for the Corresponding Period to approximately RMB349.2 million for the Reporting Period, mainly attributable to increase in revenue from the physician platform solutions.

(i) Precision omni-channel marketing solutions

Revenue from precision omni-channel marketing solutions is primarily derived from fees paid by pharmaceutical and medical device companies in engaging us for precision detailing services, medical content creation services and online survey services. Revenue from precision omni-channel marketing solutions decreased by approximately 12.5% from approximately RMB198.5 million for the year ended 31 December 2022 to approximately RMB173.8 million for the year ended 31 December 2023, mainly attributable to project delays as certain ongoing projects were suspended in the third quarter of 2023 due to the internal compliance review of pharmaceutical and medical device companies in the context of combating corruption in healthcare industry. In the fourth quarter of 2023, such projects were relaunched, and we have entered into more contracts due to our academic and compliant marketing plans but the revenue will be recognized in 2024.

(ii) Physician platform solutions

Revenue from physician platform solutions is primarily derived from (i) service fees paid by physicians for engaging us for clinical study assistance services; and (ii) subscription fees paid by physicians for accessing certain premium academic medical contents on the *MedSci* platform. Revenue from physician platform solutions increased by approximately 34.7% from approximately RMB89.1 million for the year ended 31 December 2022 to approximately RMB120.0 million for the year ended 31 December 2023, mainly attributable to (i) the rapid increase in the demand of physician platform solutions as physicians pay more attention to their professional growth in the context of combating corruption in healthcare industry; and (ii) our expansion in clinical study business as clinical study has become a key investment direction for hospitals with the continuous upgrading of primary hospitals and high-quality development of hospitals.

(iii) RWS solutions

Revenue from RWS solutions is primarily derived from service fees paid by pharmaceutical and medical device companies in engaging us to design, administer and execute real-world evidence-based research projects to help expand their medical products' indication and recognition. Revenue from RWS solutions decreased by approximately 9.7% from approximately RMB61.3 million for the year ended 31 December 2022 to approximately RMB55.4 million for the year ended 31 December 2023, mainly attributable to project delays as pharmaceutical and medical device companies and hospitals were required to conduct compliance review of the ongoing RWS projects in the third quarter of 2023 in the context of combating corruption in healthcare industry.

Cost of Sales

Our cost of sales primarily consists of (i) staff salaries and benefits relating to employee benefit expenses incurred for employees involved in operating our platform and offering our solutions to customers; (ii) content development costs primarily relating to content development fees paid to various content contributors, copyright owners and other third parties to produce contents for our solutions offering; (iii) meeting affair charge relating to offline academic conferences we organised; and (iv) various other miscellaneous expenses such as, among others, office expenses and depreciation and amortisation incurred during the ordinary course of our business. Our cost of sales decreased by approximately 7.0% from approximately RMB142.6 million for the year ended 31 December 2022 to approximately RMB132.6 million for the year ended 31 December 2023, mainly attributable to decrease in content development costs. Our content development costs decreased by approximately 17% from approximately RMB85.2 million for the year ended 31 December 2022 to approximately RMB70.6 million for the year ended 31 December 2023, mainly attributable to our improvement in output per capita as we have improved efficiency of human resources management.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by approximately 5.0% from approximately RMB206.3 million for the year ended 31 December 2022 to approximately RMB216.6 million for the year ended 31 December 2023. For the year ended 31 December 2023, our gross profit margin was approximately 62.0%, representing a slight increase as compared to approximately 59.1% in 2022.

Other Income and Gains

Our other income primarily consists of (i) bank interest income; (ii) tax incentives granted by local authorities; (iii) government grants; (iv) value-added tax; and (v) others. We also recognised gains for the year ended 31 December 2023 which primarily includes fair value gains on financial assets through profit or loss. For the year ended 31 December 2023, our other income and gains were approximately RMB35.3 million, as compared to approximately RMB13.8 million for the Corresponding Period. The increase was mainly attributable to increase in income interest from bank deposits.

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of (i) staff salaries and benefits mainly including expenses paid to employees performing selling and distribution functions; (ii) traveling expenses mainly including traveling fees incurred by our employees in performing selling and distribution functions; (iii) professional fees in relation to fees paid to external lecturers in hosting our online courses; (iv) business development expenses mainly including marketing-associated costs in relation to various online and offline campaigns; and (v) other miscellaneous expenses, such as, office expenses and depreciation and amortisation in relation to property, office equipment and electronic equipment in association with selling and distribution functions. Our selling and distribution expenses decreased by approximately 4.6% from approximately RMB94.9 million for the year ended 31 December 2022 to approximately RMB90.5 million for the year ended 31 December 2023, mainly attributable to (i) improvement of ability of our business personnel as we have strengthened their professional training; and (ii) our improvement in output per capita as we have improved efficiency of human resources management.

Research and Development Expenses

Our research and development expenses primarily consist of (i) employee salaries and benefits, which primarily include salaries and benefits paid to employees performing research and development duties; (ii) depreciation and amortisation of properties, office equipment and electronic equipment related to research and development functions; (iii) technical service fees in relation to research and development service fees; (iv) procurement fees for software and servers, etc. related to R&D activities; and (v) other miscellaneous expenses. Our research and development expenses increased by approximately 13.8% from approximately RMB35.0 million for the year ended 31 December 2022 to approximately RMB39.9 million for the year ended 31 December 2023, mainly due to the establishment of large-scale research and development projects by the Company in mid-2022. The purpose of these projects is to enhance the content quality of the Company's platform, increase user activity and stickiness, thereby increasing our marketing business volume. As our research and development activities are on-going, it will lead to an increase in our research and development expenses.

Administrative Expenses

Our administrative expenses primarily consist of (i) staff salaries mainly including salaries and benefits paid to employees performing administrative functions; (ii) depreciation and amortisation in relation to property, office equipment and electronic equipment in association with administrative functions; (iii) external consulting fees in relation to auditing fees, service fees paid for external training and service fees paid to employment agencies; (iv) office expenses in relation to administrative functions; (v) share-based payment in relation to the equity incentive plan; (vi) listing expenses in relation to the Global Offering; and (vii) other miscellaneous fees such as travelling expenses and utility expenses incurred during the ordinary course of our business when performing administrative functions. Our administrative expenses decreased by approximately 23.1% from approximately RMB73.4 million for the year ended 31 December 2022 to approximately RMB56.4 million for the year ended 31 December 2023, mainly attributable to the decrease in listing expenses in respect of the Global Offering.

Finance Costs

Our finance costs primarily represent interest on our lease liabilities. Our finance costs decreased by approximately 22.7% from approximately RMB0.4 million for the year ended 31 December 2022 to approximately RMB0.3 million for the year ended 31 December 2023, mainly attributable to the decrease in leasing liabilities as we have strategically managed our leasing properties.

Profit/(Loss) before Tax

As a result of the foregoing, we generated profit before tax of approximately RMB60.5 million for the Reporting Period as compared to a loss before tax of approximately RMB96.3 million for the Corresponding Period.

Income Tax Expenses

Our income tax expense increased from approximately RMB3.6 million for the year ended 31 December 2022 to approximately RMB5.4 million for the year ended 31 December 2023, mainly attributable to increase in profit before tax in 2023.

Profit/(Loss) for the Year and Profit/(Loss) Attributable to Owners of the Parent

As a result of the foregoing, our loss of approximately RMB99.9 million for the year ended 31 December 2022 was turnaround to become a profit of approximately RMB55.0 million for the year ended 31 December 2023, while the loss attributable to owners of the parent of approximately RMB99.9 million for the year ended 31 December 2022 was turnaround to become profit attributable to owners of the parent of approximately RMB55.0 million for the year ended 31 December 2023. Our net profit margin (calculation of which is based on profit for the period) increased from approximately –28.6% for the year ended 31 December 2022 to approximately 15.8% for the year ended 31 December 2023.

Adjusted Net Profit (Non-IFRS measures)

To supplement the Group's consolidated financial statements which are presented in accordance with IFRS, the Company also used unaudited non-IFRS adjusted net profit as an additional financial measure in order to evaluate its financial performance by eliminating the impact of items that we do not consider indicative of the performance of our business. The term "adjusted net profit" is not defined under IFRS. Other companies in the industry which the Group operates in may calculate such non-IFRS 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 Period and should not be considered in isolation or as a substitute for analysis of the Group's results as reported under IFRS.

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

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Profit/(Loss) for the period	**55,042**	(99,881)
Add:		
Relevant listing expenses	**13,250**	36,084
Fair value (gains)/losses on convertible redeemable preferred shares	**(12,785)**	109,350
Adjusted net profit	**55,507**	45,553

For the year ended 31 December 2023, the adjusted net profit (adjusted by excluding the relevant listing expenses and fair value gains/losses on convertible redeemable preferred shares) amounted to approximately RMB55.5 million, representing an increase of approximately 21.9% as compared to approximately RMB45.6 million for the year ended 31 December 2022.

The adjusted net profit margin for the year ended 31 December 2023 was approximately 15.9%, representing an increase of 2.8 percentage points as compared to approximately 13.1% for the Corresponding Period.

LIQUIDITY AND CAPITAL RESOURCES

For the year ended 31 December 2023, we mainly finance our capital requirements through cash generated from our business operations, and the net proceeds from the Global Offering.

We currently do not anticipate any changes to the availability of financing to fund our operations in the near future. The unutilised portion of the net proceeds raised by the Company from the Global Offering was placed with the licensed financial institutions as short-term deposits.

Banking Facilities

For the year ended 31 December 2023, we did not have any banking borrowings or other interest-bearing borrowings, nor did we have outstanding bank and other borrowings and other debts, save for the lease liabilities for the relevant lease terms amounting to approximately RMB4.6 million in aggregate.

Gearing Ratio

As at 31 December 2023, the gearing ratio, which is calculated by dividing borrowings by total equity, is zero as there was no debt.

Charge on Assets

As at 31 December 2023, we did not pledge any of our assets.

Capital Expenditure

As at 31 December 2023, we did not have any significant capital expenditure.

Capital Commitment

As at 31 December 2023, we did not have any significant capital commitment.

Contingent Liabilities

As at 31 December 2023, we did not have any material contingent liabilities.

Employees and Remuneration Policies

As at 31 December 2023, the Group had a total of 545 full-time employees, all of who are based in Mainland China. In particular, 14 employees are responsible for the Group's management, 240 employees for platform operation and customer services, 56 employees for research and development, 31 employees for general and administration, and 204 employees for sales and marketing.

For the year ended 31 December 2023, the total staff cost incurred by the Group was approximately RMB175.3 million, as compared to approximately RMB170.7 million for the year ended 31 December 2022.

We provide our employees with salaries and bonuses, as well as employee benefits, including employee retirement benefit schemes, medical and vocational injury insurance schemes and housing provident fund schemes. Our employees located in China are covered by the mandatory social security schemes defined by PRC local practice and regulations, which are essentially defined contribution schemes.

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.

OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company is committed to maintaining and promoting high standards of corporate governance, which is essential to the Company's development and protection of the interests of its shareholders. The Company has adopted the relevant code provisions of the Corporate Governance Code as the basis for its corporate governance practices.

The Board is of the view that the Company has complied with all the applicable code provisions as set out in the Corporate Governance Code since the Listing Date and up to 31 December 2023. The Board will continue to review and monitor the corporate governance practices of the Company with the aim of maintaining a high standard of corporate governance.

Compliance with Model Code

The Company has adopted the Model Code as its code of conduct regarding dealings in the securities of the Company by the Directors and the Group's employees who, because of his/her office or employment, are likely to possess inside information. Specific enquiries have been made by the Company to all Directors, and the Directors have confirmed that they have complied with the Model Code since the Listing Date and up to 31 December 2023. No incident of non-compliance of the Model Code by the employees was identified by the Company since the Listing Date and up to 31 December 2023.

Purchase, Sale or Redemption of Listed Securities

Since the Listing Date and up to 31 December 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Use of Proceeds

The Shares were listed on the Main Board of the Stock Exchange on the Listing Date at HKD9.10 per share, with net proceeds received by the Company from the Global Offering in the amount of approximately HKD526.8 million after deducting underwriting commissions and all related expenses. The following table sets forth the Company's use of the proceeds from the Global Offering as at 31 December 2023:

	Approximate % of the total net proceeds	Net proceeds from the Global Offering *HKD'million*	Actual utilised amount as at 31 December 2023 *HKD 'million*	Unutilised amount as at 31 December 2023 *HKD 'million*
Business expansion	45	237.1	—	237.1
Further technology development	35	184.4	21.7	162.7
Potential investments and acquisitions or strategic alliance with companies that can generate synergies with our business	15	79.0	—	79.0
Working capital and general corporate purposes	5	26.3	26.3	—
Total	100.0	526.8	48	478.8

The unutilised net proceeds as at 31 December 2023 amounted to HKD478.8 million. The Group will gradually utilise the net proceeds in accordance with the intended purposes and timeline as stated in the Prospectus.

Significant Investments, Acquisition and Disposals

Except for investment in subsidiaries, there were no significant investments held by the Group as at 31 December 2023. The Group had no other material acquisitions or disposal of subsidiaries, associates and joint ventures during the Reporting Period.

Future Plans for Material Investments and Capital Assets

Save as disclosed in the aforementioned section headed "Use of proceeds" in this announcement, the Group did not have plan for material investments and capital assets as at the date of this announcement.

REVIEW OF FINANCIAL INFORMATION

Audit Committee

The audit committee of the Board (the "**Audit Committee**") comprises three independent non-executive Directors, namely Ms. Liu Tao, Mr. Yu Mingyang and Mr. Lau You Kwan Stanley. The chairwoman of the Audit Committee is Ms. Liu Tao.

The Audit Committee has, together with the management of the Company, reviewed the consolidated financial statements of the Group for the year ended 31 December 2023 and accounting principles and practices adopted for the Group, as well as the risk management and internal control systems of the Group and the effectiveness of the Group's internal audit functions for the year ended 31 December 2023, and agreed with the accounting treatments adopted by the Group, and was of the opinion that the preparation of the financial statements in this announcement complies with the applicable accounting standards and the requirements under the Listing Rules and adequate disclosures have been made.

Scope of Work of the 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. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this announcement.

ANNUAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: nil).

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Company adopted a share award scheme ("**Share Award Scheme**") on 19 September 2023. On 27 January 2024, based on the recommendation of the remuneration committee of the Board and pursuant to the rules of the Share Award Scheme, the Board resolved to grant a total of 5,403,820 awarded shares to Mr. Fan Jie, an executive Director and the co-chief executive officer of the Group, at HK$0.278 per awarded share. For further details of the grant of awarded shares to Mr. Fan Jie, please refer to the announcement of the Company published on 27 January 2024.

Save as disclosed above, there were no other significant events occurred subsequent to 31 December 2023 and up to the date of this announcement.

ANNUAL GENERAL MEETING

The 2024 annual general meeting of the Company ("**2024 AGM**") will be held on Friday, 7 June 2024. Shareholders should refer to details regarding the 2024 AGM in the circular to be despatched by the Company and the notice of meeting and form of proxy accompanying therewith.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2024 AGM to be held on Friday, 7 June 2024, the register of members of the Company will be closed from Tuesday, 4 June 2024 to Friday, 7 June 2024 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2024 AGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 3 June 2024 (Hong Kong time).

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (ir.medsci.cn).

The annual report of the Company for the year ended 31 December 2023 containing all the information required by the Listing Rules will be despatched to the Shareholders (if requested) and will be published on the aforementioned websites of the Stock Exchange and the Company in due course.

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

"Board"	the board of Directors of our Company
"China", "Mainland China", "Chinese Mainland" or "PRC"	the People's Republic of China, but for the purpose of this announcement and for geographical reference only and except where the context requires, excluding Taiwan, the Macao Special Administrative Region and Hong Kong

"Company"	MedSci Healthcare Holdings Limited (stock code: 2415), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
"Corporate Governance Code"	the Corporate Governance Code contained in Appendix C1 to the Listing Rules
"Corresponding Period"	the year ended 31 December 2022
"Director(s)"	the director(s) of the Company
"Global Offering"	the global offering of the Shares pursuant to the terms and conditions as stated in the Prospectus
"Group", "our Group", "our", "we", or "us"	our Company and our subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Listing Date"	27 April 2023
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"MAU"	refers to number of unique registered users, including all registered users such as physicians, nurses, pharmacists and other non-healthcare professionals, that accessed our platform in a given month; "average MAUs" for a particular period is the average of the MAUs in each month during that period; we count a registered user as an active user only when such user accesses our platform at least once in a given month; multiple logins through one account will be consolidated when determining the number of active users
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"NHC"	the National Health Commission of China (中華人民共和國國家衛生健康委員會)

"Prospectus"	the prospectus issued by the Company dated 17 April 2023
"Reporting Period"	the year ended 31 December 2023
"RMB"	the lawful currency of the PRC
"Shares"	ordinary shares in the share capital of the Company with a nominal value of US$0.0001 each
"Shareholders"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"%"	per cent.

By order of the Board
MedSci Healthcare Holdings Limited
梅斯健康控股有限公司
Dr. Zhang Fabao
Chairman of the Board and Executive Director

Hong Kong, 28 March 2024

As at the date of this announcement, the Board comprises Dr. Zhang Fabao, Dr. Li Xinmei, Mr. Fan Jie and Mr. Wang Shuai, as executive Directors; Mr. Hu Xubo and Mr. Yan Shengfeng, as non-executive Directors; and Ms. Liu Tao, Mr. Yu Mingyang and Mr. Lau Yiu Kwan Stanley, as independent non-executive Directors.