This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to invest in the Offer Shares.

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

OUR MISSION

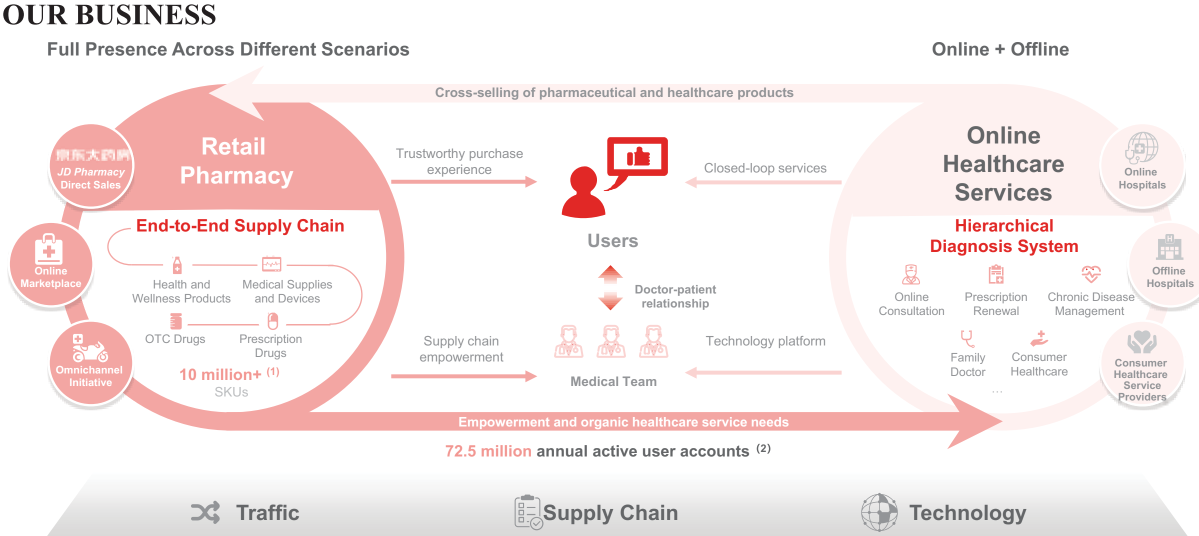
Our mission is to become the go-to health management platform for everyone in China.

Health is essential to each individual's well-being and quality of life. Demand for better healthcare in China is rapidly rising, driven by an aging population, increasing disposable income, the rising prevalence of chronic diseases and growing health awareness. The Chinese healthcare industry still faces many challenges, such as industry inefficiency and uneven access to healthcare resources. We believe the advancement of technology and a progressive regulatory environment are creating an unprecedented opportunity for a paradigm shift in China's healthcare industry.

We are dedicated to creating a complete and comprehensive "Internet + healthcare" ecosystem. We provide a wide assortment of high-quality pharmaceutical and healthcare products that cater to all aspects of users' diverse healthcare needs. Our strong fulfillment capabilities allow us to deliver our products timely and safely. We also offer holistic healthcare services to satisfy users' needs across all aspects of the healthcare products and services sector. We are pioneering the digitalization and transformation of the healthcare industry and strive to empower all of its participants through our continual investment in supply chain and technologies.

Through our relentless efforts, we believe we can provide easily accessible, convenient, high-quality yet affordable healthcare products and services.

OUR BUSINESS



Notes:

(1) As of June 30, 2020

(2) For the twelve months ended June 30, 2020

According to the Frost & Sullivan Report, we are the largest online healthcare platform by revenue in China in 2019, recording a total revenue of RMB10.8 billion. We are also the largest online retail pharmacy by revenue in China in 2019 with a market share of 29.8%, according to the Frost & Sullivan Report. Our technology-driven platform is centered on the supply chain of pharmaceutical and healthcare products and strengthened by healthcare services, encompassing a user's full life span for all healthcare needs. Through our end-to-end supply chain and online-plus-offline approach, we believe that we can redefine the way users manage personal health.

Retail pharmacy

We are one of the first movers in transforming the supply chain of pharmaceutical and healthcare products in China. We allow users to purchase pharmaceutical and healthcare products anytime and anywhere, and provide them with an integrated one-stop shopping experience, combining direct sales, online marketplace and omnichannel initiative. At the same time, we have achieved an immense scale with a wide product selection while maintaining stringent quality control and competitive pricing, thus gaining users' trust.

Our retail pharmacy is the largest online retail pharmacy by revenue in China in 2019, according to the Frost & Sullivan Report. Our retail pharmacy business operates through three models: direct sales, online marketplace and omnichannel initiative. Our direct sales business operates mainly through *JD Pharmacy* ("京東大藥房"). We have established a supply chain network with industry-leading pharmaceutical companies and healthcare product suppliers. In addition, we partner with JD Group to utilize its nationwide network of fulfillment infrastructures, including 11 drug warehouses and over 230 other warehouses as of June 30, 2020. Our online marketplace leverages our brand recognition, large and growing user base, and proprietary technology platform, and offers more diversified pharmaceutical and healthcare products that supplement those of *JD Pharmacy*. As of June 30, 2020, there were over 9,000 third-party merchants on our online marketplace. Our omnichannel initiative meets users' needs for urgent medication and offers same-day, next-day and 30-minute, 24/7 on-demand delivery services. As of June 30, 2020, our omnichannel initiative covered over 200 cities in China. By building a complete online-plus-offline model, with strong presence in retail channels and partnerships with hospitals, we are able to satisfy diverse user demands, covering a range of healthcare scenarios from acute and urgent diseases to chronic conditions. In 2017, 2018 and 2019 and for the twelve months ended June 30, 2020, we had 43.9 million, 50.5 million, 56.1 million and 72.5 million annual active user accounts, respectively. In 2017, 2018, 2019 and for the six months ended June 30, 2019 and 2020, revenue from our retail pharmacy business accounted for a majority of our total revenue, of which (i) sales of pharmaceutical and healthcare products accounted for 88.4%, 88.8%, 87.0%, 87.5% and 87.6% of our total revenue, respectively and (ii) the marketplace service revenue accounted for 7.9%, 7.4%, 7.3%, 7.3% and 6.8% of our total revenue, respectively.

Online healthcare services

We provide comprehensive online healthcare services, such as online consultation and prescription renewal, chronic disease management, family doctor and consumer healthcare. These services are offered on a 24/7 basis. We have assembled a team of in-house doctors and external medical professionals across departments and specialties and partnered with numerous third-party hospitals and healthcare institutions. In addition, we are developing our consumer healthcare services.

By collaborating with offline consumer healthcare institutions, our platform allows users to make appointments and pay for services such as general physical exams, aesthetic medicines, dental care, vaccination appointments and genetic tests. During the COVID-19 pandemic, we were the first company in China to offer online appointments for COVID-19 nucleic acid testing service. By establishing a hierarchical diagnosis system, we engage with doctors, especially general practitioners, to move consultations for minor and chronic diseases, follow-up visits and health management online, while referring patients with serious and critical diseases to offline medical institutions. As a result, we provide users with high-quality healthcare services, while optimizing the allocation of medical resources and improving the service capabilities of primary care institutions. For each period of the Track Record Period, revenue from our online healthcare services accounted for an insignificant portion of our total revenue.

OUR OPERATING AND FINANCIAL PERFORMANCE

Our Operating Performance

The following table sets forth the key operating metrics of our retail pharmacy business for the years/periods or as of the dates indicated.

	For the Twelve Months Ended				
	December 31, 2017	December 31, 2018	December 31, 2019	June 30, 2019	June 30, 2020
Annual Active User Accounts (in millions)	43.9	50.5	56.1	53.5	72.5

	For the Twelve Months Ended			
	December 31, 2017	December 31, 2018	December 31, 2019	June 30, 2020
Average Revenue Per User(1) (RMB)	111.7	143.8	168.3	176.0

Note:

(1) Average revenue per user is calculated by dividing total product revenue for a 12-month period by the number of annual active user accounts for that period.

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2017	2018	2019	2019	2020
GMV(1)(2) (RMB in billions):					
Direct sales	8.0	11.7	14.7	6.9	11.5
Online marketplace	12.4	18.0	28.5	12.9	22.4
Total GMV	20.4	29.7	43.2	19.8	33.9

Notes:

(1) Gross merchandise value, or GMV, refers to the total value of all orders for products placed with us under our direct sales business or online marketplace, regardless of whether the goods are sold or delivered or whether the goods are returned. During the Track Record Period, healthcare products generated more GMV than pharmaceutical products.

(2) We collect commissions on sales by third-party merchants on our online marketplace. The take rate, defined as a percentage of the value of the fulfilled orders that we keep as our revenue, varies across products categories on our marketplace and such information is generally publicly available on our marketplace website and mobile apps. Currently, we are charging a take rate primarily ranged between 1% and 10% across product categories on our marketplace.

	As of December 31,			As of June 30,	
	2017	2018	2019	2019	2020
Number of Third-party Merchants	5,601	6,935	8,615	7,173	9,092

The following table sets forth the key operating metrics of our online healthcare business for the years/periods or as of the dates indicated.

	As of December 31,			As of June 30,	
	2017	2018	2019	2019	2020
Number of Doctors:					
In-house doctors[(1)]	—	—	70	2	138
External doctors	854	5,219	9,396	7,489	21,319
Total[(2)]	854	5,219	9,466	7,491	21,457

Notes:

(1) The number of in-house doctors have taken into account both in-house doctors and medical assistants being trained in a variety of medical specialties or expertise.

(2) As of September 20, 2020, we had 171 in-house doctors and 68,549 external doctors.

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2017	2018	2019	2019	2020
Average Daily Online Consultations	12	1,378	19,390	14,835	86,100

Our Financial Performance

We have experienced significant growth during the Track Record Period. We generate revenue primarily from sales of pharmaceutical and healthcare products through our direct sales business, and to a lesser extent, from commissions and platform usage fees from third-party merchants and digital marketing service fees from suppliers and third-party merchants, among others. Our total revenue increased from RMB5.6 billion in 2017 to RMB8.2 billion in 2018 and further to RMB10.8 billion in 2019. Our total revenue increased from RMB5.0 billion for the six months ended June 30, 2019 to RMB8.8 billion for the six months ended June 30, 2020. Our product revenue is generated from sales of pharmaceutical and non-pharmaceutical products. Our pharmaceutical products mainly include a comprehensive selection of common OTC and prescription drugs, and our product revenue generated by sales of pharmaceutical products accounted for 21%, 25%, 27%, 27% and 29% of our total product revenue for the year ended December 31, 2017, 2018 and 2019 and for the six months ended June 30, 2019 and 2020, respectively. Our non-pharmaceutical products include healthcare products, as well as medical supplies and devices, primarily consisting of contact lenses, adult products, family planning products, as well as medical devices for home healthcare, aftercare and health monitoring. Our product revenue generated by sales of non-pharmaceutical products accounted for 79%, 75%, 73%, 73% and 71% of our total product revenue for the year ended December 31, 2017, 2018 and 2019 and for the six months ended June 30, 2019 and 2020, respectively. During the Track Record Period, sales from OTC drugs accounted for the majority of our revenue from sales of pharmaceutical products, and as the relevant policies in China towards online sales of prescription drugs become clearer, sales from prescription drugs as a percentage of our revenue from sales of pharmaceutical products had been rising during the Track Record Period. In addition, during the Track Record Period, revenue from non-pharmaceutical products had a larger gross profit margin than revenue from pharmaceutical products, and among the pharmaceutical products, revenue from OTC drugs had a larger gross profit margin than revenue from prescription drugs.

The following table sets forth a breakdown of our revenue both in absolute amount and as a percentage of our total revenue for the years/periods presented:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2017		2018		2019		2019		2020	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)						(Unaudited)			
Product revenue:										
Sales of pharmaceutical and healthcare products	4,907,244	88.4	7,254,582	88.8	9,434,984	87.0	4,365,153	87.5	7,693,261	87.6
Service revenue:										
Marketplace	440,183	7.9	601,882	7.4	791,151	7.3	364,546	7.3	598,462	6.8
Digital marketing and other services	205,701	3.7	312,593	3.8	616,005	5.7	258,838	5.2	485,767	5.6
Total	**5,553,128**	**100.0**	**8,169,057**	**100.0**	**10,842,140**	**100.0**	**4,988,537**	**100.0**	**8,777,490**	**100.0**

Product revenue is generated from online direct sales of pharmaceutical and healthcare products. Service revenue is mainly generated from (i) operating an online marketplace, for which we primarily charge commission fees and platform usage fees from third-party merchants on our online marketplace; and (ii) providing digital marketing services, for which we charge digital marketing services fees from third-party advertisers. See "Financial Information—Description of Major Components of Our Results of Operations—Revenue" for a more detailed analysis of our revenue.

Our digital marketing services are provided to advertisers, primarily consisting of third-party merchants on our and JD Group's various website channels and third-party marketing affiliates' websites, including but not limited to advertising placements such as banners, links, logos and buttons, and pay for performance marketing services on which advertisers are charged based on display per thousand impressions or per effective click on their products or service listings. Our third-party merchants, when joining our marketplace, have the options to open an advertising account through which they could elect to advertise their products on our or JD Group's platforms, as well as third-party platforms. For each of the three years ended December 31, 2017, 2018 and 2019, and for the six months ended June 30, 2020, more than 50% of our third-party merchants used our advertising services. When the online marketing services are rendered using our resources and/or platforms, we act as the principal and recognize the gross amounts of services provided because (i) we own and control the digital marketing resources and can determine the transfer of the services to the customers; (ii) we have full discretion in determining the pricing for digital marketing services delivery; and (iii) we retain the inventory risks that the digital marketing resources are not sold out. When the online marketing services are rendered using JD Group's resources and/or platforms or using resources outside both our Group and JD Group's platforms, we act as the agent and recognize the revenue for the shared marketing services fees from JD Group since we do not satisfy the criteria mentioned above. See "Connected Transactions—6. Marketing Services Framework Agreement" for more details on the marketing services fee sharing arrangement between our Group and JD Group.

During each period of the Track Record Period, revenue from our online healthcare services (including online hospital services and consumer healthcare services) accounted for an insignificant portion of our total revenue. Accordingly, revenue from our online healthcare services was grouped as part of the digital marketing and other services during the Track Record Period.

In 2017, 2018 and 2019, we recorded a profit of RMB178.5 million, a profit of RMB214.9 million and a loss of RMB971.8 million, respectively. For the six months ended June 30, 2019 and

June 30, 2020, we recorded a profit of RMB236.3 million and a loss of RMB5.4 billion, respectively. The loss recorded in 2019 and for the six months ended June 30, 2020 was primarily attributable to an increase in the fair value of Series A Preference Shares in 2019 and for the six months ended June 30, 2020 as a result of an increase in our equity value.

Excluding the impact of fair value changes of convertible preferred shares and a few other non-recurring items, we had (i) a non-IFRS profit of RMB209.0 million in 2017, RMB248.4 million in 2018 and RMB344.1 million in 2019; and (ii) a non-IFRS profit of RMB254.0 million for the six months ended June 30, 2019 and RMB370.8 million for the six months ended June 30, 2020. See "Financial Information—Non-IFRS Measure: Non-IFRS Profit For the Year/Period" for more details on this non-IFRS measure.

The following table sets forth our key financial ratios for the years/periods indicated.

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2017	2018	2019	2019	2020
Gross profit of product revenue (RMB in thousands)	746,920	1,076,817	1,422,492	716,929	1,154,587
Gross profit of service revenue (RMB in thousands)	633,578	902,141	1,389,780	614,746	1,062,980
Total revenue growth (%)	—	47.1	32.7	—	76.0
Gross margin of product revenue (%)	15.2	14.8	15.1	16.4	15.0
Gross margin of service revenue (%)	98.1	98.7	98.8	98.6	98.0
Total gross margin (%)	24.9	24.2	25.9	26.7	25.3
Non-IFRS net margin (%)[1]	3.8	3.0	3.2	5.1	4.2

Note:

(1) Non-IFRS net margin represents non-IFRS profit for the year/period as a percentage of total revenue of such year/period. For details of the non-IFRS profit of the year/period, see "—Non-IFRS Measure: Non-IFRS Profit For the Year/Period."

OUR CLOSED-LOOP BUSINESS MODEL

Our retail pharmacy business and online healthcare services complement each other to create a synergistic closed-loop business model in the healthcare value chain. Our retail pharmacy business directs its user base to our healthcare services for online consultation and prescription renewal. Through offerings such as chronic disease management and family doctor service, as well as high-quality service, our online healthcare services anticipate user demand, improve user experience and redirect their user traffic back to our retail pharmacy business for purchase of other healthcare products such as supplements and medical devices. The two businesses reinforce each other, forming a virtuous cycle and symbiotic ecosystem.

OUR CONTROLLING SHAREHOLDERS AND CONTINUING CONNECTED TRANSACTIONS

As of the date of this document, JD.com, through its wholly-owned subsidiary JD Jiankang, indirectly controlled in aggregate 78.29% of our total issued Shares. JD.com is controlled by Mr. Richard Qiangdong Liu, including through Max Smart Limited and Fortune Rising Limited. Immediately after the completion of the Global Offering, JD.com, through JD Jiankang, will indirectly control in aggregate 68.73% of our total issued Shares (assuming that the Over-allotment Option is not exercised and excluding shares to be issued under the Pre-IPO ESOP, Post-IPO Share Option Scheme and Post-IPO Share Award Scheme). Accordingly, our Company will remain as a subsidiary of

JD.com after the Listing, and JD.com, JD Jiankang, Fortune Rising Limited, Max Smart Limited and Mr. Richard Qiangdong Liu will constitute a group of Controlling Shareholders of our Company.

Overlapping businesses

Our retail pharmacy business is generally intended to be carried out only by our Group, except for certain protective equipment products via direct sales channel that are related to healthcare (e.g. thermometers and facemasks) which are also sold on JD Group's platform. Such overlapping protective equipment products sold by JD Group (taking into account the transfer of JD branded facemasks to our Group upon the Listing) only accounted for approximately 1.7%, 1.3%, 1.6% and 4.2% of our Group's revenue (enlarged to take into account the revenue attributed to the JD branded facemasks) for the three years ended December 31, 2017, 2018 and 2019 and six months ended June 30, 2020. In the unlikely event of the proportion of the remaining protective equipment sold by JD Group exceeds 10% of our Group's total revenue, JD Group and our Group are prepared to transfer such remaining protective equipment to our Group. Our Group will have appropriate internal control measures in place to monitor the relevant proportion. For further details of such overlapping businesses and related measures, please refer to the section headed "Relationship with our Controlling Shareholders". Save as set out in this paragraph, JD Group's healthcare businesses have been conducted through our Group as a separate and distinct line of business and JD Group has not been involved in the healthcare business other than through our Group.

Reliance on JD Group

Our Group's businesses capitalize, and depend (to a certain extent) on JD Group's platform, including the extensive services offered by JD Group to facilitate the online sales and marketing of our products and services, technology and traffic support, sharing of loyalty programs, logistics services arrangements and payment processing services. Among the above, all of our loyalty programs and payment processing are currently serviced by JD Group and its associates. While transactions under our Group's businesses are executed and capitalize on JD Group's platforms (both webpage and mobile app) and payment processing services, our Group has set up individual websites, which will eventually lead and redirect the customer back to JD Group's platforms for payment processing. In other words, our Group's businesses operate (i) as part of JD Group's mobile app and website, (ii) its own standalone websites which will eventually lead and redirect the customer back to JD Group's platforms for payment processing, and (iii) its standalone JD Health branded mobile app which will eventually lead and redirect the customer back to JD Group's platforms for payment processing. A substantial portion of our businesses are currently initiated or re-directed from JD Group's mobile app and website. Our Group's standalone websites are held by our Group, while the standalone JD Health branded mobile app is currently held by JD Group but will be transferred to our Group after the Listing. This achieves consistency and synergies between JD Group and our Group and also ensures a consistent and superior customer experience, and will lead to increased user growth and stickiness for both JD Group and our Group. Furthermore, we believe that our relationship with and reliance on JD Group represents an industry norm in light of our early stage of development and JD Group being one of the few leading e-commerce platforms in China operating an integrated ecosystem.

Continuing connected transactions

In light of our reliance on JD Group as noted above, we entered into a number of non-exempt and partially exempt continuing connected transactions with JD Group and its associates, including (i) provision of technology and traffic support services, sharing of loyalty programs and payment services arrangements from JD Group and its associates; (ii) various logistics services provided by JD Group; and (iii) certain other non-exempt and partially exempt continuing connected transactions. For example, for the three years ended December 31, 2019 and six months ended June 30, 2020, the fees charged by JD Group on our Group under the following arrangements (as if such arrangements existed throughout the Track Record Period) included: (i) the technology and traffic support services accounted for approximately 5.0%, 5.2%, 4.9% and 4.8% of our Group's total revenue, respectively, (ii) the loyalty program arrangements accounted for approximately 0.4%, 0.3%, 0.3% and 0.3% of our Group's total revenue, respectively, (iii) the logistics services arrangements accounted for approximately 8.5%, 8.1%, 7.6% and 6.7% of our Group's total revenue, respectively, and (iv) the payment services arrangements accounted for approximately 0.9%, 1.1%, 1.2% and 1.1% of our Group's total revenue, respectively. Please refer to the section headed "Relationship with our Controlling Shareholders—Operational Independence" and "Connected Transactions" in this document for further details.

OUR VALUE PROPOSITIONS

We believe that we offer compelling value propositions for participants in the healthcare value chain. Leveraging our extensive user reach, strong supply chain capabilities and industry-leading technologies, we connect pharmaceutical companies and healthcare product suppliers, distributors and users. We integrate offline hospitals and our online healthcare platform, connecting patients and doctors, to create a seamless experience. Our platform improves the accessibility of affordable, high-quality healthcare products and services in China, especially for those who live in areas with limited healthcare resources. We have streamlined the distribution channels and improved efficiency and allocation of healthcare resources across the country. We believe that the "Internet + healthcare" ecosystem we build will help to better provide healthcare for everyone, transform the healthcare industry, and create immense value for society. See "Business—Our Value Propositions" for more details.

OUR STRENGTHS

We believe that the following competitive strengths contribute to our success and differentiate us from our competitors:

- unparalleled market leadership and economies of scale in retail pharmacy;
- fast-growing online healthcare services;
- superior user experience;
- closed-loop business model integrating retail pharmacy and online healthcare services;
- cutting-edge technologies empowering the healthcare value chain;
- strong synergies with JD Group; and
- visionary and experienced management team.

OUR STRATEGIES

We strive to achieve our long-term goal of helping optimize healthcare resources allocation and accelerate industry transformation. To achieve this goal, we intend to pursue the following strategies:

- further expand our user base and enhance user engagement;

- reinforce our supply chain capabilities in pharmaceutical and healthcare products;
- grow our online healthcare services; and
- enhance our technology empowerment solutions and continue to innovate.

RISK FACTORS

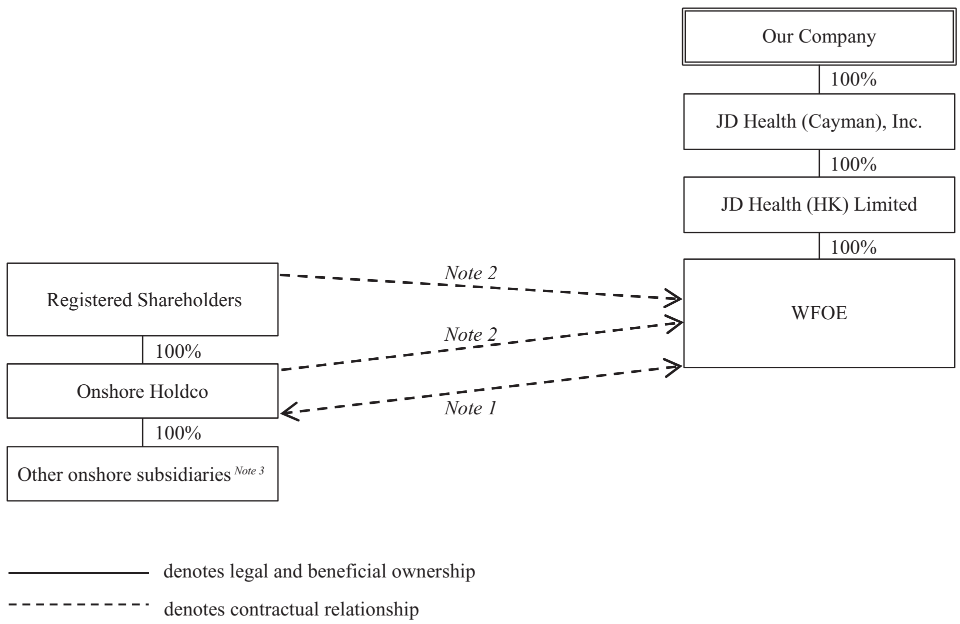
Our operations and the Global Offering involve certain risks and uncertainties, which are set out in the section headed "Risk Factors." You should read that section in its entirety carefully before you decide to invest in our Shares. Some of the major risks we face relate to:

- our reliance on JD Group and the fact that there are certain overlapping businesses between our Group and JD Group as set out in the section headed "Relationship with our Controlling Shareholders" in this document;
- the fact that we may have conflicts of interest with JD Group;
- our ability to maintain a good relationship with JD Group, taking into account the extensive connected transactions between us and JD Group;
- our ability to manage the growth of our business and operations or implement our business strategies successfully;
- the fact that we are subject to extensive and evolving regulatory requirements;
- our ability to compete effectively;
- the fact that we are in the early stage of development with a limited operating history in an emerging and dynamic industry;
- our ability to maintain, protect and enhance the reputation and recognition of our brand;
- our ability to continue to attract and retain users, provide superior user experience and maintain users' trust in our platform;
- the fact that our sale of pharmaceutical and healthcare products is subject to a variety of risks; and
- our ability to handle and secure data.

CONTRACTUAL ARRANGEMENTS

Our Company operates or may operate in certain industries that are subject to restrictions under the current PRC laws and regulations. In order to comply with such laws, while availing ourselves of international capital markets and maintaining effective control over all of our operations, we control our Consolidated Affiliated Entities through the Contractual Arrangements entered into on September 17, 2020. Hence, we do not directly own any equity interest in our Consolidated Affiliated Entities. Pursuant to the Contractual Arrangements, we have effective control over the financial and operational policies of our Consolidated Affiliated Entities and are entitled to all the economic benefits derived from the Consolidated Affiliated Entities' operations. For further details, please see section headed "Contractual Arrangements" in this document.

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



Notes:

(1) The WFOE provides business support, technical and consulting services in exchange for service fees from the Onshore Holdco. Please refer to "Contractual Arrangements—Our Contractual Arrangements—Exclusive Business Cooperation Agreement".

(2) The Registered Shareholders executed the exclusive option agreement in favor of the WFOE, for the acquisition of all or part of the equity interests in and all or part of the assets in the Onshore Holdco. See section headed "Contractual Arrangements—Our Contractual Arrangements—Exclusive Option Agreement".
The Registered Shareholders executed the shareholders' rights entrustment agreement and powers of attorney in favor of the WFOE, for the exercise of all shareholders' rights in the Onshore Holdco. See section headed "Contractual Arrangements—Our Contractual Arrangements—Shareholder's Rights Entrustment Agreement and Powers of Attorney".
The Registered Shareholders granted security interests in favor of the WFOE, over the entire equity interests in the Onshore Holdco. See section headed "Contractual Arrangements—Our Contractual Arrangements—Share Pledge Agreement".

(3) Onshore Holdco holds, among others, 100% of the equity interests of Yinchuan JD Online Hospital and Jiangsu Jingdong Hongyuan. Onshore Holdco also holds 100% of the equity interest of Jingdong Shanyuan (Qingdao) E-commerce Co., Ltd. (京東善元(青島)電子商務有限公司), which holds 100% of the equity interest of Jingdong Pharmacy Qingdao. Jingdong Pharmacy Qingdao holds, among others, 100% of the equity interests of Jingdong Pharmacy Taizhou.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our combined financial information for the Track Record Period, extracted from the Accountants' Report set out in Appendix I to this document. The summary combined financial data set forth below should be read together with, and is qualified in its entirety by reference to, the combined financial statements in this document, including the related notes. Our combined financial information was prepared in accordance with IFRSs.

Selected Combined Statements of Profit or Loss Items

The following table sets forth our combined statements of profit or loss with line items in absolute amounts and as percentages of our revenue for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2017		2018		2019		2019		2020	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)						(Unaudited)			
Revenue	5,553,128	100.0	8,169,057	100.0	10,842,140	100.0	4,988,537	100.0	8,777,490	100.0
Cost of revenue(1)	(4,172,630)	(75.1)	(6,190,099)	(75.8)	(8,029,868)	(74.1)	(3,656,862)	(73.3)	(6,559,923)	(74.7)
Gross profit	**1,380,498**	**24.9**	**1,978,958**	**24.2**	**2,812,272**	**25.9**	**1,331,675**	**26.7**	**2,217,567**	**25.3**
Fulfillment expenses	(636,150)	(11.5)	(927,877)	(11.4)	(1,169,654)	(10.8)	(521,170)	(10.4)	(911,008)	(10.4)
Selling and marketing expenses	(257,979)	(4.6)	(391,822)	(4.8)	(746,014)	(6.9)	(257,545)	(5.2)	(544,375)	(6.2)
Research and development expenses	(122,667)	(2.2)	(218,282)	(2.7)	(338,239)	(3.1)	(150,897)	(3.0)	(278,175)	(3.2)
General and administrative expenses	(107,417)	(1.9)	(133,855)	(1.6)	(124,922)	(1.2)	(66,311)	(1.3)	(84,648)	(1.0)
Other (losses)/gains	(221)	(0.0)	3,562	0.0	565	0.0	229	0.0	(1,887)	(0.0)
Finance income	4	0.0	84	0.0	31,783	0.3	27	0.0	60,327	0.7
Finance costs	(82)	(0.0)	(150)	(0.0)	(35,502)	(0.3)	(81)	(0.0)	(1,745)	(0.0)
Fair value changes of convertible preferred shares	—	—	—	—	(1,263,130)	(11.7)	—	—	(5,705,251)	(65.0)
Impairment losses under expected credit loss model, net of reversal	(7)	(0.0)	(4,386)	(0.1)	(1,859)	(0.0)	(938)	(0.0)	477	0.0
Share of results of a joint venture	—	—	—	—	—	—	—	—	(8,607)	(0.1)
Profit/(loss) before income tax	**255,979**	**4.6**	**306,232**	**3.7**	**(834,700)**	**(7.7)**	**334,989**	**6.7**	**(5,257,325)**	**(59.9)**
Income tax expense	(77,445)	(1.4)	(91,305)	(1.1)	(137,105)	(1.3)	(98,735)	(2.0)	(103,590)	(1.2)
Profit/(loss) for the year/period	**178,534**	**3.2**	**214,927**	**2.6**	**(971,805)**	**(9.0)**	**236,254**	**4.7**	**(5,360,915)**	**(61.1)**
Owners of the Company	178,534	3.2	214,927	2.6	(971,805)	(9.0)	236,254	4.7	(5,358,752)	(61.1)
Non-controlling interests	—	—	—	—	—	—	—	—	(2,163)	(0.0)
Non-IFRS Measure(2):										
Non-IFRS profit for the year/period (unaudited)	**208,954**	**3.8**	**248,398**	**3.0**	**344,053**	**3.2**	**253,967**	**5.1**	**370,802**	**4.2**

Notes:

(1) Our cost of revenue primarily consists of cost of purchasing pharmaceutical and healthcare products that we sell directly through *JD Pharmacy* and the related inbound logistics charges and inventory write-downs. See "Financial Information—Description of Major Components of Our Results of Operations—Cost of Revenue" for a more detailed analysis of our cost of revenue.

(2) We define "non-IFRS profit" as profit/(loss) for the year/period, excluding share-based payment expenses and fair value changes of convertible preferred shares. We exclude these items because they are not expected to result in future cash payments that are recurring in nature and they are not indicative of our core operating results and business outlook. Non-IFRS profit is not a measure required by, or presented in accordance with IFRSs. The use of non-IFRS profit has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under IFRSs. See "Financial Information—Non-IFRS Measure: Non-IFRS Profit For the Year/Period" for details.

NON-IFRS MEASURE: NON-IFRS PROFIT FOR THE YEAR/PERIOD

To supplement our combined financial statements, which are presented in accordance with IFRSs, we also use non-IFRS profit as an additional financial measure, which is not required by, or presented in accordance with, IFRSs. We believe non-IFRS profit facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of items which our management considers non-indicative of our operating performance.

We believe non-IFRS profit provides useful information to investors and others in understanding and evaluating our combined results of operations in the same manner as they help our management. However, our presentation of non-IFRS profit may not be comparable to similarly titled measures presented by other companies. The use of non-IFRS profit has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRSs.

We define non-IFRS profit as profit/(loss) for the year/period, excluding share-based payment expenses and fair value changes of convertible preferred shares. We exclude these items because they are not expected to result in future cash payments that are recurring in nature and they are not indicative of our core operating results and business outlook. We account for the compensation cost from share-based payment transactions with employees based on the grant-date fair value of the equity instrument issued by JD.com, Inc. The grant-date fair value of the award is recognized as compensation expense, net of forfeitures, over the period during which an employee is required to provide service in exchange for the award, which is generally the vesting period. The reconciling item is non-cash and does not result in cash outflow, and the adjustment has been consistently made during the Track Record Period, which complies with guidance letter HKEX-GL103-19 issued by the Stock Exchange (“**GL103-19**”). In addition, we account for the convertible preferred shares as financial liabilities at fair value through profit or loss. The fair value of convertible preferred shares has been determined by using the income approach and is affected primarily by the changes in our equity value. The convertible preferred shares will automatically convert into ordinary shares upon the completion of the Global Offering, and no further loss or gain on fair value changes is expected to be recognized afterwards. The reconciling item is non-cash, non-recurring and does not result in cash outflow, which complies with GL103-19.

The following table reconciles our non-IFRS profit for the years/periods presented to the most directly comparable financial measure calculated and presented in accordance with IFRSs, which is profit/(loss) for the year/period:

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB	**RMB**	**RMB**	**RMB**	**RMB**
			(in thousands)		
Reconciliation of profit/(loss) to non-IFRS profit:					
Profit/(loss) for the year/period	178,534	214,927	(971,805)	236,254	(5,360,915)
Add:					
Share-based payment expenses	30,420	33,471	52,728	17,713	26,466
Fair value changes of convertible preferred shares	—	—	1,263,130	—	5,705,251
Non-IFRS profit for the year/period	**208,954**	**248,398**	**344,053**	**253,967**	**370,802**

Selected Combined Statements of Financial Position Items

The following table sets forth selected information from our combined statements of financial position as of the dates indicated:

	As of December 31,			As of June 30,
	2017	2018	2019	2020
	(in thousands of RMB)			
Total non-current assets	10,218	15,810	52,634	901,545
Total current assets	901,145	1,166,337	8,624,043	10,493,379
Total assets	**911,363**	**1,182,147**	**8,676,677**	**11,394,924**
Total non-current liabilities	1,594	2,411	7,590,832	13,781,421
Total current liabilities	247,145	430,515	1,544,876	3,445,817
Total liabilities	**248,739**	**432,926**	**9,135,708**	**17,227,238**
Paid-in capital/share capital	2,000	2,000	7	7
Reserves	714,669	841,991	909,753	896,350
Accumulated losses	(54,045)	(94,770)	(1,368,791)	(6,727,543)
Equity attributable to owners of the Company	662,624	749,221	(459,031)	(5,831,186)
Non-controlling interests	—	—	—	(1,128)
Total equity	**662,624**	**749,221**	**(459,031)**	**(5,832,314)**
Net current assets	**654,000**	**735,822**	**7,079,167**	**7,047,562**

We had net liabilities of RMB459.0 million and RMB5.8 billion as of December 31, 2019 and June 30, 2020, respectively, primarily due to the convertible preferred shares of RMB7.6 billion and RMB13.6 billion we recorded as of December 31, 2019 and June 30, 2020, respectively, resulting from our Series A financing and the fair value changes of convertible preferred shares. In August 2020, we issued 130,319,819 Series B Preference Shares for a cash consideration of approximately US$914 million (equivalent to RMB6,314 million). Our convertible preferred shares (including Series A Preference Shares and Series B Preference Shares) will automatically be converted into ordinary shares upon Listing. Afterwards, we do not expect to recognize any further loss or gain on fair value changes from the convertible preferred shares and may revert back to a net assets position from a net liabilities position.

Selected Combined Statements of Cash Flows Items

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

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2017	2018	2019	2019	2020
	(in thousands of RMB)				
Net cash generated from operating activities	36,116	187,226	409,470	460,372	359,667
Net cash used in investing activities	(8,623)	(13,689)	(1,448,623)	(454)	(3,097,063)
Net cash (used in)/generated from financing activities	(33,299)	(2,924)	6,509,119	983,849	907,651
Net (decrease)/increase in cash and cash equivalents	(5,806)	170,613	5,469,966	1,443,767	(1,829,745)
Net contribution from/(return to) JD Group	12,652	(161,801)	(561,887)	(561,887)	—
Cash and cash equivalents at the beginning of the year/period	555	7,401	16,213	16,213	4,965,272
Effects of foreign exchange rate changes on cash and cash equivalents	—	—	40,980	—	64,793
Cash and cash equivalents at the end of the year/period	**7,401**	**16,213**	**4,965,272**	**898,093**	**3,200,320**

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the listing committee of the Stock Exchange for the granting of the listing of, and permission to deal in, our Shares in issue (including the shares on conversion of the Preference Shares), to be issued pursuant to the Global Offering (including the Shares which may be issued pursuant to the exercise of the Over-allotment Option) and the Shares to be issued pursuant to the Pre-IPO ESOP, Post-IPO Share Option Scheme and Post-IPO Share Award Scheme. We applied on the basis that, among other things, we satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to (i) our revenue for the year ended December 31, 2019, being RMB10.84 billion (equivalent to approximately HK$12.43 billion), which is over HK$500 million, and (ii) our expected market capitalization at the time of Listing, which, based on the low-end of the indicative Offer Price range, exceeds HK$4 billion.

DIVIDEND POLICY

We are a holding company incorporated under the laws of the Cayman Islands. Any future decision to declare and pay any dividends will be at the discretion of our Board and will depend on, among other things, the availability of dividends received from our subsidiaries, our earnings, capital and investment requirements, level of indebtedness, and other factors that our Board deems relevant. Dividend distribution to our shareholders is recognized as a liability in the period in which the dividends are approved by our shareholders or Directors, where appropriate. During the Track Record Period, no dividends have been paid or declared by us. We do not have a fixed dividend payout ratio.

As advised by our Cayman Islands counsel, under Cayman Islands law, a Cayman Islands company may pay a dividend out of either profits or share premium account. Even if there is an accumulated loss, a dividend may be paid out of the share premium account, provided that the memorandum and articles of association do not prohibit such payment. In no circumstances may a dividend be declared or paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. However, investors should not purchase our shares with the expectation of receiving cash dividends.

GLOBAL OFFERING

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

(a) the Hong Kong Public Offering of initially 19,095,000 Offer Shares (subject to reallocation) in Hong Kong as described below in the section headed "—The Hong Kong Public Offering"; and

(b) the International Offering of initially 362,805,000 Offer Shares (subject to reallocation and the Over-allotment Option) outside the United States in reliance on Regulation S and in the United States to QIBs in reliance on Rule 144A or other available exemption from the registration requirements of the U.S. Securities Act.

The Offer Shares will represent 12.21% of the issued share capital of the Company immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised and excluding shares to be issued under the Pre-IPO ESOP, Post-IPO Share Option Scheme and Post-IPO Share Award Scheme.

RECENT DEVELOPMENTS

Our Directors confirm that there have been no material adverse changes in our financial, operational or trading positions or prospects since June 30, 2020, being the date of the latest reporting period ended of our combined financial statements as set out in the Accountants' Report in Appendix I to this document, and up to the date of this document. The unaudited financial information for the nine months ended September 30, 2020 is derived from our unaudited interim condensed financial information for the nine months ended September 30, 2020. We are responsible for the preparation of the unaudited interim condensed financial information for the nine months ended September 30, 2020 in accordance with the basis of preparation and presentation as well as the accounting policies, which conform with the International Financial Reporting Standards, consistent with those adopted for the preparation of the historical financial information for the three years ended December 31, 2019 and six months ended June 30, 2020 as set out in the Accountants' Report in Appendix I to this document. Our unaudited interim condensed financial information for the nine months ended September 30, 2020 has been reviewed by our Reporting Accountant in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board.

On August 21, 2020, we raised approximately US$914 million by issuing 130,319,819 Series B Preference Shares with a par value of US$0.0000005 per share. See "History, Reorganization And Corporate Structure—2. Principal terms of the Pre-IPO Investments" in this document for more details.

For the twelve months ended September 30, 2020, we had 80.0 million annual active user accounts. For the nine months ended September 30, 2020, we recorded total revenue of RMB13.2 billion, representing a 77.1% increase from the same period in 2019, and gross profit of RMB3.4 billion, representing a 66.3% increase from the same period in 2019.

In line with our overall growth strategy in 2020, we expect our selling and marketing expenses, research and development expenses and general and administrative expenses to continue to increase in 2020, in particular, in the fourth quarter of 2020. The growth in these expenses might outpace the growth in our revenue or gross profit, due to our continuous and increased effort to (i) enhance our brand recognition and promote our platform; (ii) expand our technology team, enhance our data analytics capabilities and develop new features and applications to better serve various participants in the healthcare ecosystem; and (iii) hire additional employees to support our business operations and planned expansion. If that happens, our financial performance in 2020 might be impacted compared with that in 2019.

We expect that our net loss for the year ending December 31, 2020 will increase compared to the year ended December 31, 2019 due to the expected loss on fair value changes of convertible preferred shares, which was in relation to the Pre-IPO Investments. Although our convertible preferred shares will be automatically converted to Shares upon the completion of the Global Offering, to the extent we need to revalue the preferred shares prior to the completion of the Global Offering, any change in fair value of these convertible preferred shares could materially affect our financial positions and results of operations. The fair value of our convertible preferred shares increased further after June 30, 2020 due to our issuance of Series B Preference Shares in August 2020, which is expected to have a negative impact on our combined statements of profit or loss. Assuming we revalue the convertible preferred shares immediately prior to the conversion to Shares upon completion of the Global Offering, based on Offer Price of HK$66.69 per Offer Share (being the mid-point of our Offer Price range of HK$62.80 to HK$70.58 per Offer Share), the unaudited fair value change of the balance of convertible preferred shares for the year ending December 31, 2020 is expected to be approximately RMB15.8 billion. We expect this will have a negative impact on our combined statements of profit or loss for the year ending December 31, 2020 because the increase in the balance of fair value change instruments will result in loss associated with fair value change in convertible preferred shares. See "Risk Factors—Our results of operations, financial conditions and prospects have been adversely affected by fair value changes of financial instruments at fair value through profit or loss, in particular, by fair value changes in our convertible preferred shares."

In November 2020, the State Administration for Market Regulation, or the SAMR, published a discussion draft of the Guideline on Anti-monopoly of Platform Economy Sector (《關於平台經濟領域的反壟斷指南（徵求意見稿）》) (the "Draft Guideline"), aiming to improve anti-monopoly administration on online platforms. The released Draft Guideline, if enacted, will operate as a compliance guidance under the existing PRC anti-monopoly laws and regulations for platform economy operators. See "Regulations—Regulations Relating to Anti-Monopoly in China" for a brief summary of the Draft Guideline. As advised by our PRC Legal Adviser, the Draft Guideline was released for public comment only, and its operative provisions and the anticipated adoption or effective date may be subject to change with substantial uncertainty. It is impossible to predict the impact of the Draft Guideline, if any, at this stage, we will closely monitor and assess the trajectory of the rule-making process.

Impact of COVID-19 On Our Operations

The vast majority of our revenue is derived from sales of pharmaceutical and healthcare products. Our results of operations and financial condition in 2020 have been and may continue to be affected by the spread of COVID-19. Although China had gradually controlled the spread of COVID-19 by the end of June 2020, the extent to which COVID-19 impacts our results of operations in 2020 will depend on the future developments of the pandemic, which are highly uncertain and unpredictable.

In response to intensifying efforts to contain the spread of COVID-19, the Chinese government has taken a number of actions, which included compulsory quarantine arrangements, travel restrictions, remote work arrangements and public activities restrictions, among others. COVID-19 also resulted in temporary closure of many corporate offices, retail stores, manufacturing facilities and factories across China. We have also taken a series of measures in response to the outbreak, including, among others, remote working arrangements for some of our employees. These measures have temporarily reduced the capacity and efficiency of our operations and have negatively impacted our procurement of products, which negatively affected our results of operations.

During the early stage of COVID-19 outbreak, we have seen a decrease in demand for certain health and wellness products, likely due to the decrease in consumer spending in general caused by the pandemic. Leveraging JD Group's logistics network, the general public's increased awareness and significant unmet need for healthcare products and services, we have resumed normal operations and have seen an increase in demand for our online healthcare services, in particular, the demand for our online hospital services, along with an increase in demand for our pharmaceutical products. Despite the impact of the COVID-19 outbreak, our revenue increased by 76.0% from RMB5.0 billion for the six months ended June 30, 2019 to RMB8.8 billion for the six months ended June 30, 2020.

As of June 30, 2020, we had cash and cash equivalents of RMB3.2 billion and term deposit of RMB2.8 billion. In August 2020, we raised over US$900 million by issuing Series B Preference Shares to investors. We believe our liquidity is sufficient to successfully navigate an extended period of uncertainty.

Taking into account (i) the worst case scenario that our operations and businesses are adversely affected by the COVID-19 outbreak, (ii) the financial resources available to us, including cash and cash equivalents, term deposits and the portion of the estimated net proceeds from the Global Offering expected to be used for working capital and general corporate purposes, and (iii) the prudent estimates for the settlement of trade receivables and account payables, we believe we retain substantial ability to manage our business growth and achieve an optimal balance between business expansion and operating cost management. Accordingly, we believe that we can further stretch our internal resources and net proceeds from the Global Offering designated for general working capital and our operations based on the low-end of the Offer Price, and remain financially viable for more than five years.

OFFERING STATISTICS

All statistics in the following table are based on the assumptions that (i) the Global Offering has been completed and 381,900,000 Offer Shares are issued pursuant to the Global Offering; and (ii) 3,127,082,111 Shares are issued and outstanding following the completion of the Global Offering.

	Based on an Offer Price of HK$62.80 per Share	Based on an Offer Price of HK$70.58 per Share
Market capitalization of our Shares(1)	HK$196,381 million	HK$220,709 million
Unaudited pro forma adjusted combined net tangible assets per Share(2)	HK$6.57 (RMB5.56)	HK$7.73 (RMB6.54)

Notes:

(1) The calculation of market capitalization is based on 3,127,082,111 Shares expected to be in issue immediately upon completion of the Global Offering.

(2) The unaudited pro forma adjusted net tangible asset per Share as of June 30, 2020 is calculated after making the adjustments referred to in Appendix II and on the basis that 2,531,153,732 Shares are expected to be in issue immediately upon completion of the Global Offering.

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

Appendix II. Please note that in preparing the unaudited pro forma financial information, no adjustment has been made to our unaudited pro forma adjusted combined net tangible assets attributable to owners of our Company as of June 30, 2020 to reflect any operating result or other transactions of us entered into subsequent to June 30, 2020. In particular, the unaudited pro forma adjusted combined net tangible assets attributable to owners of our Company have not been adjusted to illustrate the effect of the issuance of Series B Preference Shares in August 2020 and the conversion of Series A Preference Shares and Series B Preference Shares into Shares upon the completion of the Global Offering. As of June 30, 2020, the carrying amount of 372,552,238 Series A Preference Shares of our Company was RMB13,609 million and recognized as financial liabilities. The Series A Preference Shares shall automatically be converted without the payment of any additional consideration into ordinary shares upon the completion of the Global Offering and based on initial conversion ratio of 1:1. In August 2020, we issued 130,319,819 Series B Preference Shares for a cash consideration of approximately US$914 million (equivalent to RMB6,314 million). The Series B Preference Shares shall automatically be converted without the payment of any additional consideration into ordinary shares upon the completion of the Global Offering and based on initial conversion ratio of 1:1.

LISTING EXPENSES

Based on the mid-point Offer Price of HK$66.69, the total estimated listing related expenses payable by us in relation to the offering of the Offer Shares under the Global Offering, together with the fees and expenses for professional advisors and service providers engaged for the Global Offering, is approximately RMB402.2 million (or approximately RMB87.1 million after excluding underwriting commission, SFC transaction levy and Stock Exchange trading fee of approximately RMB315.1 million and assuming the Over-allotment Option is not exercised), representing approximately 1.9% of the gross proceeds of the Global Offering (assuming the Over-allotment Option is not exercised). We estimate that the total listing expenses for the year ended December 31, 2020 in the amount of RMB73.6 million will be charged to our consolidated statements of comprehensive income for the year ending December 31, 2020. The balance of approximately RMB328.6 million, which includes underwriting commission, is expected to be capitalized. These listing expenses mainly comprise professional fees paid and payable to the professional parties for their services rendered in relation to the Listing and the Global Offering and the underwriting commission and discretionary incentive fee payable to the Underwriters in connection with the offering of Offer Shares under the Global Offering.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$24,994 million after deducting the underwriting commissions and other estimated expenses paid and payable by us in relation to the Global Offering and taking into account any additional discretionary incentive fee (assuming the full payment of the discretionary incentive fee), assuming an Offer Price of HK$66.69 per Share, being the mid-point of the indicative Offer Price range of HK$62.80 to HK$70.58 per Share. We intend to use the net proceeds we will receive from the Global Offering for the following purposes:

- approximately 40% of the net proceeds, or approximately HK$9,997 million, is expected to be used for business expansion in the next 36 to 60 months, including:
  - further developing our retail pharmacy business and online healthcare services, including (i) continuing to strengthen our retail pharmacy business by procuring more

drug SKUs and introducing more novel drugs from a larger base of quality suppliers for our direct sales business; (ii) increasing the number of drug warehouses that we utilize through collaboration with JD Group, which will enhance our supply chain capabilities; (iii) cooperating with more offline pharmacies to enrich the product categories and expand the urgent delivery services of our omnichannel initiative to more cities in China with enhanced efficiency and coverage; (iv) continuing to invest in the development of our healthcare services network and the expansion of our healthcare service offerings to satisfy all-round demand from users with serious, acute and/or chronic diseases, by recruiting more in-house doctors and cooperating with more external doctors and providing them with attractive compensation packages and training and collaboration opportunities, collaborating with more top industry experts to build specialist medical centers and expanding our consumer healthcare services to more categories; and (v) investing in new initiatives such as developing and purchasing more advanced technology infrastructures to help digitalize the transaction process between upstream pharmaceutical companies and healthcare product suppliers and distributors with downstream pharmacies;

- enhancing user growth and engagement, including (i) strengthening our supply chain capabilities through expanding our supply chain human resources and investments in relevant technologies for logistics to achieve economies of scale and operating efficiency and enable us to offer more diversified delivery options and competitive pricing, improving user experience; (ii) continuing to improve user experience of our online healthcare services by expanding the breadth and depth of our service offerings, such as expanding the types and numbers of offerings in dental services and aesthetic medicines of our consumer healthcare services; and (iii) investing in the technology to improve the capability of our mobile apps and the development of data-driven and personalized services based on insights into user preferences, backed by our data analytics capabilities and the use of AI in analyzing user behaviors, for example, to recommend related or similar non-drug healthcare products based on users' search and purchase history;

- consistently promoting brand awareness through increasing our online and offline marketing and promotional activities, such as TV branding, news feed ads, advertisements through major search engines and web portals, and seasonal and holiday promotional campaigns; and

- approximately 30% of the net proceeds, or approximately HK$7,498 million, is expected to be used for research and development in the next 24 to 36 months, including (i) further developing our digital infrastructure and new initiatives with continuous investments in our healthcare services platforms, AI-assisted prescription verification, and big data and cloud computing technologies, to consistently optimize our service process, improve user experience, boost operation efficiency and expand the scope of Internet and technology related solutions offered to participants in the healthcare value chain; (ii) continuously attracting, through offering competitive compensation packages, and cultivating world-class software engineers, data scientists, artificial intelligence experts and other research and development talents, and expanding our portfolio of intelligent assets; and (iii) investing in smart healthcare solutions for offline hospitals and other medical institutions, such as software, IOT systems and integrated platform solutions designed for various scenarios based on their specific needs to further improve patient monitoring and management, enhance daily operation efficiency of hospitals and position them for greater integration with online service offerings;

- approximately 20% of the net proceeds, or approximately HK$4,999 million, is expected to be used for our potential investments and acquisitions or strategic alliances. We are interested in healthcare companies with advanced technologies and services, companies with complementary business lines and companies that have synergies with our current business. We have no intention to use any portion of the net proceeds to settle the payments for the minority investments or the acquisitions referred to in the section headed "Waivers from Strict Compliance with the Listing Rules and Exemptions from the Companies (Winding Up and Miscellaneous Provisions) Ordinance." As of the Latest Practicable Date, we have not identified any other target of potential acquisition; and
- approximately 10% of the net proceeds, or approximately HK$2,499 million, is expected to be used for working capital and general corporate purposes.

In the event that the Offer Price is set at the high point or the low point of the indicative Offer Price range, the net proceeds of the Global Offering will increase or decrease by approximately HK$1,463 million, respectively. Under such circumstances, we will increase or decrease the allocation of the net proceeds to the above purposes on a pro-rata basis.

If the Over-allotment Option is exercised in full, the additional net proceeds that we will receive will be approximately HK$3,763 million, assuming an Offer Price of HK$66.69 per Share, being the mid-point of the indicative Offer Price range. We may be required to issue up to an aggregate of 57,285,000 additional Offer Shares pursuant to the Over-allotment Option. See the section headed "—Use of Proceeds" in this document for further details of the use of proceeds.

SPIN-OFF

Having considered, among other things, that our healthcare business has grown to a sufficient size that warrants a separate listing on the Stock Exchange, JD.com submitted a spin-off proposal to the Stock Exchange pursuant to Practice Note 15 of the Listing Rules. The Stock Exchange has confirmed that JD.com may proceed with the Spin-off as proposed. Our Company will comply with the requirements under Practice Note 15 and the applicable requirements of the Listing Rules regarding the Spin-off, save with respect to paragraph 3(f) of Practice Note 15, in respect of which JD.com has applied for, and the Stock Exchange has granted, a waiver from the requirement for us to provide existing shareholders of JD.com with an assured entitlement to apply for Shares pursuant to the Global Offering. See the section headed "History, Reorganization and Corporate Structure—Spin-off" in this document for further details of the Spin-off.