

CONNECTED TRANSACTIONS

We have entered into certain agreements with parties that will be our connected persons (as defined under Chapter 14A of the Listing Rules). Following the Listing, the transactions contemplated under such agreements will constitute our continuing connected transactions under the Listing Rules.

CONNECTED PERSONS

Following the Listing, the following parties, which have entered into certain written agreements with our Group, will be connected persons of our Group:

Name	Connected Relationship
Mr. Ma	one of our executive Directors
Mr. Li	one of our executive Directors
Medpion Cayman	the holding company of the Excluded Group. As the shareholding structure of Medpion Cayman substantially mirrored our Company's shareholding structure before Series F financing (including our Founders and other major Shareholders), we will voluntarily treat Medpion Cayman as our connected person. See "History, Reorganization and Corporate Structure—Exclusion of Offline Clinics Business" in this prospectus.
Shenzhen Tencent Computer Systems Company Limited (深圳市騰訊計算機系統有限公司) ("Tencent Computer")	a subsidiary of Tencent, one of our substantial Shareholders

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

The table below sets out our continuing connected transactions that are not fully-exempt under Chapter 14A of the Listing Rules.

Transactions	Applicable Listing Rules	Waiver sought	Proposed annual cap for each of the years ending December 31, (in RMB million)		
			2022	2023	2024
1. Payment Services Framework Agreement	Rule 14A.35	Announcement requirement	8.00	10.00	12.50
	Rule 14A.76(2)				
	Rule 14A.105				
2. Health Management Services Framework Agreement	Rule 14A.35	Announcement requirement	5.70	13.00	28.00
	Rule 14A.76(2)				
	Rule 14A.105				
3. Contractual Arrangements	Rule 14A.35	Announcement, circular, independent shareholders' approval, annual cap, and three year term requirements	N/A	N/A	N/A
	Rule 14A.36				
	Rule 14A.52				
	Rule 14A.53				
	Rule 14A.105				

1. Payment Services Framework Agreement

Principal terms

We have entered into a payment services framework agreement dated December 6, 2022 with Tencent Computer (the "**Payment Services Framework Agreement**"), pursuant to which Tencent Group will provide us with payment services through its payment channel to enable our members to pay their insurance premiums for our health insurance plans on our platform through Tencent payment channel.

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We collect such insurance premiums on behalf of insurance carriers and pay a withdrawal fee to Tencent Group. See “Business—Our Services—Health Insurance Services—Our Health Insurance Plans” in this prospectus.

The Payment Services Framework Agreement shall become effective on the Listing Date and expire on December 31, 2024, subject to renewal upon the mutual consent of both parties.

Pricing policies

The service fee charged by Tencent Group is calculated as a percentage of the total insurance premiums collected and withdrawn by our Group on our platform through Tencent payment channel. Such pre-determined fee rates are published on the website of Tencent’s subsidiary providing such payment services which also applies to other third parties, and are generally comparable with those offered by Tencent Group’s competitors for services of a similar nature and volume. The service fee rate currently applicable to our Group is 0.60%.

Before entering into any specific agreement under the Payment Services Framework Agreement, we will assess our business needs and compare the terms (including the service fee rate) proposed by Tencent Group with those offered by other comparable service providers. We will also take into account (i) the synergy with our online platform such as our Weixin official account, (ii) the quality and stability of such payment services, and (iii) the familiarity with our business needs.

Historical amount, annual caps and basis for annual caps

The historical amount and proposed annual caps of service fees charged by Tencent Group for the payment services are set out in the table below:

Historical amount for				Proposed annual cap for each of the years		
each of the years ended December 31, (in RMB million)			the six months ended June 30, 2022 (in RMB million)	ending December 31, (in RMB million)		
2019	2020	2021		2022	2023	2024
—	1.76	3.68	3.25	8.00	10.00	12.50

We have considered, among other things, the following basis in determining the proposed annual caps above:

- (i) our Health Insurance Services business has developed quickly in 2021 and is expected to develop steadily in 2022, 2023 and 2024. As of June 30, 2022, we had launched 24 types of health insurance plans, enrolling approximately 23.9 million individual members and 876 enterprise clients;
- (ii) the total insurance premiums collected on our platform through Tencent payment channel for the year ended December 31, 2021 was approximately RMB749 million, more than twice of those collected in 2020;
- (iii) we expect that the total insurance premium to be collected on our platform through Tencent payment channel will increase by approximately 70% in 2022, and by approximately 25%-30% in each of 2023 and 2024, taking into account, among other things, the Company’s business development plan for its Health Insurance Services business as further detailed in “Future Plans and Use of Proceeds” in this prospectus; and
- (iv) we assume the service fee rate applicable to our Group to remain relatively stable for the three years ending December 31, 2024, which rate has remained unchanged since we started purchasing such service from Tencent in 2020.

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Reasons for and benefits of the transactions

Tencent Group is a leading player in the PRC online payment service industry. We offer our health insurance plans on our Weixin official account, and our members pay their insurance premiums through Tencent payment channel. Such cooperation would enable us to provide our users with convenient payment solutions and therefore enhance our members' satisfaction with our services.

Listing Rules implications

The highest applicable percentage ratio under the Listing Rules in respect of such transactions is expected to exceed 0.1% but will be lower than 5%. Therefore, these transactions will be exempt from the independent shareholders' approval requirement, but will be subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

2. Health Management Services Framework Agreement

Principal terms

We have entered into a health management services framework agreement dated December 6, 2022 with Medpion Cayman (the "**Health Management Services Framework Agreement**"), pursuant to which the Excluded Group will provide our Group with health management services for the individual members enrolled in our Enterprise Health Plans, including physical and mental health consultation. See "Business—Our Services—Health Insurance Services" in this prospectus. We have offered such health management services as part of the promotion efforts for our Enterprise Health Plans. Individual members enrolled in our Enterprise Health Plans will have free access to such health management services provided by the Excluded Group as and when necessary during the term of the Enterprise Health Plans.

The Health Management Services Framework Agreement shall become effective on the Listing Date and expire on December 31, 2024, subject to renewal upon the mutual consent of both parties.

Pricing policies

The service fee charged by the Excluded Group is calculated based on arm's length negotiation between our Group and Excluded Group with reference to the fees charged by other market players for similar services. We historically paid, and currently expect to pay, approximately RMB500 to the Excluded Group for each individual member enrolled in our Enterprise Health Plans who consumes such health management services.

Before entering into any specific agreement under the Health Management Services Framework Agreement, we will assess our business needs and compare the terms (including the service fee) proposed by the Excluded Group with those offered by other service providers for comparable services. We will also take into account (i) the quality and stability of such health management services, and (ii) the familiarity with our business needs.

CONNECTED TRANSACTIONS

Historical amount, annual caps and basis for annual caps

The historical amount and proposed annual caps of service fees payable by our Group for the health management services are set out in the table below:

Historical amount for			the six months ended June 30, 2022 (in RMB million)	Proposed annual cap for each of the years ending December 31, (in RMB million)		
each of the years ended December 31, (in RMB million)				2022	2023	2024
2019	2020	2021				
—	—	1.75	1.16	5.70	13.00	28.00

We have considered, among other things, the following basis in determining the proposed annual caps above:

- (i) we expect that the health management services provided by the Excluded Group will cover approximately 2% of the individual members enrolled in our Enterprise Health Plans in 2022, 2023 and 2024. We intend to control our operating costs and limit the offering of such health management services to our key customers with the rapid increase in the number of individual members expected to be enrolled in our Enterprise Health Plans;
- (ii) we expect that the number of individual members enrolled in our Enterprise Health Plans will increase rapidly with the expansion of our Health Insurance Services business to approximately 570 thousand in 2022, approximately 1.3 million in 2023 and further to approximately 2.8 million in 2024;
- (iii) we expect that the service fee paid to the Excluded Group for each individual member enrolled in our Enterprise Health Plans who consumes such health management services to remain relatively stable for the three years ending December 31, 2024; and
- (iv) the transaction amount for the six months ended June 30, 2022 reached RMB1.16 million which was primarily affected by less offline medical activities (other than those related to COVID-19 pandemic) during the Chinese New Year holiday and due to public restrictive measures in response to COVID-19 pandemic.

Reasons for and benefits of the transactions

The Excluded Group has been providing health management services to our Group before and after it was excluded from our Group as disclosed in “History, Reorganization and Corporate Structure—Exclusion of Offline Clinics Business” in this prospectus, and has been familiar with our Health Insurance Services business model and health management demands for the individuals of our enterprise clients. With such services provided by the Excluded Group, we are able to provide high quality health management services to the individuals of our enterprise clients.

Listing Rules implications

The highest applicable percentage ratio under the Listing Rules in respect of such transactions is expected to exceed 0.1% but will be lower than 5%. Therefore, these transactions will be exempt from the independent shareholders’ approval requirement, but will be subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

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3. Contractual Arrangements

Background and principle terms

As disclosed in “Contractual Arrangements” in this prospectus, due to regulatory restrictions on foreign ownership in China, we conduct online insurance brokerage service as part our Health Insurance Services business through the Consolidated Affiliated Entities in China. We do not hold any equity interests in the Consolidated Affiliated Entities, but effectively control the Consolidated Affiliated Entities and are able to derive substantially all of their economic benefits through the Contractual Arrangements. See “Contractual Arrangements” in this prospectus for details.

Listing Rules implications

Mr. Ma and Mr. Li, two of our executive Directors, are among the Registered Shareholders who have entered into the Contractual Arrangements with our Company. Therefore, the transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of our Company upon Listing under the Listing Rules.

The highest applicable percentage ratio under the Listing Rules in respect of the transactions associated with the Contractual Arrangements is expected to be more than 5%. As such, these transactions will be subject to the reporting, annual review, announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Reasons for and benefits of the transactions

Our Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated therein are fundamental to our legal structure and business operations. Our Directors also believe that our structure places our Group in a special position in relation to the connected transactions rules whereby the financial results of the Consolidated Affiliated Entities are consolidated into our financial statements as if they were our Company’s wholly-owned subsidiaries, and all the economic benefits of their business flows to our Group.

Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements and any new transactions, contracts and agreements or renewal of existing transactions, contracts and agreements to be entered into, among others, by the Consolidated Affiliated Entities and any member of our Group from time to time (including the Consolidated Affiliated Entities) (the “**New Intergroup Agreements**”) technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, our Directors consider that it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to our Company, for all such transactions to be subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including the announcement, circular and independent shareholders’ approval requirements.

WAIVERS

We expect the non-exempt continuing connected transactions disclosed above will continue after the Listing, and our Directors consider that strict compliance with the announcement, circular and independent shareholders’ approval (as applicable) requirements under the Listing Rules would be impractical, unduly burdensome and would impose unnecessary administrative costs on our Company.

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(1) Waivers in Relation to the Payment Services Framework Agreement and the Health Management Services Framework Agreement

Pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange has granted us, a waiver from strict compliance with the announcement requirement under Rule 14A.35 of the Listing Rules in respect of the non-exempt continuing connected transactions under the Payment Services Framework Agreement and the Health Management Services Framework Agreement as described above, subject to the condition that the total transaction amount for each of the three years ending December 31, 2024 shall not exceed the proposed caps set out above.

(2) Waivers in Relation to Contractual Arrangements

In respect of the Contractual Arrangements and the New Intergroup Agreements, we have applied for, and the Stock Exchange has granted us, waivers from strict compliance with (i) the announcement, circular and independent shareholders' approval requirements pursuant to Rule 14A.105 of the Listing Rules, (ii) the requirement to set a term of three years or less under Rule 14A.52 of the Listing Rules, and (iii) the requirement to set annual caps under Rule 14A.53 of the Listing Rules subject to the following conditions.

No change without independent non-executive Directors' approval

Save as described below, no change to the Contractual Arrangements (including with respect to any fees payable to the WFOE thereunder) will be made without the approval of our independent non-executive Directors.

No change without independent Shareholders' approval

Save as described below, no change to the agreements governing the Contractual Arrangements will be made without the approval of our independent Shareholders. Once independent Shareholders' approval of any change has been obtained, no further announcement or approval of the independent Shareholders will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the Contractual Arrangements in the annual reports of our Company will however continue to be applicable.

Economic benefits and flexibility

The Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by the Consolidated Affiliated Entities through (i) our Group's options (if and when so allowed under the applicable PRC laws) to acquire, all or part of the equity interests in the Consolidated Affiliated Entities for nil consideration or the minimum amount of consideration permitted by applicable PRC laws, (ii) the business structure under which the profit generated by the Consolidated Affiliated Entities is substantially retained by our Group, such that no annual cap shall be set on the amount of service fees payable to the WFOE by our Consolidated Affiliated Entities under the Contractual Arrangements, and (iii) our Group's right to control the management and operation of, as well as, in substance, a substantial portion of the voting rights of the Consolidated Affiliated Entities.

Renewal and reproduction

On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between (i) our Company and the subsidiaries in which our Company has direct shareholding and (ii) the Consolidated Affiliated Entities, this framework may be renewed and/or reproduced without an

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announcement, circular, or obtaining the approval of our Shareholders (i) upon the expiry of the existing arrangements, (ii) in connection with any changes to the shareholders or directors of, or of their shareholdings in, the Consolidated Affiliated Entities, or (iii) in relation to any existing, new or acquired wholly foreign-owned enterprise or operating company (including branch company) engaging in a business similar or relating to those of our Group.

The directors, chief executive or substantial shareholders of any existing, new or acquired wholly foreign-owned enterprise or operating company (including branch company) engaging in a business similar or relating to those of our Group will, upon renewal and/or reproduction of the Contractual Arrangements, be treated as connected persons of our Group and transactions between these connected persons and our Group other than those under similar Contractual Arrangements shall comply with Chapter 14A of the Listing Rules.

This condition is subject to relevant PRC laws, regulations and approvals. Any such renewed or reproduced agreements will be on substantially the same terms and conditions as the existing Contractual Arrangements.

Ongoing reporting and approvals

We will disclose details relating to the Contractual Arrangements on an ongoing basis:

- (i) the Contractual Arrangements in place during each financial period will be disclosed in our Company's annual report and accounts in accordance with the relevant provisions of the Listing Rules;
- (ii) our independent non-executive Directors will review the Contractual Arrangements annually and confirm in our Company's annual report that for the relevant year (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements, (ii) no dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group, and (iii) any new contracts entered into, renewed or reproduced between our Group and the Consolidated Affiliated Entities are fair and reasonable, or advantageous to our Shareholders, so far as our Group is concerned and in the interests of our Shareholders as a whole;
- (iii) our Company's auditors will carry out review procedures annually on the transactions carried out pursuant to the Contractual Arrangements and will provide a letter to our Directors with a copy to the Stock Exchange, confirming that the transactions have been approved by our Board, have been entered into in accordance with the relevant Contractual Arrangements and that no dividends or other distributions have been made by our Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group;
- (iv) for the purpose of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", the Consolidated Affiliated Entities will be treated as our Company's subsidiaries, but at the same time, the directors, chief executives or substantial shareholders of the Consolidated Affiliated Entities and its associates will be treated as connected persons of our Company as applicable under the Listing Rules (excluding for this purpose, the Consolidated Affiliated Entities themselves), and therefore the transactions between these connected persons and our Group (including for this purpose, the Consolidated Affiliated Entities), other than those under the Contractual Arrangements, will be subject to the applicable requirements under Chapter 14A of the Listing Rules; and

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- (v) the Consolidated Affiliated Entities will, for so long as our Shares are listed on the Stock Exchange, provide our Group's management and our Company's auditors with full access to their relevant records for the purpose of reporting on the connected transactions.

CONFIRMATIONS

Confirmation from the Directors

Our Directors (including independent non-executive Directors) are of the view that (i) the non-exempt continuing connected transactions set out above have been and will be entered into in our ordinary and usual course of business on normal commercial terms or better, on terms that are fair and reasonable, and in the interests of our Company and our Shareholders as a whole; (ii) the proposed monetary annual caps of the non-exempt continuing connected transactions (where applicable) are fair and reasonable and in the interest of our Company and our Shareholders as a whole; and (iii) it is normal business practice for the relevant agreements underlying the Contractual Arrangements to be of a term greater than three years.

Confirmation from the Joint Sponsors

Based on the relevant documents and information provided by the Group and reviewed by the Joint Sponsors and the Joint Sponsors' participation in the due diligence and discussion with the management of the Group, the Joint Sponsors are of the view that (i) the non-exempt continuing connected transactions set out above have been and will be entered into in the Company's ordinary and usual course of business on normal commercial terms or better, on terms that are fair and reasonable, and in the interest of the Company and its Shareholders as a whole; and (ii) the proposed monetary annual caps of the non-exempt continuing connected transactions (where applicable) are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

Based on the relevant documents and information provided by the Group and reviewed by the Joint Sponsors and the Joint Sponsors' participation in the due diligence and discussion with the management of the Group and the PRC Legal Adviser, the Joint Sponsors are also of the view that with respect to the term of the relevant agreements underlying the Contractual Arrangements, it is normal business practice for the Contractual Arrangements of this type to be of a term greater than three years.