
RISK FACTORS

An investment in our Shares involves significant risks. You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, as well as our financial statements and the related notes, and the “Financial Information” section, before deciding to invest in our Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and growth prospects. In any such an event, the market price of our Shares could decline, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations.

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in “Forward-looking Statements” in this prospectus.

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and industry, comprising (a) risks relating to our business; (b) risks relating to government regulations; (c) risks relating to our intellectual property rights; (d) risks relating to our financial position and need for additional capital; and (e) risks relating to our general operation; (ii) risks relating to our corporate structure and Contractual Arrangements; (iii) risks relating to doing business in the PRC; and (iv) risks relating to the Global Offering.

Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also harm our business, financial condition and operating results. You should consider our business and prospects in light of the challenges we face, including those discussed in this section.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Risks Relating To Our Business

A majority of our revenue comes from our Specialty Pharmacy Business service, and we may be unable to attract and retain customers, provide superior customers experience, maintain customers’ trust or continuously increase our brand awareness in our Specialty Pharmacy Business service.

Our Specialty Pharmacy Business service include specialty pharmacies and pharmacist services. In 2019, 2020, 2021 and the six months ended June 30, 2022, our revenue from Specialty Pharmacy Business service accounted for 83.1%, 91.9%, 90.3% and 87.2% of our total revenue, respectively.

Our ability to continue to attract and retain customers depends on our ability to provide superior customers experience, maintain customers’ trust and increase our brand awareness in our Specialty Pharmacy Business service. In order to do so, we need to continue to provide a wide selection of prescription medicines and high-value healthcare products, maintain the quality of products, source products that are responsive to customer demands, ensure timely and reliable delivery, flexible payment options and superior pharmacist services. Such ability, in turn, depends on a variety of factors beyond our control. In particular, we rely on a number of third-party pharmaceutical manufacturers and distributors in the provision of pharmaceutical and healthcare products for our specialty pharmacies. Their failure to provide high-quality products in a timely manner may adversely affect our customers’ receptiveness of, and willingness to purchase, our products and services, which may damage our reputation and cause us to lose customers.

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We may fail to properly manage, create values or maintain a symbiotic ecosystem for various participants in the healthcare industry, including patients, doctors, medical institutions, pharmaceutical companies and payers.

Our results of operations depend on our ability to manage, create value and maintain a symbiotic ecosystem for various participants in the healthcare industry and to generate more monetization opportunities. We provide these participants, including patients, doctors, medical institutions, pharmaceutical companies and payers, with integrated networks and services to help them create value. However, we cannot assure you that we are able to continuously manage, create value and maintain a symbiotic ecosystem for such participants, or at all. Those participants may consider our networks and services ineffective.

We may fail to effectively develop and market new services.

We intend to continue expanding our service offerings. To develop and market our new services successfully, we must accurately assess and meet customer needs, make significant capital expenditures, optimize our product development process, predict and control costs, attract train and retain the necessary personnel, obtain required license or regulatory clearances or approvals, increase customer awareness and acceptance of our services, provide services of a high quality and in a timely manner, price our services competitively, and effectively incorporate customer feedback into our business planning. Any single failure during the process may result in an ultimate failure to launch new services.

We may not be able to manage the growth of our business and operations or implement our business strategies successfully.

Our business has become increasingly complex in terms of both business model and scale. Any future expansion may increase the complexity of our operations and place a significant strain on our managerial, operational, financial and human resources. Our current and planned personnel, systems, procedures and controls may not be adequate to support our future operations. We cannot assure you that we will be able to effectively manage our growth or to implement all these systems, procedures and control measures successfully.

We are also continually executing a number of new initiatives, strategies and operating plans designed to enhance our business. See “Business—Our Strategies” in this prospectus. These initiatives are new and evolving, some of which are still at the inception or pilot trial stage and may prove unsuccessful. We may not be able to successfully implement these new business initiatives, strategies and operating plans and realize all of the benefits that we expect to achieve or it may be more costly to do so than we anticipate.

In addition, we may seek and pursue opportunities via joint ventures or strategic partnerships for expansion from time to time, and we may face similar risks and uncertainties as listed above. Failure to properly address these risks and uncertainties may impair our ability to carry out acquisitions and other expansion plans, integrate and consolidate newly acquired or newly formed businesses, and realize all or any of the anticipated benefits of such expansion.

We have historically incurred net losses and may not be able to achieve or maintain profitability sustainably.

We began commercial operations in 2014 and, during the Track Record Period, had experienced net losses. In 2019, 2020, 2021 and the six months ended June 30, 2022, we had a net loss before tax of

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RMB596.0 million, RMB1,040.9 million and RMB3,747.7 million and RMB344.4 million, respectively. We expect our operating expenses to increase in the future as we expand our operations. Furthermore, after the Global Offering, we may incur additional compliance, accounting, and other expenses that we did not incur as a private company. If our revenue does not grow at a greater rate than our expenses, we may not be able to achieve and maintain profitability. We may incur considerable losses in the future for various reasons, many of which may be beyond our control. Additionally, we may encounter unforeseen expenses, operating delays, or other unknown factors that may result in losses in the future. If our cost of sales and expenses continuously exceed our revenue, our business may be materially and adversely affected and we may not be able to achieve or maintain profitability. Please see “Financial Information—Business Sustainability and Working Capital Sufficiency” in this prospectus for details of our plan to achieve profitability.

We had cash outflow from operating activities during the Track Record Period and may continue to experience net operating cash outflow in the foreseeable future.

We had net cash used in operating activities of RMB327.2 million, RMB192.1 million, RMB621.9 million and RMB215.0 million in 2019, 2020, 2021 and six months ended June 30, 2022, respectively, and we expect that we may not be able to achieve or sustain operating cash inflows for the foreseeable future. Although we believe we have sufficient working capital to fund our operations, if in any case we are unable to maintain adequate liquidity for operating activities, we may not be able to fund our research and development and commercialization activities and to meet our capital expenditure requirements, which may have a material adverse effect on our business prospects, financial condition and results of operations.

We had net liabilities during the Track Record Period.

As of December 31, 2019, 2020, 2021 and June 30, 2022, we had net liabilities of RMB1,006.9 million, RMB1,791.6 million, RMB5,430.9 million and RMB6,062.9 million. Our net liabilities as of December 31, 2019, 2020, 2021 and June 30, 2022 was primarily in relation to the convertible redeemable preferred shares of RMB1,774.1 million, RMB3,618.7 million, RMB7,434.8 million and RMB7,914.4 million as of the same date, respectively. Although 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, we cannot assure you that we will not record net liabilities in the future. A net liabilities position can expose us to the risk of shortfalls in liquidity. This in turn would require us to seek adequate financing from sources such as external debt, which may not be available on terms favorable or commercially reasonable to us or at all. If we are unable maintain adequate working capital or obtain sufficient equity or debt financings to meet our capital needs, we may be unable to continue our operations according to our plans and be forced to scale back our operations, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

Our Specialty Pharmacy Business service involves sale of prescription drugs that is subject to stringent scrutiny, which may expose us to risks and challenges.

Sale of prescription drugs is subject to stringent scrutiny in China. In particular, under *the Administrative Measures for the Supervision and Administration of Circulation of Pharmaceuticals* (《藥品流通監督管理辦法》), a company is prohibited from selling prescription drugs to consumers without prescription. According to *Drug Administration Law of the People’s Republic of China* (《中華人民共和國藥品管理法》), a company engaging in drug retail shall verify prescriptions, and drugs listed in a prescription shall not be arbitrarily changed or substituted. Where a prescription has incompatibility or excessive dosage,

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the pharmacist shall refuse to dispense, the prescription may be dispensed only upon correction or resigning by the prescribing physician if necessary. In addition, none of the drugs which are subject to the State's special control may be sold online, such as vaccines and blood products. Any failure to comply with these stringent laws and regulations could subject us to disciplinary warnings and administrative penalties.

Our Specialty Pharmacy Business service may face increasingly fierce competition as new entrants continue to join and existing competitors continue to expand their pharmacy reach.

During the Track Record Period, most of our revenue of Specialty Pharmacy Business service was generated from our specialty pharmacy business through sales of specialty medicines. However, we cannot assure you that we are able to maintain our competitive advantages in the specialty pharmacy market as the market is developing and changing rapidly. New entrants continue to join and existing competitors continue to expand their pharmacy reach. Some of these competitors may have better resources and expertise than us. Furthermore, if our competitors succeed to establish stronger collaborative relationship with prescription medicine suppliers or if they can better meet the demand of patients than we do, we may lose our existing customers or face difficulties to attract new customers.

Sales of pharmaceutical and healthcare products and provision of pharmacist services is subject to a variety of risks.

Revenue generated from our Specialty Pharmacy Business service are primarily from our specialty pharmacy, the sales of pharmaceutical and healthcare products is subject to a variety of risks, including:

- inability to successfully execute effective marketing and promotional programs necessary to maintain and increase awareness of our brand and products, to the extent permitted by applicable PRC laws and regulations;
- failure to implement effective pricing and other strategies in response to market competition;
- inability to respond to changes in demand and preferences of our customers in a timely manner;
- inability to stock an adequate supply of pharmaceutical and healthcare products that meet the demand of our customers;
- our inability to obtain and maintain regulatory or governmental permits, approvals and clearances, or to pass PRC government inspections or audits;
- the risk of, and resulting liability from, any contamination, injury or other harm caused by any use, misuse or misdiagnosis involving products sold or healthcare services provided by us; and
- the risk related with in-time delivery, and quality of cold-chain delivery.

The occurrence of any such risks may cause a decrease in our sales or demand for our services, and impair our overall business and reputation.

Besides the specialty pharmacy business, our Specialty Pharmacy Business also provides our members access to medicine guidance and AE consultation. Though all our service providers are licensed and experienced pharmacists, we cannot assure that our guidance are appropriate as individual situation varies case by case. In addition, we may be subject to liability for the guidance or advice we provide to patients.

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We face a variety of risks associated with our suppliers.

We source the pharmaceutical and healthcare products from our suppliers, primarily pharmaceutical and healthcare products companies or their distributors. We could be materially and adversely impacted if (i) we are unable to continue sourcing sufficient volumes of quality pharmaceutical and healthcare products from our current suppliers; (ii) our suppliers fail to supply sufficient quantities of pharmaceutical and healthcare products on time or supply products that do not meet the relevant quality standards; (iii) our purchase price fluctuates due to changes in the pharmaceutical market and relevant policies and regulations; (iv) our suppliers fail to deliver in time; or (v) we are unable to maintain our existing relationships with these suppliers and continue to be able to source pharmaceutical and healthcare products in stable quantities and at reasonable prices or at all. A termination or modification to any of these relationships could adversely affect our product supply. Moreover, products sold by us may be manufactured with ingredients that are susceptible to supply shortages. Going forward, as the scale of our business continues to grow, there can be no assurance that we will be able to expand our sourcing network to include new suppliers on reasonable terms and prices. In addition, we rely on limited suppliers, which may harm our operations if the supplier loses its qualification or eligibility because of its failure to comply with regulatory requirements or stops our supply due to contractual disputes. In 2019, 2020, 2021 and the six months ended June 30, 2022, our top five suppliers accounted for 70.5%, 70.5%, 71.9% and 73.5% of our total purchases, respectively. Purchases from our largest supplier accounted for 27.6%, 32.1%, 37.2% and 39.1% of our total purchases during each of these periods. If any of these suppliers loses its qualification or eligibility because of its failure to comply with regulatory requirements, we may not be able to find alternative suppliers in a timely manner or at all, which may cause delay in supply. If we are unable to identify alternative suppliers and secure approval for their use in a timely manner, our business could be harmed.

Some of the pharmaceutical and healthcare products that we sell are manufactured in whole or in substantial part outside of China. In most cases, such products or merchandise are imported by our suppliers and sold to us. As a result, significant changes in tax or trade policies, tariffs or trade relations between China and other countries or any changes in their local policies, such as the imposition of unilateral tariffs on imported products, any negative sentiments towards China in response to increased import tariffs and other changes in China's trade regulations, could result in significant increases in our costs, restrict our access to suppliers, and depress economic activity. In addition, our suppliers are primarily independent third parties that are subject to their own operational and financial risks that are outside our control, which in turn, could adversely impact our performance.

Some of our specialty pharmacies are acquired from third parties, which may causes risks related to integration efficiency and compliance management.

To expand our specialty pharmacy network, we may from time to time select and acquire specialty pharmacies from third parties in compliance with the requirements under relevant laws and regulations as well as our internal guidelines. The integration of the specialty pharmacies or any future acquisitions may expose us to certain risks, such as the incurrence of anticipated and unforeseen costs, expenses and liabilities (including latent or potential liabilities that relate to the time prior to our acquisitions), difficulties in integrating the acquired pharmacies in a timely and cost-effective manner or maintaining standard control policies and procedures across our businesses, difficulties in establishing effective management information and financial control systems, and unforeseen legal, regulatory, contractual or other issues. Furthermore, our potential acquisitions in the future may be adversely affected by regulatory or governmental scrutiny. If we fail to successfully integrate recent and potential future acquisitions, or if we encounter any difficulties due to tightened regulatory or governmental scrutiny,

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our performance will be adversely affected. Although we apply our stringent compliance protocol after acquisition, however, we may fail to identify all prior non-compliance of these acquired specialty pharmacies, which may result in high compliance and operation risks.

We may fail to manage our inventory effectively.

Our proprietary pharmacy management system is able to adjust inventory level based on key factors including sales, product mix and patient medical situation. Relying on these systems, we have monitored and managed our inventories in a timely manner. However, we cannot assure you that we will be able to effectively manage our inventory going forward. As of December 31, 2019, 2020, 2021 and June 30, 2022, we had inventories of RMB211.2 million, RMB279.9 million, RMB269.0 million and RMB279.1 million, respectively. In addition, inventories are scatteringly stored at our pharmacy storefronts, which makes it difficult for us to manage our inventory in a timely and comprehensive manner. In line with our plan to continue expanding our pharmacy networks and product offerings, we expect to include more products in our inventory and expand storage volume, which will put more pressure on our warehousing system. Inventory levels in excess of customer demand may result in inventory write-downs, expiration of products or an increase in inventory holding costs and a potential negative effect on our liquidity. If we fail to manage our inventory effectively or store our inventory in a proper manner, we may be subject to a heightened risk of inventory obsolescence, a decline in inventory values, and significant inventory write-downs or write-offs. In addition, we may be required to lower sale prices in order to reduce inventory level, which may lead to lower gross margins. High inventory levels may also require us to commit substantial capital resources, preventing us from using that capital for other important purposes. Conversely, if we underestimate customer demand, or if our suppliers fail to provide products to us in a timely manner, we may experience inventory shortages, which may, in turn, require us to acquire inventories at higher costs or result in unfulfilled customer orders, which may lead to a negative impact on our financial condition and user relationships.

We may become subject to product liability claims arising from Specialty Pharmacy Business service, which could cause us to incur significant expenses and be liable for significant damages if not covered by insurance.

We are exposed to risks inherent in marketing, distributing and selling pharmaceutical and healthcare products and providing healthcare services in China. Claims, customer complaints or administrative penalties may arise if any of our products are deemed or proven to be unsafe, ineffective or defective, or they are found to contain illicit substances. We may also be subject to allegations of having engaged in practices such as sale of counterfeit and substandard medicines or other healthcare products, or providing inadequate warnings or insufficient or misleading disclosures of side effects.

In the event that any use or misuse of the products we sell results in personal injury, suicide or death, product liability claims may be brought against us for damages. If we are unable to defend ourselves against such claims, among other things, we may be subject to civil liabilities for physical injury, death or other losses caused by our products, to criminal liabilities, and to the revocation of our business licenses or relevant permits. In a worse situation, we may be required to suspend sales or cease sales of the relevant products.

In addition, any claim made against us could cause negative publicity, impairment of customers' confidence in us, and significant decrease in sale. For claims made against us that are not fully covered by insurance, we may have to afford expensive defense costs and substantial damages against us. In the event that such product liability claims are attributable to our suppliers or business partners, there can be no assurance that we will obtain full indemnification from them. Even if we do, our reputation may still be severely impaired.

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We could be adversely affected by a decrease in the introduction of new brand name drugs and generic prescription drugs as well as increase in the cost to procure prescription drugs.

The profitability of our specialty pharmacy business partially depends upon the consumption of prescription drugs. The revenue from our specialty pharmacies is generated from sales of prescription drugs the consumption of which may be impacted by various factors including the introduction of new drug with same or similar indication, the price of the drug and consumption pattern of patients, and the consumption trend. Consumption trends are affected by, among other factors, the introduction of new and successful prescription drugs as well as lower-priced generic alternatives to existing brand name drugs. Inflation in the price of drugs also can adversely affect utilization. New brand name drugs can result in increased drug utilization and associated sales, while the introduction of lower priced generic alternatives typically results in relatively lower sales. Accordingly, a decrease in the number or magnitude of significant new brand name drugs or generics successfully introduced, delays in their introduction, or a decrease in the utilization of previously introduced prescription drugs, could adversely affect our results of operations. Additionally, an increase in the cost to procure prescription drugs may adversely impact our gross profit margins to the extent we are unable to offset such cost increases. Moreover, we may fail to take effective precaution actions as any future changes in drug prices could significantly deviate from our anticipation.

Some pharmaceutical products offered by us are subject to and will continue to be subject to centralized procurement policies in China.

The State Council and other relevant authorities issued a series of policies on deepening the reform of medical and healthcare system since 2019. According to the *Notice on Issuance of the Pilot Plan Regarding the Organization of Centralized Procurement and Use of Drugs* (《國務院辦公廳關於印發國家組織藥品集中採購和使用試點方案的通知》) by the State and the *Implementation Opinions on Region Expansion of the Organization of Centralized Procurement and Use of Drugs by the State* (《關於國家組織藥品集中採購和使用試點擴大區域範圍的實施意見》), the State planned to organize centralized procurement and use of certain types of pilot drugs to lower drug price, reduce the burden on patients of drug costs, and lower the transaction costs of pharmaceutical enterprises. In 2021, the State further published an updated policy *Opinion on Promoting the Normalization and Institutionalization of Centralized Volume-Based Procurement of Drugs* (《國務院辦公廳關於推動藥品集中帶量採購工作常態化制度化開展的意見》) to solidify the centralized procurement scheme. For details, see “Regulatory Overview—Regulations Relating to Price Control of Drugs.” Although such policies may lower the transaction costs of the pharmaceutical enterprises and increase the amount of drugs purchased, they may also reduce the sales prices of drugs sold in our specialty pharmacies, resulting in decrease of our sales revenue as well as other financial metrics.

Our business generates and processes a large amount of data, and improper use or disclosure of such data could harm our reputation, business and prospects.

Our business generates and processes a large amount of personal, transaction, demographic and behavioral data. We face risks inherent in handling large volumes of data and in securing and protecting such data, among which risks relating to our business operations include the following:

- protecting the data in and hosted on our system, including against attacks on our system by external parties or fraudulent behavior by our employees;
- addressing concerns related to privacy and sharing, safety, security and other factors; and
- complying with applicable laws, rules and regulations relating to the collection, use, provision or security of personal information, including any requests from regulatory and government authorities relating to such data.

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Data-related regulatory requirements are constantly evolving and can be subject to significant change, making the extent of our responsibility in that regard uncertain. Under certain regulations, rules and measures promulgated by the Ministry of Industry and Information Technology, or the MIIT, since 2011, any collection and use of a customer's personal information by an internet services provider must be subject to the consent of the customer, abide by the principles of legality, rationality and necessity, and be within the specified purposes, methods and scopes. The internet services provider must keep all information collected strictly confidential and is prohibited from divulging, tampering with or destroying any such information, or selling or providing such information to other parties. In particular, the *Cyber Security Law of the People's Republic of China* (《中華人民共和國網絡安全法》), or the *Cyber Security Law*, which took effect on June 1, 2017, is formulated to maintain network security, safeguard the cyberspace sovereignty, national security and public interests, protect the lawful rights and interests of citizens, legal persons and other organizations, and further enhance personal information protection, such as through requirements on the collection, use, processing, storage and provision of personal information. With respect to the healthcare data, in May 2014, the National Health and Family Planning Commission of the PRC, or the NHFPC (currently known as the National Health Commission of the PRC, or the NHC) promulgated the *Measures for Administration of Population Health Information (Trial)*, (《人口健康信息管理辦法(試行)》), the medical institution shall be responsible for collection, management, utilization, safety and privacy protection of population healthcare information which includes the medical service information. Additionally, in July 2018, the NHC promulgated the *Administrative Measures Regarding National Healthcare Big Data Standards, Safety and Service Management (Trial)* (《國家健康醫療大數據標準、安全和服務管理辦法(試行)》), or *Administrative Measures of Healthcare Big Data*, to further standardize the standard management, security management and service management of the healthcare data produced in the course of disease treatment and health management. Moreover, a series of new laws and regulations, including the *Data Security Law of the PRC* (中華人民共和國數據安全法) promulgated by the Standing Committee of the National People's Congress on June 10, 2021 and effective from September 1, 2021, the PRC Personal Information Protection Law (中華人民共和國個人信息保護法) promulgated by the Standing Committee of the National People's Congress on August 20, 2021 and effective from November 1, 2021, set higher regulatory requirements on the entities conducting data processing activities. For details, see "Regulatory Overview—Regulations Relating to Personal Information or Data Protection." Since the aforementioned laws and relevant regulations, rules and measures are relatively new, there are uncertainties as to the interpretation and application of these laws and regulations, and it is possible that our data protection practices are or will be inconsistent with regulatory requirements. Any violation of the provisions and requirements under these laws, regulations, rules and measures may subject us to warnings, fines, confiscation of illegal gains, revocation of licenses, suspension of business, shutting down of websites or even criminal liabilities. Complying with such requirements could cause us to incur substantial expenses or to alter or change our practices in a manner that could harm our business. Any system failure or security breach or lapse that results in the unauthorized release of our customer data could harm our reputation and brand and, consequently, our business, in addition to exposing us to potential legal liability. Any failure, or perceived failure, by us to comply with our privacy policies or with any applicable regulatory requirements or privacy protection-related laws, rules and regulations could result in proceedings or actions against us by governmental entities or others. These proceedings or actions may subject us to significant penalties and negative publicity, require us to change our business model or practices, increase our costs and severely disrupt our business.

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Public scrutiny of internet privacy and security issues may result in increased regulation and tightening industry standards, which could deter or limit us from providing our products and services to our customers, thereby harming our businesses.

Regulatory requirements regarding the protection of such data are constantly evolving and can be subject to significant change, making the extent of our responsibility in that regard uncertain. Our business, including our ability to operate, could be adversely affected if legislation or regulations are adopted, interpreted or implemented in a manner that is inconsistent with our current business practices and that require changes to these practices, the design of our websites, products and services, features or our privacy policies. In particular, the success of our business has been, and we expect will continue to be, driven by our ability to responsibly gather and process data from our customers. Therefore, our business could be harmed by any significant change to applicable laws, regulations or industry standards or practices regarding the storage, use or disclosure of data our customers share with us, or regarding the manner in which the express or implied consent of customers for such collection, analysis and disclosure is obtained. Such changes may require us to modify our services, possibly in a material manner, and may limit our ability to develop new kinds of services and features. If we are not able to comply with the cybersecurity and data privacy requirements in a timely manner, or at all, we may be subject to government enforcement actions and investigations, fines, penalties, suspension of our non-compliant operations, among other sanctions, which could materially and adversely affect our business and results of operations.

As we are expanding our operations, we may be subject to additional laws in other jurisdictions where our customers and business partners are located. The laws, rules and regulations of other jurisdictions may impose on us more stringent or conflicting requirements with harsh penalties for non-compliance than those in the PRC, and the compliance with such requirements could require significant resources and result in substantial costs.

Our ability to access, process and analyze data from various sources could be restricted, which may in turn adversely impact our ability to deliver our services and solutions.

The optimal performance of our data analytics algorithms and our solutions built thereupon depends on the breadth and depth of the data set that we process. We obtain the right to use and generate insights from the de-identified data set through our solution and service offerings to participants in the healthcare industry and we use the data set to enrich our knowledge graphs and develop and refine the functions and features of our services and solutions. Our ability to access and use these types of data is limited by a number of factors including:

- existing law, regulations, policies and industry standards on privacy and data protection regimes and on access, process and analysis of healthcare data by third parties retained and new developments therein;
- our ability to secure appropriate consent to use the data underlying our services and solutions in a timely manner;
- user choices, including the mobile users' modifications to privacy settings; and
- interruptions, failures or defects in our data aggregation, mining, analysis and storage systems.

Any of the above described limitations on our ability to successfully access, aggregate and analyze data could materially impair the performance of our algorithms, which could make our solutions and services less attractive to customers, result in damages to our reputation and a decline of our market share.

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Pharmaceutical companies may reduce their spending on pharmaceutical R&D services and adversely affect our Physician Research Assistance business.

The success of our Physician Research Assistance service, primarily consisting of our SMO service, depends primarily on the number and size of service contracts with our customers, who are mostly pharmaceutical companies. Over the past several years, we have benefited from increasing demand for our services from our customers because of the continued growth of the global pharmaceutical market, increasing research and development budgets of our customers, and a greater degree of outsourcing by our customers. There can be no assurance that these industries will continue to grow at the rates we expect. Any slowing or reversal of any of these trends could have a significant adverse effect on the demand for our services. Furthermore, if investments in pharmaceutical industries were to decrease, the demand for outsourced pharmaceutical R&D services from companies in such industries may also decrease.

In addition to the foregoing industry trends, our customers' willingness and ability to utilize our services are also subject to, among other things, their own financial performance, changes in their available resources, their capacity to acquire in-house discovery, testing, development or commercial manufacturing, their spending priorities, their budgetary policies and practices, their ability to comply with laws applicable to them, and their need to develop new pharmaceutical products. In addition, consolidation in the industries in which our customers operate may have an impact on such spending as our customers integrate acquired operations, including their R&D departments and their budgets. Meanwhile, changes in relevant regulations and policies may also impact our Physician Research Assistance services. For details, see “—Risks Relating to Government Regulation—Changes in laws, government regulations or in practices relating to the pharmaceutical and biotechnology industries could decrease demand for our Physician Research Assistance service, and compliance with new regulations may result in additional costs.”

We may fail to attract, train, motivate and retain skilled pharmacists, CRCs, technical and project management personnel in a cost-effective manner.

As the key to success of our business, we intend to continue to attract and retain skilled personnel. However, as there is a limited supply of qualified personnel with the necessary experience and expertise, we have to provide competitive compensation and benefits packages to attract and retain talent. We cannot assure you that we will always be able to hire and retain the requisite number of qualified personnel to keep pace with our anticipated growth while maintaining consistent service quality. We may get exposure to the risk of continuous increase in staff expenses along with the growth our business. In addition, we may not always be successful in training our professionals to quickly adapt to technological advances, evolving standards and changing customer needs, and the quality of our services may therefore be severely affected.

Our Physician Research Assistance service may suffer, if the clinical trials fail to enroll suitable participants, or any of these participants incur personal injury or other harms from drugs tested on them.

Our SMO service includes participant enrollment and management provided to pharmaceutical companies. Leveraging our data insight, we are able to shorten the time required for locating adequate participants. However, our participant enrollment services for clinical trials may nevertheless be affected by a number of factors, some of which are beyond our control. Any failure to locate sufficient participants in time may result in breach of service agreements, and further impair our reputation and

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relationship with pharmaceuticals. Factors that could impact our participants enrollment performance include but not limited to the following:

- severity of the disease under investigation;
- total size and nature of the relevant participant population;
- design and eligibility criteria for the clinical trial in question;
- perceived risks and benefits of the drug candidate under study;
- participant referral practices of doctors and hospitals;
- availability of competing therapies also undergoing clinical trials;
- our customers' efforts to screen and recruit eligible participants;
- proximity and availability of clinical trial sites for prospective participants; and
- occurrence of any health epidemic or other public events, such as the COVID-19 outbreak, that could deter participants from participating in clinical activities.

Some of our competitors may have ongoing clinical trials for drug candidates that treat the same indications as the drug candidates tested by our pharmaceutical company clients. As a result, participants who would otherwise be eligible for the clinical trials held by our customers may instead enroll in the clinical trials of our competitors' drug candidates, which may further elevate the challenges we face.

Even if we enroll sufficient participants for our customers, our involvement as a recruiter in clinical trials, which involve inherent risks of inflicting harm to the health of participating participants, could expose us to potential claims, lawsuits, and liabilities. If any of these participants incur personal injury or other harms from drugs tested on them, we as the recruiter may be brought into legal proceedings claiming for damages, penalties or else. Any of these claims and actions could be time consuming and costly to defend and distracting to our management, and, even if not founded or supported, could hurt our reputation, harm our Physician Research Assistance business and adversely impact on our results of operations.

Some of our service contracts of our Physician Research Assistance service are contingent on successful completion of mutually agreed milestones, and we may bear financial risks related to our failures to accomplish such milestones on schedule.

With respect to our Physician Research Assistance service, we generate fee income primarily for the SMO services we provide. Under certain of our project-based contracts or work orders, we recognize revenue upon completion of milestones, either in the form of pre-set steps, delivery and acceptance of the study results and/or other deliverables or critical points in the drug discovery, development or manufacturing process. Therefore, if we fail to deliver services in accordance with our contractual requirements, experience cost overruns or underprice these contracts due to competitive pressures, we could be subject to significant costs or liability and our reputation could be harmed. Furthermore, in pricing our contracts, we take into consideration the market positioning of our services, prices of comparable services offered by our competitors, the success of the project, degree of saturation of the current market, market trends, complexities of the services required, costs and expenses of our services and the timeline of the contract. However, our evaluation of these factors may be inaccurate or incorrect. If we underprice our contracts or experience cost overruns, we may incur losses.

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If we fail to protect the intellectual property rights or confidential information of customers of our Physician Research Assistance business, we will be subject to legal liabilities and our reputation may be damaged.

Protection of intellectual property rights and confidential information associated with pharmaceutical and biotechnology pharmaceutical R&D services is critical to all of our customers. Our customers generally retain ownership of the intellectual property rights that they provide to us and those arising from the services we provide. Our service agreements with our customers would typically require us to exercise all reasonable precautions to protect the integrity and confidentiality of our customers' confidential information. Our success therefore depends in substantial part on our ability to protect the intellectual property rights and confidential information of our customers. Notwithstanding our efforts to protect our customers' intellectual property rights and confidential information, unauthorized parties may still attempt to obtain and use such information that we regard as confidential. Any unauthorized disclosure of our customers' proprietary rights or confidential information could subject us to liability for breach of contract and result in significant damage to our reputation and any remediation efforts may significantly divert our management's attention and resources from other activities.

We may be exposed to risks related to our access to the medical data of subjects enrolled in the clinical trials.

We assist pharmaceutical companies to enter medical records in clinical trials. We are subject to our duty of confidentiality under the service agreements, the relevant laws and regulations of jurisdictions where we provide SMO service. Although we have taken measures to maintain the confidentiality of the of subjects enrolled in clinical trials, including setting internal rules requiring our employees to maintain the confidentiality of our subjects' medical records, we cannot assure you that such measures are effective in ensuring compliance with the relevant laws and regulations or that we are able to prevent the enrolled subjects' private or medical records being divulged without their consent. In addition, clinical trials that we assisted also frequently involve professionals from third-party institutions working on-site with our staff and enrolled subjects. We cannot ensure that such persons will always dully perform their obligation of confidentiality.

If our Physician Research Assistance service quality does not meet physicians and pharmaceutical companies' evolving needs, or if we fail to meet pharmaceutical companies' inspections, they may not continue to purchase our services.

We believe service quality and satisfactions of physicians and pharmaceutical companies are among the most important factors for our Physician Research Assistance business growth today. We believe our strong execution capabilities and quality services are widely recognized by physicians and pharmaceutical companies. However, we cannot assure you that we will always be able to deliver quality services that meet our physicians' and pharmaceutical companies' evolving needs. If physicians determine our capabilities to provide research solutions insufficient to meet their needs, we may not be able to integrate physicians into our service networks. In addition, if our customers determine that their expenditures on our Physician Research Assistance services do not generate expected results, they may allocate a portion or all of their budgets to our competitors, and reduce or terminate their business with us. Therefore, we cannot assure you that pharmaceutical companies that have utilized our services in the past will continue to spend at similar levels, or that they will continue to use our Physician Research Assistance services at all in the future. We may not be able to replace pharmaceutical companies which decrease or cease their purchase of our services with new customers that spend at similar levels or more on our services.

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Furthermore, our pharmaceutical company customers are entitled to review our standard operating procedures and records pertaining to our Physician Research Assistance services and inspect the facilities used to render our services to such customers. We cannot assure you that we will be able to pass all such customer audits and inspections. Failure to pass any of such audits or inspections to pharmaceutical companies' satisfaction could significantly harm our reputation and result in termination of ongoing drug development projects with our customers.

Our Health Insurance Services are significantly affected by the future prospects of insurance brokerage and agency industry, which is rapidly evolving.

Our Health Insurance Services, in particular our insurance brokerage service, is highly dependent on the future growth and proliferation of third-party insurance brokerage and health management service industries in China, which could be affected by many factors beyond our control.

Third-party insurance brokerage industry in China could be affected by, from the insurance carrier side, the close integration with and improvements in online infrastructure and technology, efficient access to insurance consumers, consumer base and insights, consumer acquisition costs and the separation of insurance product design and sales; and from the consumer side, by the continued formation of consumers' online insurance policy purchasing habits, the selection, price and popularity of insurance products offered by insurance carriers, the demand for convenience, the reliability and security of third-party insurance brokerage platforms and online insurance policy buying or claim settlement experience. In addition, third-party insurance brokerage industry may also be affected by the overall prosperity of health and life insurance industry.

In addition, health management service industry in China could be affected by (i) internal factors including our accessibility and ability to manage the large volume of medical records from various sources and our ability to maintain and expand our clinic and hospital network; as well as (ii) external factors including the medical costs borne by patients, development of self-discipline conventions driven by industry leaders, and the coverage of the national basic medical insurance provided by the Chinese government and regulatory policies.

Our revenue and profitability generated from Health Insurance Services might be adversely impacted if the commission level of our insurance brokerage service declines.

We provide member-oriented health insurance services, with an offering of full-spectrum health management services and differentiated and specialized health insurance plans. Revenues are primarily from commission fees paid by the insurance carriers whose insurance policies our consumers purchase. The commission fee rates are negotiated between insurance carriers and us. Commission fee rates and premiums can change based on the prevailing economic, regulatory, taxation and competitive factors that affect insurance carriers. These factors, which are beyond our control, include the capacity of insurance carriers to place new business, profits of insurance carriers, consumer demand for insurance products, the availability of comparable products from other insurance carriers at lower costs, and the availability of alternative insurance products, such as government benefits and self-insurance plans, to consumers. In addition, premium rates for certain insurance products are tightly regulated by the China Banking and Insurance Regulatory Commission ("CBIRC"). Because we do not determine, and cannot predict, the timing or extent of premium or commission fee rate changes, we cannot predict the effect any of these changes may have on our operations. Any decrease in premiums or commission fee rates may significantly affect our profitability.

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Our ability to enable direct settlement by the public health insurance system is critical to our Specialty Pharmacy Business.

Our ability to enable direct settlement by public health insurance for our medical services is critical to our specialty pharmacy service. 76 of our specialty pharmacies are designated pharmacies for social medical insurance, accounting for approximately 74% of all our specialty pharmacies. In addition, 47 of our specialty pharmacies have obtained the social medical insurance “dual-channel” qualification for major diseases (“大病醫保雙通道資質”) from local health insurance bureaus, allowing our customers to enjoy the same reimbursable rate for medicines with those purchased from medical institutions. However, there is no assurance that we can successfully retain the current social security authorization or expand its reach to other specialty pharmacies. If we fail to retain the authorization or if the public health agency tightens the authorization requirements which we are able to meet, the performance of our specialty pharmacy business may be adversely affected. In addition, there is no assurance that the public health agencies will not negotiate for more favorable terms for them in the future. Under such circumstances, we may have to agree to less favorable terms so as to maintain our ongoing cooperative relationships with the public health agencies, which may weaken our capability to enable direct settlement by the public health insurance system.

We may fail to co-develop insurance products together with insurance carriers that are appealing to our members.

We co-developed health insurance products with insurance carriers, which constitutes a key service line of our Health Insurance Services business. During the Record Tracking Period, our revenue generated from Health Insurance Services business has significantly increased. In 2019, 2020, 2021 and the six months ended June 30, 2022, we recorded revenue from Health Insurance Services business of RMB2.2 million, RMB32.0 million, RMB92.6 million and RMB92.1 million, respectively. However, we cannot assure you that we can maintain the such growth potential. In particular, we may fail to co-develop and optimize innovative health insurance products with insurance carriers to meet the diversified and evolving healthcare needs of our members, or we may make false prediction on the future trend, which will cause our future products less appealing to consumers. In addition, our current growth rely on the policy support from local governments. However, we cannot assure you that we will be able to continuously obtain policy support or maintain the collaborative relationship with local governments.

We may lose our key customers in the future.

We cannot assure you that we will be able to maintain or strengthen our relationships with our key customers, or that our key customers will continue to engage us for significant service contracts. Furthermore, we may not be able to realize all of the anticipated future revenue associated with our contracted future revenue. If there is any significant cutback in spending for our pharmaceutical R&D services by our key customers due to industry consolidation, deterioration of their financial conditions, research and development budget cuts, pending regulatory approvals or other reasons and we are unable to obtain suitable service contracts of comparable size and terms as replacement.

We collaborate with third parties to provide services to our customers, and any failure or interruption in or withdrawal of the services provided by these third parties could lead to a material disruption in our operations and negatively impact our relationships with customers.

Our ability to maintain stable customer base and maintain superior customer experience is dependent on the development and maintenance of services provided by third parties, such as medical service

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providers, online hospital service providers, the IT infrastructures, cloud services, payment processing, telecommunications services, delivery services and other services. Interruptions to or failures in services provided by the third-parties could affect our ability to provide high-quality customer experience. These interruptions may be due to events that are beyond our control or the control of these third parties, such as inclement weather, natural disasters, virus outbreaks, transportation disruptions or labor unrest. In addition, if the third parties we collaborate with fail to comply with their contractual obligations or applicable rules and regulations in China, their services may be materially and adversely affected, which in turn will impair our business. For example, doctors and other health service providers in our network may provide sub-standard services or mishandle personal information, which could subject us to complaints from our customers. As we source health services from third-party providers, we have limited control over them as well the quality of their services. There can be no assurance that our risk management procedures will be sufficient to monitor their performance and control the quality of their work. We cannot rule out the possibility that they may inaccurately record or categorize medical records and personal information, which may in turn compromise the quality of our services. In the event that third-party health service providers fail to comply with their contractual obligations or applicable laws and regulations in relation to the provision of our health services, our customer experience could deteriorate, and we may suffer as a result of any actual or alleged misconduct by them. We may not be able to find alternative companies to provide services in a timely and reliable manner, or at all. Any significant delay in provision of services by these third parties, or the unavailability of alternative providers could hinder our business plan.

Risks Relating To Government Regulations

We may fail to comply with the strict regulatory requirements and approvals and evolving industry standards in the PRC healthcare industry.

Our business is subject to evolving industry standards, governmental supervision and regulation by various PRC governmental authorities, including, but not limited to, the NMPA, the State Administration for Market Regulation, or the SAMR, the NHC, the China Banking and Insurance Regulatory Commission, the Ministry of Commerce of the People's Republic of China, or the MOFCOM, the MIIT, the Cyberspace Administration of China, or the CAC, and the corresponding local regulatory authorities. Such government authorities promulgate and enforce laws and regulations that cover a variety of business activities that our operations concern, such as retail, sales and operation of pharmaceutical, medical devices and health foods, insurance brokerage services, provision of internet information, and advertisement, among other things. These regulations in general regulate the entry into, the permitted scope of, as well as approvals, licenses, permits, filings and registrations for, the relevant business activities.

In addition to obtaining necessary approvals, licenses and permits for conducting our business, we must comply with relevant laws, regulations and evolving industry standards. Our businesses, such as pharmaceutical sale, are subject to various and complex laws and regulations, extensive government regulations and supervision. We may not be fully informed of all and new requirements under relevant laws and regulations in a timely manner, and even if we become aware of new requirements, due to uncertainties in their interpretations and implementation, it will be difficult for us to determine what actions or omissions would be deemed as violations of applicable laws and regulations. We may also not be able to respond to evolving laws and regulations and take appropriate action in time to adjust our business model. As a result, we may be in violation or non-compliance with such laws and regulations.

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We are subject to extensive and evolving regulatory requirements, non-compliance with which, or changes in which, may materially and adversely affect our business and prospects.

Due to the complex nature of our business, we are subject to legal and regulatory requirements of multiple industries in the PRC. These industries primarily include the Internet, healthcare, digital health and digital medical service industries. Various regulatory authorities of the PRC government are empowered to promulgate and implement regulations governing broad aspects of these industries. Any violation of the relevant laws, rules and regulations may result in harsh penalties and, under certain circumstances, lead to criminal prosecution.

Meanwhile, the regulations of both the Internet industry and its digital medical service sector are relatively new and evolving, and their interpretation and enforcement involve significant uncertainty. As a result, under certain circumstances, it may be difficult to determine what actions or omissions would be deemed in violation of applicable laws and regulations. In a regulatory climate that is uncertain, our operations may be subject to direct and indirect adoption, expansion or reinterpretation of various laws and regulations. Compliance with these future laws and regulations may require us to change our business models and practices at an undeterminable and possibly significant financial cost. We have identified what we believe are the primary areas of government regulation that, if changed, would be costly to us. These areas include, but are not limited to, value-added telecommunications services, sales, supply, distribution and advertising of pharmaceutical products and medical devices, internet advertising, cybersecurity and confidentiality of customer information. There could be other laws and regulations applicable to our business that we have not identified or that, if changed, may be costly to us, and we cannot predict all the ways in which implementation of such laws and regulations may affect us.

Changes in laws, government regulations or in practices relating to the pharmaceutical and biotechnology industries could decrease demand for our Physician Research Assistance service, and compliance with new regulations may result in additional costs.

The SMO service market is subject to influence of relevant regulations. Recently, there is a trend of enhanced regulations. On November 15, 2021, the Center for Drug Evaluation of the NMPA issued the “*Guiding Principles for Clinical Value-Oriented Clinical Research and Development of Antitumor Drugs*” (《以臨床價值為導向的抗腫瘤藥物臨床研發指導原則》) with the purpose to better address the needs of patients and to promote the clinical value-oriented R&D of anti-tumor drugs. Such regulations expose our Physician Research Assistance service to higher requirements and the uncertainties as to the interpretation and application of these laws and regulations may have a material impact to our operation and business. Changes in laws, regulations or in practices relating to the pharmaceutical and biotechnology industries, such as a relaxation in regulatory requirements, or the introduction of simplified drug approval procedures that lower the entry barrier for potential competitors, or changes in regulatory requirements may make our services less competitive, could eliminate or substantially reduce the demand for our services. Since 2016, there has been a significant rise in outsourcing opportunities in China as a result of significant regulatory challenges. However, we cannot assure you that there will be no adverse regulatory changes in the PRC, or the regulatory changes in the PRC that have benefitted our business during the Track Record Period will continue to benefit our business going forward.

In addition, under current regulatory requirements of the PRC, in order to introduce a drug approved overseas into the PRC market, such drug must be registered as an imported drug, otherwise the development process of such drug must be repeated in the PRC, either of which could take several years of work. By engaging us, pharmaceutical and biotechnology companies are able to conduct the

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required development process in order to obtain the regulatory approval in the PRC. If the PRC ever streamlines, expedites or simplifies its regulatory procedures, certain of our customers' demand for our services may decrease.

We or our Directors or senior management may from time to time become party to litigation, other legal or administrative disputes and proceedings.

Our business operations entail substantial litigation and regulatory risks, including the risk of lawsuits and other legal actions relating to medical disputes, fraud and misconduct, sales and services and control procedures deficiencies, as well as the protection of personal and confidential information of our customers and business partners, among others. We may be subject to claims and lawsuits in the ordinary course of our business. We may also be subject to inquiries, inspections, investigations and proceedings by relevant regulatory and other governmental agencies. Actions brought against us may result in settlements, injunctions, fines, penalties or other results adverse to us. Even if we are successful in defending ourselves against these actions, the costs of such defense may be significant to us. A significant judgment or regulatory action against us or a material disruption in our business arising from adverse adjudications in proceedings against our directors, officers or employees would have a material adverse effect on us. In addition, events or activities attributed to our Directors or senior management, and related publicity, whether or not justified, may affect their ability or willingness to continue to serve our Company or dedicate their efforts to our Company and negatively affect our brand and reputation.

We are subject to limitations in promoting healthcare-related services and products.

We are subject to certain limitations in promoting healthcare-related services and products. In the provision of our medical and healthcare services, we and other related third parties have to comply with rules and regulations that restrict the promotion or dissemination of information about the professional healthcare services and practice provided by licensed doctors, and the publication or marketing efforts for the predominant purpose of promoting the products or services of doctors to customers or potential customers. Such restrictions may affect our ability to further enhance our brand recognition or secure new business opportunities in the future.

Furthermore, there can be no assurance that our existing practices of monitoring our information dissemination process and publication would continue to be effective. Should there be any change in the relevant rules and regulations, or change of interpretation thereof, we and other relevant third parties may be regarded as breaching the relevant rules and regulations and may be subject to regulatory penalties or disciplinary actions, which may materially and adversely affect our business and reputation.

Our co-development of health insurance plans with insurance carriers is subject to regulation and administration by CBIRC.

Our co-development of health insurance plans with insurance carriers is subject to regulation and administration by CBIRC. For example, the insurance terms and premium rates of our health insurance plans are subject to regulations by CBIRC. Changes in the regulations relating to insurance industry may affect our profitability on the products we sell. In addition, the evolving laws and regulations may limit our innovative initiatives on product development and design, the lack of which will affect our growth and development as we aim to achieve. We may be subject to administrative or legal proceedings regarding our insurance plans along with the expansion of such business.

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Failure, by us or our insurance carrier partners, to comply with any of the laws, rules and regulations to which we are subject could result in fines, penalties, or the restrictions on our Health Insurance Services business, which could materially and adversely affect us. As some of the laws, rules and regulations that we are subject to are relatively new, there is uncertainty regarding their interpretation and application. In addition, the laws, rules and regulations under which we are regulated may change from time to time. We cannot assure you that future legislative or regulatory changes, including deregulation, would not have a material adverse effect on our Health Insurance Services business.

We may be subject to claims under consumer protection laws, including health and safety claims and product liability claims, if property or people are harmed by the products and services offered by us.

The PRC government, media outlets and public advocacy groups are increasingly focused on consumer protection. As one of our major business arms, we are selling pharmaceutical and healthcare products and services. Such activities pose increasing challenges to our internal control and compliance systems and procedures, including our control over and management of third-party service personnel, and expose us to substantial increasing liability, negative publicity and reputational damage arising from consumer complaints, harms to personal health or safety or accidents involving products or services offered by us.

We are subject to changing laws and regulations regarding corporate governance and public disclosure that have increased both our costs and the risk of non-compliance.

We are or will be subject to rules and regulations by various governing bodies, including, for example, the Hong Kong Stock Exchange, which together with the SFC is charged with the protection of investors and the oversight of companies whose securities are publicly traded, the various regulatory authorities in China, Hong Kong and the Cayman Islands, and to new and evolving regulatory measures under applicable law. Our efforts to comply with new and changing laws and regulations have resulted in and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities. Moreover, because these laws, regulations and standards are subject to varying interpretations, their application in practice may evolve over time as new guidance becomes available. This evolution may result in continuing uncertainty regarding compliance matters and additional costs necessitated by ongoing revisions to our disclosure and governance practices. If we fail to address and comply with these regulations and any subsequent changes, we may be subject to penalty and our business may be harmed.

Failure to comply with anti-corruption laws and regulations, or effectively manage our employees, affiliates and business partners such as suppliers and merchants, could severely damage our reputation, and materially and adversely affect our business.

We are subject to risks in relation to actions taken by us, our employees, affiliates, suppliers, or third-party merchants that constitute violations of the anti-corruption laws and regulations. There have been several instances of corrupt practices in the pharmaceutical industry, including, among other things, receipt of kickbacks, bribes or other illegal gains or benefits by pharmacies, hospitals and medical practitioners from manufacturers, distributors and retail pharmacies in connection with the prescription of pharmaceutical products. While we adopt strict internal procedures and work closely with relevant government agencies to ensure compliance of our business operations with relevant laws and regulations, our efforts may not be sufficient to ensure that we comply with relevant laws and regulations at all times. If we, our employees, affiliates, suppliers, third-party merchants or other

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business partners violate these laws, rules or regulations, we could be subject to fines and/or other penalties. In the case of our retail pharmacy business, the products involved may be seized and our operations may be suspended. Actions by PRC regulatory authorities or the courts to provide an interpretation of PRC laws and regulations that differs from our interpretation or to adopt additional anti-bribery or anti-corruption related regulations could also require us to make changes to our operations. Our reputation, corporate image, and business operations may be materially and adversely affected if we fail to comply with these measures or become the target of any negative publicity as a result of actions taken by us, our employees, affiliates, suppliers or marketplace merchants.

Our listing may be impeded and our business operations may be adversely affected by the Measures for Cyber Security Reviews or the Regulation on the Administration of Cyber Data Security (Draft for Comments).

On December 28, 2021, the CAC, jointly with the other 12 governmental authorities, promulgated the Measures for Cyber Security Review (網絡安全審查辦法), or the MCSR, which took effective since February 15, 2022. Article 7 of the MCSR stipulates that an online platform operator which possesses personal information of over one million users and intends to “list abroad (國外上市)” shall be subject to cyber security review. However, the MCSR provides no further explanation or interpretation for “online platform operator” and “list abroad (國外上市)”, and does not stipulate that an online platform operator which intends to list in Hong Kong shall be subject to cyber security review. Given that (i) the expression used in the MCSR is “list abroad (國外上市)” rather than “offshore listing”, and (ii) according to the Exit and Entry Administration Law of the PRC (中華人民共和國出境入境管理法), Hong Kong is not a country or region outside of the PRC, as long as there is no specific explanation to include Hong Kong in the scope of “abroad (國外)” in the future, our PRC Legal Advisers are of the view that the Listing is unlikely to be considered as “listing abroad” and thus we have no obligation to proactively apply for cyber security review for our application for the Listing under Article 7 of the MCSR. Furthermore, pursuant to Article 2 of the MCSR, critical information infrastructure operators that intend to purchase internet products and services and online platform operators engaging in data processing activities, that affect or may affect national security, shall be subject to cyber security review. The MCSR further elaborates on the factors to be considered when assessing national security risks of the relevant objects or situations, see “Regulations Overview—Regulations relating to Internet Security” for more details. Given that (i) we do not carry out business outside the PRC, nor do we provide any personal information outside the PRC; (ii) we had not been determined or identified as a “critical information infrastructure operator” by any governmental authorities as of the Latest Practicable Date, and we believe that we do not engage in any data processing activities that affect or may affect national security; and (iii) as of the Latest Practicable Date, we had not been involved in any investigations on cyber security review made by the CAC, and we had not received any inquiry, notice, warning, or sanctions in such respect, we believe that the MCSR will not have material adverse impact on our business operations.

However, the MCSR also grants the member organization of the cyber security review mechanism the right to initiate cyber security review without application, if any of them has reason to believe that any internet products, services or data processing activities affect or may affect national security. The PRC government authorities may have broad discretion in the interpretation of “affect or may affect national security”. If any internet products, services or data processing activities of us are deemed to “affect or may affect national security” by the PRC government authorities under its broad discretion, we may be subject to cyber security review. If we fail to pass such cybersecurity review, our listing may be impeded and/or our business operations may be adversely affected.

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On November 14, 2021, the CAC promulgated the Regulation on the Administration of Cyber Data Security (Draft for Comments) (網絡數據安全管理條例(徵求意見稿)), or the Draft Cyber Data Security Regulation. In accordance with the Draft Cyber Data Security Regulation, data processors shall, in accordance with relevant state provisions, apply for cyber security review when carrying out activities including (i) seeking to be listed in Hong Kong that affect or may affect national security and (ii) other data processing activities that affect or may affect national security. The Draft Cyber Data Security Regulation has not taken effect, and it is uncertain as to the definition and interpretation of key terms in the Draft Cyber Data Security Regulation, the standard of review to be adopted and potential consequences. Especially, the Draft Cyber Data Security Regulation provides no further explanation or interpretation for “affect or may affect national security”, which remains to be clarified and elaborated by the CAC. As advised by our PRC Legal Advisers, the PRC government authorities may have broad discretion in the interpretation of “affect or may affect national security”. We believe that we have not engaged in any data processing activities that affect or may affect national security and thus we are unlikely to be deemed as a data processor that affect or may affect national security. Therefore, even if the Draft Cyber Data Security Regulation is implemented in its current form before our listing, the Listing is expected not to be materially and adversely affected. In addition, if the Draft Cyber Data Security Regulation were implemented in its current form, we believe that our business operations will not be materially and adversely affected and there are no substantive obstacles for us to fulfill the obligations that may be applicable to us, on the basis that (i) as of the Latest Practicable Date, we had not been subject to any material fines or administrative penalties, mandatory rectifications, or other sanctions by any competent authorities in relation to the infringement of cyber security and data protection laws and regulations; and there is no material leakage of data or personal information or violation of cyber security and data protection and privacy laws and regulations by us which will have a material adverse impact on our business operations; (ii) we had not been involved in any investigations on cyber security review initiated by the CAC and nor had we received any inquiry, notice, warning, or sanctions in such respect; (iii) we had implemented effective cyber security and data protection policies, procedures, and measures to ensure secured storage and transmission of data and prevent unauthorized access or use of data; and (iv) we will continuously pay close attention to the legislative and regulatory development in cyber security and data protection, maintain ongoing communication with relevant government authorities and implement all necessary measures in a timely manner to ensure continuous compliance with relevant laws and regulations. Based on the aforesaid, our PRC Legal Advisers do not foresee any material impediment for us to take measures for compliance with Draft Cyber Data Security Regulation in all material respects.

However, if we were deemed as a data processor that “affect or may affect national security” by the PRC government authorities under its broad discretion, we may be subject to cyber security review. If we fail to pass such cyber security review, our listing may be impeded, our business operations may be adversely affected, and/or we may be subject to other severe penalties and/or action by the competent government authority.

Risks Relating To Our Intellectual Property Rights

We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position.

We regard our trademarks, copyrights, domain names, know-how, proprietary technologies, and similar intellectual property (which we have ownership or legal rights to use) as critical to our success, and we rely on a combination of intellectual property laws and Contractual Arrangements, including confidentiality, invention assignment and non-compete agreements with our employees and others, to protect our proprietary rights. Although we are not aware of any copycat websites that attempt to cause

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confusion or diversion of traffic from us at the moment, we may become an attractive target to such attacks in the future because of our brand recognition in pharmaceutical and healthcare industries in China. Despite these measures, any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated, or such intellectual property may not be sufficient to provide us with competitive advantages. Further, because of the rapid pace of technological change in our industry, parts of our business rely on technologies developed or licensed by third parties, and we may not be able to obtain or continue to obtain licenses and technologies from these third parties on reasonable terms, or at all.

Statutory laws and regulations are subject to judicial interpretation and enforcement and may not be applied consistently due to the lack of clear guidance on statutory interpretation. Confidentiality, invention assignment and non-compete agreements may be breached by counterparties, and there may not be adequate remedies available to us for any such breach. Accordingly, we may not be able to effectively protect our intellectual property rights or to enforce our contractual rights in China. Policing any unauthorized use of our intellectual property is difficult and costly and the steps we take may be inadequate to prevent the infringement or misappropriation of our intellectual property. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and a diversion of our managerial and financial resources, and could put our intellectual property at risk of being invalidated or narrowed in scope. We can provide no assurance that we will prevail in such litigation, and even if we do prevail, we may not obtain a meaningful recovery. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors.

We may be subject to intellectual property infringement claims, which may be expensive to defend and may disrupt our business and operations.

We cannot be certain that our operations or any aspects of our business do not or would not infringe upon or otherwise violate patents, copyrights or other intellectual property rights held by third parties. We have been, and from time to time in the future may be, subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, there may be other third-party intellectual property that is infringed by our products, services or other aspects of our business. There could also be existing patents of which we are not aware that our products may inadvertently infringe. There can be no assurance that holders of patents purportedly relating to some aspect of our technology platform or business, if any such holders exist, would not seek to enforce such patents against us in the PRC or any other jurisdictions as applicable. Furthermore, the application and interpretation of patent laws and the procedures and standards for granting patents in the PRC are still evolving and are uncertain, and there can be no assurance that courts or regulatory authorities in China would agree with our analysis. If we are found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. In addition, we may incur significant expenses, and may be forced to divert management's time and other resources from our business and operations to defend against these third-party infringement claims, regardless of their merits. Successful infringement or licensing claims made against us may result in significant monetary liabilities and may materially disrupt our business and operations by restricting or prohibiting our use of the intellectual property in question.

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Risks Relating To Our Financial Position and Need for Additional Capital

We may not be able to obtain additional capital when desired, on favorable terms or at all.

We may require additional cash resources if we incur operating losses or for future growth and development of our business, including any investments or acquisitions we may decide to pursue. If our cash resources are insufficient to satisfy our cash requirements, we may seek to issue additional equity or debt securities or obtain new or expanded credit facilities. Our ability to obtain external financing in the future is subject to a variety of uncertainties, including our future financial condition, results of operations, cash flows, share price performance, liquidity of international capital and lending markets and the PRC governmental regulations over foreign investment and the PRC healthcare industry. In addition, incurring indebtedness would subject us to increased debt service obligations and could result in operating and financing covenants that would restrict our operations. There can be no assurance that financing would be available in a timely manner or in amounts or on terms favorable to us, or at all. Any failure to raise needed funds on terms favorable to us, or at all, could severely restrict our liquidity. Moreover, any issuance of equity or equity-linked securities could result in significant dilution to our existing shareholders.

We are subject to credit risk with respect to trade receivables and contract assets.

As of December 31, 2019, 2020, 2021 and June 30, 2022, we recorded trade and bills receivables of RMB38.7 million, RMB44.6 million, RMB171.2 million and RMB258.0 million, respectively, and contract assets of RMB50.4 million, RMB73.4 million and RMB103.3 million and RMB110.7 million, respectively. As of December 31, 2019, 2020, 2021 and June 30, 2022, our turnover days of trade receivables from Physician Research Assistance service were 38 days, 48 days, 49 days and 73 days, respectively. Nevertheless, there can be no assurance that all such amounts due to us would be settled on time, or that such amounts will not continue to increase in the future. Accordingly, we face credit risk in collecting trade receivables and contract assets mainly due from our Physician Research Assistance customers. Our performance, liquidity and profitability would be adversely affected if significant amounts due to us are not settled on time, substantial impairment is incurred or if any of these customers goes bankruptcy or undergoes credit deterioration.

Our results of operations, financial conditions, and prospects may be adversely affected by fair value changes of our financial assets which is subject to the uncertainties in accounting estimates.

During the Track Record Period, we had certain financial assets at fair value through profit or loss, primarily consisting of money market fund investment and wealth management products we purchased, comprising short-term or low-risk financial products. The expected rate of return ranged from 1.40% to 4.90% per annum. As a result, we are exposed to credit risk in relation to the financial assets, which may adversely affect our net changes in the fair value. The financial assets at FVTPL are stated at fair value, and net changes in the fair value are recorded as other gains or losses, thus directly impacting our results of operations. We cannot assure you that market conditions and regulatory environment will create fair value gains and we will not incur any fair value losses on our financial assets at fair value through profit or loss in the future. Our results of operations, financial condition and prospects may be adversely affected if we incur such fair value losses.

Furthermore, as we measure our financial assets at their fair value which is measured based on the presumption that the transaction to sell an asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. We have adopted IFRS 9, which is effective for the period beginning on or after January 1, 2018 throughout the Track Record Period. The equity

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investments at fair value through profit or loss are measured using the assumptions that market participants would use when pricing such equity investments, assuming that market participants act in their economic best interest. As such, we believe that our equity investments at fair value through profit or loss are subject to the uncertainties of accounting estimates and therefore warrant particular attention. In addition, we are exposed to risk of interest rate fluctuation relating to the wealth management products we invested in and may not be able to maintain the interest rate level that we currently have.

All assets and liabilities for which fair value is measured are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole: (i) level 1 financial assets and liabilities, which refer to quoted (unadjusted) market prices in active markets for identical assets or liabilities, (ii) level 2 financial assets and liabilities, which refer to valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable, and (iii) level 3 financial assets and liabilities, which refer to valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. As of December 31, 2019, 2020, 2021 and June 30, 2022, we recorded financial assets at fair value through profit or loss of RMB391.3 million, RMB38.1 million, RMB1,067.3 million and nil, respectively. In 2019, 2020, 2021 and the six months ended June 30, 2022, we realized gains on the financial assets at fair value through profit or loss of RMB 4.4 million, RMB 8.8 million, RMB25.7 million and RMB10.3 million.

Our results of operations, financial condition and prospects may be adversely affected by fair value changes in our convertible redeemable preferred shares at fair value through profit or loss due to the use of unobservable input.

During the Track Record Period, we issued convertible redeemable preferred shares, all of which are designated as financial liabilities at fair value through profit or loss. The assessment of fair value of our convertible redeemable preferred shares requires the use of inputs including discount rate, risk-free interest rate, volatility and discount for lack of marketability. Changes of these inputs will change the fair value of our convertible redeemable preferred shares. In 2019, 2020, 2021 and six months ended June 30, 2022, our fair value losses on convertible redeemable preferred shares was RMB320.1 million, RMB657.3 million, RMB3,048.4 million and RMB85.1 million, respectively. We expect continued fluctuation in the fair value of convertible redeemable preferred shares after June 30, 2022 to the Listing Date. In addition, the fair value of our convertible redeemable preferred shares at fair value through profit or loss is subject to the foreign exchange fluctuations. Depreciation of Renminbi against U.S. dollar would cause an increase in the fair value loss of this item, which would adversely impact our profitability and results of operations. After the automatic conversion of the convertible redeemable preferred shares into Shares upon the Listing, which will result in a net asset position, we do not expect to recognize any further loss or gain on fair value changes from the convertible redeemable preferred shares in the future. If we incur such fair value losses, our results of operations, financial condition and prospects may be adversely affected. In addition, fair value of such convertible redeemable preferred shares is estimated based on unobservable inputs. The actual changes of any unobservable input may result in changes of the valuation of such shares, any decrease of which may adversely affect our financial conditions.

We have granted, and may continue to grant, share incentives, which may result in increased share based payment compensation and negatively impact our results of operations.

We have adopted 2017 global share plan and restricted share unit scheme to provide additional incentives to employees, directors and consultants. In 2019, 2020, 2021 and the six months ended

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June 30, 2022, we incurred share-based payment compensation of RMB21.7 million, RMB114.0 million, RMB298.7 million and RMB105.7 million, respectively. We believe the granting of share-based payment compensation is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share incentives to employees in the future. As a result, our expenses associated with share-based payment compensation may increase, which may have an adverse effect on our results of operations.

We may face impairment losses for our goodwill and intangible assets.

In order to expand our operations and global presence, we have undertaken a series of acquisitions in the past. We acquired two specialty pharmacy operators in 2019 and one specialty pharmacy operator in 2021. In practice, many companies acquire other companies and pay a consideration that exceeds the fair value of identifiable assets and liabilities that the acquired company possesses, the difference between the purchase price and the fair value of acquired assets is recorded as a goodwill. The carrying amount of our goodwill were RMB42.1 million, RMB42.1 million, RMB79.8 million and RMB79.8 million at December 31, 2019, 2020, 2021 and June 30, 2022, respectively. In addition, we have other intangible assets of RMB45.7 million, RMB47.4 million, RMB61.5 million and RMB60.1 million as of the same date, respectively. See note 16 and 18 to the Accountants' Report in Appendix I in this document for details.

While we did not recognize impairment loss for goodwill and intangible assets during the Track Record Period, we cannot assure you that there will be no such charges in the future. In particular, the failure to achieve financial results commensurate with our goodwill and/or intangible assets estimates may adversely affect the recoverability of such goodwill and/or intangible assets, and in turn result in impairment losses. As we carry a substantial balance of goodwill and intangible assets, any significant impairment losses charged against our goodwill and/or intangible assets could have a material adverse effect on our business, financial Condition and results of operations.

If we fail to perform our contract obligations, our business, results of operations and financial condition may be materially and adversely affected.

As of December 31, 2019, 2020, 2021 and June 30, 2022, we had contract liabilities of RMB59.6 million, RMB105.9 million, RMB167.3 million and RMB166.3 million, respectively, which were generally in line with our business growth. Our contract liabilities primarily arose from the SMO service.

If we fail to fulfill our obligations with respect to our contract liabilities, we may not be able to convert such contract liabilities into revenues as expected, and our customers may even request to cancel their agreements with us, which may lead to customer dissatisfaction or even disputes with us. Furthermore, if we fail to fulfill our obligations with respect to our contract liabilities, customers may request not to prepay us in the future. Any of the circumstances could materially and adversely affect our business, results of operations, cash flow and liquidity condition.

Risks Relating to Our General Operation

Our success depends on the continued efforts of our senior management and key employees and our business may be severely disrupted if we lose their services.

Our future success depends heavily upon the continued services of our senior management and our key employees. Accordingly, we believe that our ability to attract and retain key personnel is a critical factor in our competitiveness. Competition for these individuals could require us to offer higher

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compensation and other benefits in order to attract and retain them, which could increase our operating expenses. If we are unable to attract or retain the personnel required to achieve our business objectives, our business could be severely disrupted.

We do not maintain key-person insurance for members of our management team. If we lose the services of any senior management, we may not be able to identify suitable or qualified replacements, and may incur additional expenses to recruit and train new personnel, which could severely disrupt our business and prospects and prolong our expansion strategies and plans. Furthermore, if any of our executive officers joins a competitor or forms a competing company, we may lose a significant number of our existing consumers and potentially lose our substantial research and development achievements.

We may not be able to detect or prevent fraud or other misconduct committed by our employees or third parties.

Fraud or other misconduct by our employees, such as unauthorized business transactions, bribery and breach of our internal policies and procedures, or by third parties, such as breach of law, may be difficult to detect or prevent. It could subject us to financial loss and sanctions imposed by governmental authorities while seriously damaging our reputation. This may also impair our ability to effectively attract prospective customers, develop customer loyalty, obtain financing on favorable terms and conduct other business activities.

Our risk management systems, information technology systems and internal control procedures are designed to monitor our operations and overall compliance. However, we may be unable to identify non-compliance or suspicious transactions promptly, or at all. Furthermore, it is not always possible to detect and prevent fraud or other misconduct committed by our employees or third parties, and the precautions we take to prevent and detect such activities may not be effective. Therefore, we are subject to the risk that fraud or other misconduct may have previously occurred but was undetected, or may occur in the future.

We provide our Health Insurance Services on the third-party platforms. If any operation failure, disruption or delays occurred in services from third-party platforms or if, we fail to maintain our relationship with these platforms, our Health Insurance Services may be adversely impacted.

We provide our Health Insurance Services through third-party platforms. Any damage to, or a failure of our third-party platform providers, could result in interruptions in our services, and may have a further adverse impact on our ability to attract new clients, all of which would reduce our revenue. Our business and reputation may also be harmed if our clients, or potential clients, believe that our products and services are unreliable.

Additionally, these third-party platforms may not continue to be available to us at reasonable prices, on commercially reasonable terms, or at all. If we lose our right to continue to use these third-party platforms, this could increase our expenses or otherwise result in delays in the provisioning of our services. If the performance of the third-party platform proves unsatisfactory, we may need to replace such third-party and/or take other remedial action, which could result in additional costs and materially and adversely affect the products and services we provide to our clients.

The lease agreements of our leased properties have not been registered with the relevant PRC government authorities as required by PRC law.

Pursuant to the applicable PRC laws and regulations, property lease agreements must be registered with the local branch of the Ministry of Housing and Urban-Rural Development of the PRC. As of the

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Latest Practicable Date, we had not completed the relevant property leasing registrations for our leased properties in China. As advised by our PRC Legal Advisers, the failure to complete the registration process does not affect the validity of the property lease agreements but a maximum penalty of RMB10,000 may be imposed on us for the non-registration of each lease. We cannot assure we will not be subject to any penalties arising from the non-registration of lease agreements in the future. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors.

We may fail to renew our current leases or locate desirable alternatives for our facilities.

We lease properties for our offices, pharmacies and other corporate facilities. We may not be able to successfully extend or renew such leases upon expiration of the current term on commercially reasonable terms or at all, and may therefore be forced to relocate our affected operations. This could disrupt our operations and result in significant relocation expenses. In addition, we compete with other businesses for premises at certain locations or of desirable sizes. As a result, even though we could extend or renew our leases, rental payments may significantly increase as a result of the high demand for the leased properties. In addition, we may not be able to locate desirable alternative sites for our facilities as our business continues to grow and failure in relocating our affected operations could materially and adversely affect our business and operations.

Our rights to use our leased properties could be challenged by third parties or government authorities, and we may be forced to vacate from these leased properties and be forced to relocate, which may result in a disruption of our operations and subject us to penalties.

Certain of our leased properties may subject us to challenges by third parties and we may be forced to vacate from these leased properties. As of the Latest Practicable Date, lessors of leased properties for our 20 specialty pharmacies have not provided us with their property ownership certificates, with an aggregate GFA of approximately 3,337.3 square meters, representing approximately 19.0% of the total GFA of the leased properties for our specialty pharmacies. Lessors of leased properties for our four specialty pharmacies have not provided us with their sublease authorization from landlords, with an aggregate GFA of approximately 471.8 square meters, representing approximately 2.7% of the total GFA of the leased properties for our specialty pharmacies. If our lessors are not the owners of the properties and they have not obtained consents from the owners or their lessors, our leases could be invalidated. If any of the above occurs, we may have to relocate or renegotiate the leases with the owners or the parties who have the right to lease the properties, and the terms of the new leases may be less favorable to us.

Also, in the event that the actual use of our leased properties is inconsistent with the use registered on the land use right certificate or our leased properties are on allocated land, the competent authorities may require the lessors to return the land and impose fines on the lessors, or confiscate the proceeds from the leasing of the properties and imposed fines on the lessor if such properties are leased without their consent or handing in such income, as applicable. As of the Latest Practicable Date, lessors of leased properties for our 12 specialty pharmacies did not obtain valid property ownership certificates including pharmacies business as a permitted commercial usage, with an aggregate GFA of approximately 1,953.4 square meters, representing approximately 11.1% of the total GFA of the leased properties for our specialty pharmacies. We can provide no assurance that we will not be subject to the aforementioned penalties as a lessee to the properties, and the relevant lease agreements may be deemed to be in breach of the law and therefore be void. Some of our leased properties were also subject to mortgage at the time the leases were entered into. Such lease may not be binding on the

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transferee of the property in the event that the mortgage holder forecloses on the mortgage and transfers the property to another party.

We cannot assure you that our use of such leased properties will not be challenged. In the event that our use of properties is successfully challenged, we may be subject to fines and forced to relocate the affected operations. In addition, we may become involved in disputes with the property owners or third parties who otherwise have rights to or interests in our leased properties. We can provide no assurance that we will be able to find suitable replacement sites on terms acceptable to us on a timely basis, or at all, or that we will not be subject to material liability resulting from third parties' challenges on our use of such properties.

We may fail to adopt new technologies or adapt our products or services to changing customers' requirements or emerging industry standards, and our efforts to invest in the development of new technologies may be unsuccessful or ineffective.

To remain competitive, we must continue to enhance and improve the responsiveness, functionality and features of our products and services. The industries we operate in are characterized by rapid technological evolution, changes in customer requirements and preferences, frequent introductions of new products and services embodying new technologies and the emergence of new industry standards and practices, any of which could render our existing technologies and systems obsolete. Our success will depend, in part, on our ability to identify, develop, acquire or license leading technologies useful in our business, and respond to technological advances and emerging industry standards and practices in a cost-effective and timely way. In recent years, we invested in the development of many new technologies and business initiatives. We cannot assure you that we will be able to successfully develop or effectively use new technologies, recoup the costs of developing new technologies or adapt our websites and our proprietary technologies and systems in a cost-effective and timely manner to meet customer requirements or emerging industry standards.

Our technologies may contain undetected errors or may not operate properly.

Technology and data are important to our business. We have leveraged our internally developed proprietary technologies in building our data base to support the operations of our Specialty Pharmacy Business, Physician Research Assistance and Health Insurance Services businesses. In-house technology development is time-consuming, expensive and complex, and may involve unforeseen difficulties. We may encounter technical obstacles, and it is possible that we may discover additional problems that prevent our technologies from operating properly and consequently adversely affect our information infrastructure and other aspects of our business where our technologies are applied. If the provision of our services does not function reliably or fails to achieve customers' and business partners' expectations in terms of performance, we may lose existing, or fail to attract new, customers or business partners.

The proper functioning of our technology platform is important to our business, the failure of which may materially and adversely affect our business and reputation.

The proper functioning of our technology platform is important to our success and our ability to attract and retain customers and to provide superior customer experience. Any system interruptions caused by telecommunications failures, computer viruses, hacking or other attempts to harm our systems that result in the unavailability or slowdown of our business or reduced order fulfillment performance could reduce the volume of products sold and the attractiveness of product offerings.

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Moreover, the technology and system used in our operation may develop or contain undetected defects or errors. Material performance problems, defects or errors in our existing or new software and applications and services may arise in the future and may result from interface issues between our systems and data that we did not develop and the function of which is beyond our control or undetected in our testing. These defects and errors, and any failure by us to identify and address them, could result in loss of revenue or market share, diversion of development resources, harm to our reputation and increased service and maintenance costs. Defects or errors may discourage existing or potential customers from utilizing our services, solutions or technologies. Correction of defects or errors could prove to be impossible or impracticable and the costs incurred in correcting any defects or errors may be substantial.

Security breaches and attacks against our system and network, and any potential resultant breach or failure to otherwise protect confidential and proprietary information, could damage our reputation and adversely affect our business.

We rely heavily on technology, particularly the internet, to provide high-quality online services. However, our technology operations are vulnerable to disruptions arising from human error, natural disasters, power failure, computer viruses, spam attacks, unauthorized access and other similar events. Disruptions to, or instability of, our technology or external technology that supports the offering of our online services and products could materially harm our business and reputation.

Although we have employed significant resources to develop security measures against breaches, our cybersecurity measures may not detect or prevent all attempts to compromise our systems, including distributed denial-of-service attacks, viruses, malicious software, break-ins, phishing attacks, social engineering, security breaches or other attacks and similar disruptions that may jeopardize the security of information stored in and transmitted by our systems or that we otherwise maintain. Breaches of our cybersecurity measures could result in unauthorized access to our systems, misappropriation of information or data, deletion or modification of customer information, or a denial-of-service or other interruption to our business operations. As techniques used to obtain unauthorized access to or sabotage systems change frequently and may not be known until launched against us, we may be unable to anticipate, or implement adequate measures to protect against, these attacks. During the Track Record Period, we had not been subject to these types of attacks that had materially and adversely affected our business operations. However, there can be no assurance that we would not in the future be subject to such attacks that may result in material damages or remediation costs. If we are unable to avert these attacks and security breaches, we could be subject to significant legal and financial liability, our reputation would be harmed and we could sustain substantial revenue loss from lost sales and customer dissatisfaction.

In addition, we may not have the resources or technical sophistication to anticipate or prevent rapidly evolving types of cyber-attacks. Cyber-attacks may target us, our customers or other participants of our ecosystem, or the information infrastructure on which we depend. Actual or anticipated attacks and risks may cause us to incur significantly higher costs, including costs to deploy additional personnel and network protection technologies, train employees, and engage third-party experts and consultants.

The wide variety of payment methods that we accept subjects us to third-party payment processing related risks.

We accept payments using a variety of methods, which includes online payments through various third-party online payment platforms such as Weixin Pay. We may be charged interchange and other fees for certain payment methods, which may increase over time and raise our operating costs and

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lower our profit margins. We may also be subject to fraud and other illegal activities in connection with the various payment methods we offer, including online payment and cash on delivery options.

We are also subject to various rules, regulations and requirements governing electronic funds transfers, both in China and globally, which could change or be reinterpreted to make it difficult or impossible for us to comply with. For example, in November 2017, the PBOC published a notice, or the PBOC Notice, on the investigation and administration of illegal offering of settlement services by financial institutions and third-party payment service providers to unlicensed entities. The PBOC Notice intended to prevent unlicensed entities from using licensed payment service providers as a conduit for conducting the unlicensed payment settlement services, so as to safeguard the fund security and information security. As the laws and regulations in this area are still evolving and subject to interpretation, we cannot assure you that the PBOC or other governmental authorities will not scrutinize our cooperation with third-party online payment service providers. If we fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and lose our ability to accept credit and debit card payments from our customers, process electronic funds transfers or facilitate other types of online payments.

Acquisitions, strategic alliances and investments could be difficult to integrate.

We may evaluate and consider strategic investments and acquisitions or enter into strategic alliances to develop new services or solutions and enhance our competitive position. Investments or acquisitions involve numerous risks, including the potential failure to achieve the expected benefits of the combination or acquisition; difficulties in, and the cost of, integrating operations, technologies, services and personnel; potential write-offs of acquired assets or investments; and downward effect on our operating results. These transactions will also divert the management's time and resources from our normal operations and we may have to incur unexpected liabilities or expenses. We may also in the future enter into strategic alliances with various third parties. Strategic alliances with third parties could subject us to a number of risks, including risks associated with potential leakage of proprietary information, non-performance by the counterparty and an increase in expenses incurred in establishing new strategic alliances, any of which may materially and adversely affect our business.

We may be unable to identify appropriate acquisition or strategic investment targets when it is necessary or desirable to make such acquisition or investment to remain competitive or to expand our business.

It is part of our plan to use the proceeds from the Global Offering for potential investments and acquisitions or strategic alliances to remain competitive and to expand our business. We are interested in healthcare companies with advanced technologies and services, insurtech companies with automated claim processing solution and payer service, and other companies with complementary business lines and companies that have synergies with our current business and are seeking appropriate opportunities to implement our plan. However, we cannot assure you that we will be able to identify appropriate opportunities in a timely manner. Even if we do, we may not be able to negotiate the terms of the acquisition or investment successfully, finance the proposed transaction or integrate the relevant businesses into our existing business and operations. Furthermore, we may lose the acquisition opportunities to our competitors as many of them are concurrently looking for similar targets to improve their competitiveness.

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Our investment in a joint venture may subject us to risks associated with conducting operations through joint ventures.

In 2018, we entered into a joint venture agreement with Sinopharm Group Hubei Co., Ltd. (國藥控股湖北有限公司) and Wuhan Kangzhe Health Consulting Company (武漢市康喆健康諮詢有限公司), pursuant to which all parties agreed to jointly establish Sinopharm Holdings Smart Pharmacy (Hubei) Co., Ltd (國藥控股思維特大藥房(湖北)有限公司). Our results of operations might be affected by the results of any joint venture we invest in. In addition, investment in a joint venture is not as liquid as compared with other types of investments. Furthermore, our joint venture partners, as well as any future partners, may have interests that are different from ours which may result in conflicting views as to the conduct of the business of the joint venture. In the event that we have a disagreement with a joint venture partner as to the resolution of a particular issue of the joint venture, or as to the management or operations of the business of the joint venture in general, we may not be able to resolve such disagreement in our favor and such disagreement could have an adverse effect on our interest in the joint venture or the business of the joint venture in general.

Our risk management system may not be adequate or effective to detect all potential risks in our business as intended.

We have established our internal control system, such as an organizational framework and, policies and procedures that are designed to monitor and control potential risk areas relevant to our business operations. However, due to the inherent limitations in the design and implementation of our risk management system, our risk management system may not be sufficiently effective in identifying, managing and preventing all risks if external circumstances change substantially or extraordinary events take place.

Furthermore, our new business initiatives may give rise to additional risks that are currently unknown to us, despite our efforts to anticipate such issues. If our risk management system fails to detect potential risks in our business as intended or is otherwise exposed to weaknesses and deficiencies, our business, financial condition and results of operations could be materially and adversely affected.

Our risk management also depends on effective implementation by our employees. There can be no assurance that such implementation by our employees will always function as intended or such implementation will not involve any human errors, mistakes or intentional misconduct. If we fail to implement our policies and procedures in a timely manner, or fail to identify risks that affect our business with sufficient time to plan for contingencies for such events, we could be materially and adversely affected, particularly with respect to the maintenance of our relevant approvals and licenses granted by governments.

We may be held liable for damages arising from Specialty Pharmacy Business and Physician Research Assistance businesses.

If any of our specialty pharmacies makes any medication mistakes including the accidental overdose or the wrong drug being given or taken, which resulting in personal injury of patients, we may be subject to negligence or other tort claims. In addition, if any patient get injured during his or her participation in the clinical trials of our SMO businesses or if any patient was unsatisfied with the medical treatment received from the hospitals and doctors referred by us, they may bring claims against us or our collaborating hospitals and doctors, which may impair our brand and reputation, as well as incur significant expenses.

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If we fail to maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results, meet our reporting obligations or prevent fraud.

Our success depends on our ability to effectively utilize our standardized management system, information systems, resources and internal controls. As we continue to expand, we will need to modify and improve our financial and managerial controls, reporting systems and procedures and other internal controls and compliance procedures to meet our evolving business needs. If we are unable to improve our internal controls, systems and procedures, they may become ineffective and adversely affect our ability to manage our business and cause errors or information lapses that affect our business. Our efforts in improving our internal control system may not result in eliminating all risks. If we are not successful in discovering and eliminating weaknesses in our internal controls, our ability to effectively manage our business may be affected.

Any damage to the reputation and recognition of our brand names, including negative publicity against us or involving us, may materially and adversely affect our business operations and prospects.

We depend on our reputation and brand names in many aspects of our business operations. However, we cannot assure you that we will be able to maintain a positive reputation or brand names for all of our businesses in the future. Our reputation and brand names may be materially and adversely affected by a number of factors, many of which are beyond our control, including:

- adverse associations with the third-party-branded products we sell or which are sold by third-party merchants, including with respect to their quality, efficacy or side effects;
- lawsuits, regulatory investigations, fines and penalties against us or otherwise relating to our products or services;
- improper or illegal conduct by our employees, suppliers, third-party merchants and other business partners, that is not authorized by us; and
- negative publicity associated with us, our Directors, officers, employees or business partners, the products or services or our industry in general, whether founded or unfounded.

In particular, our reputation may be impaired by negative publicity associated with the medical clinics, or hospitals that we have collaboration with, even though not directly against us. Even though such lawsuit may not incur actual liabilities on us, they may harm our brand names and reputation and cause our products and services to be perceived unfavorably by customers, third-party merchants, regulators, medical professionals and other business partners.

Our business may be materially and adversely affected by adverse news, scandals or other incidents associated with China's healthcare industry.

Incidents that reflect doubt as to the quality or safety of pharmaceutical and healthcare products manufactured, distributed or sold by other participants in the China's healthcare industry, including our competitors, have been, and may continue to be, subject to widespread media attention. Such incidents may damage the reputation of not only the parties involved, but also the general health and wellness industry in general, even if such parties or incidents have no relation to us, our management, our employees, our suppliers, and our collaborators. Such negative publicity may indirectly and adversely affect our reputation and brand. In addition, incidents not related to product quality or safety, or other negative publicity or scandals implicating us or our employees, regardless of merit, may also have an adverse impact on our reputation and corporate image.

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We may be the subject of anti-competitive, harassing, or other detrimental conduct by third parties including complaints to regulatory agencies, negative blog postings, and the public dissemination of malicious assessments of our business.

We may be the target of anti-competitive, harassing, or other detrimental conduct by third parties. Such conduct includes complaints, anonymous or otherwise, to regulatory agencies. Our brand name and our business may be harmed by aggressive marketing and communications strategies of our competitors. PRC laws and regulations also prohibit agreements and activities which amount to unfair business competition and an abuse of a dominant market position. We cannot assure you that we will not, in the future, be subject to such unfair business competition or dominant market position abuse imposed by third parties. We may be subject to government or regulatory investigation as a result of such third-party conduct and may be required to expend significant time and incur substantial costs to address such third-party conduct, and there is no assurance that we will be able to conclusively refute each of the allegations within a reasonable period of time, or at all. Additionally, allegations, directly or indirectly against us, may be posted in internet chat-rooms or on blogs or websites by anyone, whether or not related to us, on an anonymous basis. Consumers value readily available information concerning retailers, manufacturers, and their goods and services and often act on such information without further investigation or authentication and without regard to its accuracy. The availability of information on social media platforms and devices is virtually immediate, as is its impact. Social media platforms and devices immediately publish the content their subscribers and participants post, often without filters or checks on the accuracy of the content posted. Information posted may be inaccurate and adverse to us, and it may harm our financial performance, prospects or business. The harm may be immediate without affording us an opportunity for redress or correction. Our reputation may be negatively affected as a result of the public dissemination of anonymous allegations or malicious statements about our business, which in turn may cause us to lose market share, customers and revenues.

We may not be able to conduct our marketing activities effectively, properly or at reasonable costs, and we are subject to limitations in promoting our products and services.

We invest resources from time to time in a variety of marketing and brand promotion efforts designed to enhance our brand recognition and increase sales of our products and services. However, our brand promotion and marketing activities may not be well received and may not result in the levels of sales that we anticipate. Meanwhile, marketing approaches and tools in the PRC healthcare market are continually evolving, which may further require us to enhance our marketing approaches and experiment with new marketing methods to keep pace with industry developments and customer preferences. Failure to refine our existing marketing approaches or to introduce new marketing approaches in a cost-effective manner could reduce our market share. In addition, we are subject to certain limitations in promoting services and products. Our in-house medical team and external doctors and other relevant parties in the provision of our medical and wellness services have to comply with rules and regulations that restrict the promotion or dissemination of information about the professional healthcare services and practice provided by licensed doctors, and the publication or marketing efforts for the predominant purpose of promoting the products or services of doctors to consumers or potential consumers. Such restrictions may affect our ability to further enhance our brand recognition or secure new business opportunities in the future.

Under PRC laws and regulations, all advertisements published online containing drug names, applicable symptoms treated by such drugs (major functions) or other drug-related content, and advertisements published online containing medical device names and the applicable scope, performance, structure and composition, function and other contents relevant to medical device are subject to examination by relevant government authorities. We are prohibited from publishing

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advertisements of prescription drugs on the websites that we operate and must ensure that any advertisement of medical treatment, drugs or medical devices does not include any assertion or guarantee as to the function and safety or any statement of curative rate and effectiveness of such medical treatment, drugs or medical devices. Any violation of advertisement-related laws and regulations may subject us to fine, or even suspension of our business or revocation of our business license. Although we have implemented internal procedures to examine the content of advertisements displayed on the websites that we operate, we cannot assure you that all such content meets the requirements under PRC advertising-related laws and regulations at all times. There can be no assurance that our existing practices of monitoring our information dissemination process and publication would continue to be effective and would fully comply with relevant laws and regulations. Should there be any change in the relevant rules and regulations, or change of interpretation thereof, we, our in-house medical team, external doctors and other relevant third parties may be regarded as breaching the relevant rules and regulations and may be subject to regulatory penalties or disciplinary actions.

We may not have sufficient insurance coverage to cover our business risks.

We have obtained or caused relevant counterparties to obtain insurance to cover certain potential risks and liabilities, such as professional liability insurance for our doctors in connection with their provision of medical consultation services. We also purchased property insurance for our specialty pharmacies covering buildings, partial facilities and equipment, products as well as furnishment. However, we may not be able to acquire any insurance for certain types of risks such as business liability or service disruption insurance for all of our operations in the PRC, and our coverage may not be adequate to compensate for all losses that may occur, particularly with respect to loss of business or operations. For example, we do not maintain business interruption insurance, nor do we maintain key-man life insurance. Any business disruption, litigation, regulatory action, outbreak of epidemic disease or natural disaster could also expose us to substantial costs and diversion of resources. There can be no assurance that our insurance coverage is sufficient to prevent us from any loss or that we will be able to successfully claim our losses under our current insurance policies on a timely basis, or at all. We face the risk of assuming loss that is not covered by our insurance policies.

A severe or prolonged downturn in Chinese or global economy could materially and adversely affect our business and financial condition.

COVID-19 has had a severe and negative impact on the Chinese and the global economy so far in 2021. Whether this will lead to a prolonged downturn in the economy is still unknown. Even before the outbreak of COVID-19, the global macroeconomic environment was facing numerous challenges. The growth rate of the Chinese economy had already been slowing since 2010, and the impact of COVID-19 on the Chinese economy in 2020 is likely to be severe. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies which had been adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China, even before 2020. Unrest, terrorist threats and the potential for war in the Middle East and elsewhere may increase market volatility across the globe. There have also been concerns about the relationship between China and other countries, including the surrounding Asian countries, which may potentially have economic effects. In particular, there is significant uncertainty about the future relationship between the United States and China with respect to trade policies, treaties, government regulations and tariffs. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. Any severe or prolonged slowdown in the global or Chinese economy may materially and adversely affect our performance.

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We face risks related to natural disasters, health epidemics and other outbreaks, such as the outbreak of COVID-19, which could significantly disrupt our operations.

Our business could be adversely affected by the effects of epidemics. In recent years, there have been outbreaks of epidemics in China and globally, especially the COVID-19. In response to intensifying efforts to contain the spread of the coronavirus, the Chinese government took a number of actions including quarantine and free vaccination. The COVID-19 has also resulted in temporary closures of many corporate offices, manufacturing facilities and factories across China. The global spread of COVID-19 pandemic in a significant number of countries around the world has resulted in, and may intensify, global economic distress, and the duration and extent of the impact of COVID-19 outbreak cannot be reasonably estimated at this time. Although the number of person vaccinated is growing rapidly, challenges including coronavirus variants and worsened outbreaks in some countries and regions still make it hard to get COVID-19 under control worldwide. During the Track Record Period, our operation and business performance has also been adversely impacted by COVID-19. In particular, certain clinical trial sites for our SMO projects have faced temporary shutdown. It is uncertain to what extent COVID-19 may affect us going forward. Such uncertainty poses operational challenges to our online service offerings. Our operations could be disrupted if one of our employees is suspected of having COVID-19, H1N1 flu, avian flu or another epidemic in our offices, since it could require our employees to be quarantined and/or our offices to be disinfected. In addition, our results of operations could be adversely affected to the extent that the outbreak harms the PRC economy in general.

We are also vulnerable to natural disasters and other calamities. Our supply chain, logistics capabilities, and technology and data infrastructure may be adversely impacted by natural disasters, such as fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, war, riots, terrorist attacks or similar events.

RISKS RELATING TO OUR CORPORATE STRUCTURE AND CONTRACTUAL ARRANGEMENTS

If the PRC government finds that the agreements that establish the structure for operating our businesses in China do not comply with applicable PRC laws and regulations, or if these regulations or their interpretations change in the future, we could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of our interest in our Consolidated Affiliated Entities.

Current PRC laws and regulations impose certain restrictions and prohibitions on foreign ownership of companies that engage in the Internet, medical and other related businesses, such as the provision of medical services and Internet information. We are a company incorporated under the laws of the Cayman Islands and our PRC subsidiaries are considered foreign-invested enterprises. To comply with PRC laws and regulations, we conduct a substantial portion of business in the PRC through our Consolidated Affiliated Entities based on the Contractual Arrangements. Such Contractual Arrangements enable us to: (i) be the exclusive provider of business support, technical and consulting services in exchange for a fee; (ii) receive a portion of the economic benefits and bears the relevant risks in relation to the business operation of the Consolidated Affiliated Entities; (iii) have an irrevocable and exclusive right to purchase, or to designate one or more persons to purchase, from the Registered Shareholders all or any part of their equity interests in the Consolidated Affiliated Entities at any time and from time to time in our absolute discretion to the extent permitted by PRC laws; (iv) have an irrevocable and exclusive right to purchase, or to designate one or more persons to purchase from the Consolidated Affiliated Entities all or any part of its assets at any time and from time to time in our absolute discretion to the extent permitted by PRC laws; (v) appoint us, any directors authorized by us (except the Registered Shareholders) or his/her successors, or a liquidator

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replacing the director as our exclusive agent and attorney to act on our behalf on all matters concerning the Consolidated Affiliated Entities and to exercise all of the rights as a registered shareholder of the Consolidated Affiliated Entities in accordance with PRC laws and the articles of the Consolidated Affiliated Entities; and (vi) pledge as first charge a portion of the equity interests in the Consolidated Affiliated Entities to us as collateral security for any and all of the guaranteed debt under the Contractual Arrangements and to secure performance of the obligations under the Contractual Arrangements. The Contractual Arrangements allow the results of operations and assets and liabilities of the Consolidated Affiliated Entities to be consolidated into our results of operations and assets and liabilities under IFRS as if they were wholly-owned subsidiaries of our Group (except certain minority interest therein). The Contractual Arrangements, taken individually or collectively, are valid, legally binding, enforceable against each party of such agreements in accordance with their terms, subject as to enforceability to applicable bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors' rights generally, the discretion of relevant Government Agencies in exercising their authority in connection with the interpretation and implementation thereof and the application of relevant PRC Laws and policies thereto, and to general equity principles.

However, there is the possibility that the PRC government authorities may adopt new laws and regulations or strengthening the supervision on the Contractual Arrangements by approval or registration procedures in the future which may invalidate the Contractual Arrangements. For example, the State Council recent announced the Implementation Rules for the Law for Promoting Private Education, which will take effect since September 2021. These rules prohibit China-based foreign-invested enterprises and enterprises controlled by foreign parties from participating in the provision of compulsory education in China. We cannot assure you that the industry we participate in will not face similar or even more stringent restrictions. In addition, it is unclear what impact the PRC government actions would have on us and on our ability to consolidate the financial results of the Consolidated Affiliated Entities in our consolidated financial statements, if the PRC governmental authorities find our legal structure and contractual arrangements to be in violation of PRC laws, rules and regulations. If any of these penalties results in our inability to direct the activities of the Consolidated Affiliated Entities that most significantly impact their economic performance and/or our failure to receive the economic benefits from the Consolidated Affiliated Entities, we may not be able to consolidate the Consolidated Affiliated Entities into our consolidated financial statements in accordance with IFRS.

We rely on Contractual Arrangements with the Consolidated Affiliated Entities and their shareholders for a portion of our business operations, which may not be as effective as direct ownership in providing operational control.

We have relied and expect to continue to rely on Contractual Arrangements with the Consolidated Affiliated Entities and its shareholders to operate part of our business. These Contractual Arrangements may not be as effective as direct ownership in providing us with control over the Consolidated Affiliated Entities.

If we had direct ownership of our Consolidated Affiliated Entities, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of such entity, which in turn could effect changes, subject to any applicable fiduciary obligations, at the management level. However, under the current Contractual Arrangements, we rely on the performance by our Consolidated Affiliated Entities and its shareholders of their obligations under the contracts to exercise control over our Consolidated Affiliated Entities. However, the shareholders of our Consolidated Affiliated Entities may not act in the best interests of our Company or may not perform its obligations under these contracts. Such risks exist throughout the period in which we intend to operate our business through the Contractual Arrangements with our Consolidated Affiliated Entities. We may replace the

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shareholders of our Consolidated Affiliated Entities at any time pursuant to our Contractual Arrangements with our Consolidated Affiliated Entities and its shareholders. However, if any dispute relating to these contracts remains unresolved, we will have to enforce our rights under these contracts through the operations of PRC law and courts and therefore will be subject to uncertainties in the PRC legal system. Therefore, our Contractual Arrangements with our Consolidated Affiliated Entities may not be as effective in ensuring our control over the relevant portion of our business operations as direct ownership would be.

Any failure by our Consolidated Affiliated Entities or its shareholders to perform their obligations under our Contractual Arrangements with them would have a material and adverse effect on our business.

If our Consolidated Affiliated Entities or its shareholders fail to perform their respective obligations under the Contractual Arrangements, we may have to incur substantial costs and expend additional resources to enforce such arrangements. We may also have to rely on legal remedies under PRC law, including seeking specific performance or injunctive relief, and claiming damages, which we cannot assure you will be effective. For example, if the shareholders of our Consolidated Affiliated Entities were to refuse to transfer their equity interest in the Consolidated Affiliated Entities to us or our designee when we exercise the purchase option pursuant to these Contractual Arrangements, or if they were otherwise to act in bad faith toward us, we may have to take legal actions to compel them to perform their contractual obligations.

All the agreements under our Contractual Arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. The legal system in the PRC is not as developed as in some other jurisdictions, such as the United States. Meanwhile, there are very few precedents and little formal guidance as to how Contractual Arrangements in the context of a consolidated affiliated entity should be interpreted or enforced under PRC law, and as a result it may be difficult to predict how an arbitration panel would view such Contractual Arrangements. As a result, uncertainties in the PRC legal system could limit our ability to enforce these Contractual Arrangements. Additionally, under PRC law, rulings by arbitrators are final, parties cannot appeal the arbitration results in courts, and if the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which would require additional expenses and delay.

Our Consolidated Affiliated Entities hold certain of our important licenses and permits, including but not limited to the Permit for Insurance Brokerage Business and Value-Added Telecommunications Business Operating License, to operate our business. In the event we are unable to enforce our Contractual Arrangements, we may not be able to exert effective control over our Consolidated Affiliated Entities, and our ability to conduct these businesses may be negatively affected.

We may lose the ability to use and enjoy assets held by the Consolidated Affiliated Entities that are material to our business operations if the Consolidated Affiliated Entities declares bankruptcy or becomes subject to a dissolution or liquidation proceeding.

We do not have priority pledges and liens against the assets of our Consolidated Affiliated Entities. If the Consolidated Affiliated Entities undergo an involuntary liquidation proceeding, third-party creditors may claim rights to some or all of its assets and we may not have priority against such third-party creditors on the assets of our Consolidated Affiliated Entities. In the event that the Registered

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Shareholders breach the relevant covenants, we may need to resort to legal proceedings to enforce the terms of the Contractual Arrangements. Any such legal proceeding may be costly and may divert our management's time and attention away from the operation of our business, and the outcome of such legal proceeding is uncertain.

The ultimate shareholders of the Consolidated Affiliated Entities may have conflicts of interest with us.

We have designated individuals who are PRC nationals to be the ultimate shareholders of the Consolidated Affiliated Entities. These individuals may have conflicts of interest with us. We rely on these individuals to abide by the laws of the Cayman Islands which impose fiduciary duties upon directors and officers of our Company. Such duties include the duty to act bona fide in what they consider to be in the best interest of our Company as a whole and not to place them in a position in which there is a conflict between their duties to our Company and their personal interests. On the other hand, PRC laws also provide that a director or a senior manager owes a loyalty and fiduciary duty to the company in which he or she holds such position. We cannot assure you that when conflicts arise, the Registered Shareholders will act in the best interest of our Company or that conflicts will be resolved in our favor. These individuals may breach or cause the Consolidated Affiliated Entities to breach the existing Contractual Arrangements. If we cannot resolve any conflicts of interest or disputes between us and these shareholders, we would have to rely on legal proceedings, which may be expensive, time-consuming and disruptive to our operations. There is also substantial uncertainty as to the outcome of any such legal proceedings.

We conduct our business operations in the PRC through the Consolidated Affiliated Entities by way of the Contractual Arrangements, but certain of the terms of the Contractual Arrangements may not be enforceable under PRC laws.

All the agreements which constitute the Contractual Arrangements are governed by PRC laws and provide for the resolution of disputes through arbitration in the PRC. Accordingly, these agreements would be interpreted in accordance with PRC laws and disputes would be resolved in accordance with PRC legal procedures. The legal environment in the PRC is not as developed as in other jurisdictions and uncertainties in the PRC legal system could limit our ability to enforce the Contractual Arrangements. In the event that we are unable to enforce the Contractual Arrangements, or if we suffer significant time delays or other obstacles in the process of enforcing them, it would be very difficult to exert effective control over the Consolidated Affiliated Entities.

The Contractual Arrangements contain provisions to the effect that the arbitral body may award remedies over the equity interests, assets or properties of the Consolidated Affiliated Entities, compulsory relief (e.g., for the conduct of business or to compel the transfer of assets) or order the winding up of the Consolidated Affiliated Entities. These agreements also contain provisions to the effect that courts of competent jurisdictions are empowered to grant interim relief to a party when requested for the purpose of preserving the assets and properties or enforcement measures, subject to the requirements under the PRC laws. However, under PRC laws, these terms may not be enforceable. Under PRC laws, an arbitral body does not have the power to grant injunctive relief or to issue a provisional or final liquidation order for the purpose of protecting assets of or equity interests in the Consolidated Affiliated Entities in case of disputes. In addition, interim remedies or enforcement order granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC. Therefore, in the event of breach of any agreements constituting the Contractual Arrangements by the Consolidated Affiliated Entities and/or its shareholders, and if we are

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unable to enforce the Contractual Arrangements, we may not be able to exert effective control over the Consolidated Affiliated Entities.

If we exercise the option to acquire equity ownership and assets of the Consolidated Affiliated Entities, the ownership or asset transfer may subject us to certain limitations and substantial costs.

Pursuant to the *Regulations for the Administration of Foreign-Invested Telecommunications Enterprises* (《外商投資電信企業管理規定》), or the *FITE Regulations*, promulgated by the State Council, foreign investors are not allowed to hold more than 50% of the equity interests of any company providing value-added telecommunications services (excluding e-commerce business, domestic multi-party communications, store-and-forward and call centers). Therefore, we have entered into the Contractual Arrangements with our Consolidated Affiliated Entities, pursuant to which we have been granted an irrevocable and exclusive option to purchase equity interests in, or assets of, our Consolidated Affiliated Entities. For details, see “Contractual Arrangements” in this prospectus.

If the restrictions on foreign investment in PRC value-added telecommunications services are mitigated or removed, we may need to exercise such option to satisfy the “narrowly-tailored” principle to the extent practicable and permitted under applicable PRC laws.

The equity transfer may be subject to the approvals from, or filings with, the MOFCOM, the MIIT, the SAIC and/or their local competent branches. In addition, the equity transfer price may be subject to review and tax adjustment by the relevant tax authorities. The equity transfer price to be received by the Consolidated Affiliated Entities under the Contractual Arrangements may also be subject to enterprise income tax, and such tax amounts could be substantial.

PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from making loans to our Consolidated Affiliated Entities or making additional capital contributions to our wholly foreign-owned subsidiaries in China, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

We are an offshore holding company conducting our operations in China through our PRC subsidiaries and Consolidated Affiliated Entities. We may make loans to our PRC subsidiaries and Consolidated Affiliated Entities subject to the approval from governmental authorities and limitation of amount, or we may make additional capital contributions to our wholly foreign-owned subsidiaries in China.

Any loans to our wholly foreign-owned subsidiaries in China, which are treated as foreign-invested enterprises under PRC law, are subject to PRC regulations and foreign exchange loan registrations. For example, loans by us to our wholly foreign-owned subsidiaries in China to finance their activities cannot exceed statutory limits, i.e., the difference between its total amount of investment and its registered capital, or certain amount calculated based on elements including capital or net assets and the cross-border financing leverage ratio or the Macro-prudential Management Mode, under relevant PRC laws and the loans must be registered with the local counterpart of the State Administration of Foreign Exchange, or SAFE, or filed with SAFE in its information system. We may also provide loans to our Consolidated Affiliated Entities or other domestic PRC entities under the Macro-prudential Management Mode. According to *the Circular of the PBOC and the State Administration of Foreign Exchange on Adjusting the Macro-prudent Adjustment Parameter for Cross-border Financing* (《關於調整全口徑跨境融資宏觀審慎調節參數的通知》) issued on March 11, 2020, the limit for the total amount of foreign debt under the Macro-prudential Management Mode increased to two and a half times from two times of their respective net assets. According to *the Circular to Lower the Macro-*

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prudential Adjustment Parameters for Cross-border Financing (《中國人民銀行國家外匯管理局關於調整企業跨境融資宏觀審慎調節參數的通知》), issued in January 7, 2021, the macro-prudential adjustment parameter, a multiplier that decides the upper limit of outstanding cross-border financing an institution can have, has been revised to 1, down from 1.25 previously. Moreover, any medium or long-term loan to be provided by us to our Consolidated Affiliated Entities or other domestic PRC entities must also be registered with the NDRC.

We may also decide to finance our wholly foreign-owned subsidiaries in China by means of capital contributions. These capital contributions shall go through record-filing procedures from competent administration for market regulation. SAFE issued the *Circular on the Management Concerning the Reform of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises* (《關於改革外商投資企業外匯資本金結匯管理方式的通知》), or *SAFE Circular 19*, which took effect on June 1, 2015. *SAFE Circular 19* allows for the use of RMB converted from the foreign currency-denominated capital for equity investments in the PRC provided that such usage shall fall into the scope of business of the foreign-invested enterprise, which will be regarded as the reinvestment of foreign-invested enterprise. In addition, SAFE promulgated the *Circular Regarding Further Promotion of the Facilitation of Cross-Border Trade and Investment* (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) on October 23, 2019, or *SAFE Circular 28*, pursuant to which all foreign-invested enterprises can make equity investments in the PRC with their capital funds in accordance with the law. As *SAFE Circular 28* is new and the relevant government authorities have broad discretion in interpreting the regulation, it is unclear whether SAFE will permit such capital funds to be used for equity investments in the PRC in actual practice.

Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities, and a finding that we owe additional taxes could substantially reduce our consolidated net income and the value of your investment.

Under PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. We could face material and adverse tax consequences if the PRC tax authorities determine that the contractual arrangements among our PRC subsidiaries and our Consolidated Affiliated Entities do not represent an arms-length price and adjust our Consolidated Affiliated Entities' income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction, for PRC tax purposes, of expense deductions recorded by our Consolidated Affiliated Entities, which could in turn increase their tax liabilities. In addition, the PRC tax authorities may impose late payment fees and other penalties to our PRC variable interest entities for under-paid taxes. Our results of operations may be materially and adversely affected if our tax liabilities increase or if we are found to be subject to late payment fees or other penalties.

Our current corporate structure and business operations may be affected by the Foreign Investment Law.

On March 15, 2019, the NPC promulgated the Foreign Investment Law or the FIL, which has become effective on January 1, 2020 and replaced the outgoing laws regulating foreign investment in China, namely, the PRC Equity Joint Venture Law, the PRC Cooperative Joint Venture Law and the Wholly Foreign-owned Enterprise Law, as well their implementation rules and ancillary regulations, or the Outgoing FIE Laws. See “Regulatory Overview—Regulations Relating to Value-added Telecommunications Services” in this prospectus.

Meanwhile, the *Implementation Rules to the PRC Foreign Investment Law* (《中華人民共和國外商投資法實施條例》) came into effect as of January 1, 2020, which clarified and elaborated the relevant

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provisions of the Foreign Investment Law. However, uncertainties still exist in relation to interpretation and implementation of the FIL, especially in regard to, including, among other things, the nature of consolidated affiliated entity contractual arrangements and specific rules regulating the organization form of foreign-invested enterprises within the five-year transition period. While FIL does not define contractual arrangements as a form of foreign investment explicitly, it has a catch-all provision under definition of “foreign investment” that includes investments made by foreign investors in the PRC through other means as provided by laws, administrative regulations or the State Council, we cannot assure you that future laws and regulations will not stipulate contractual arrangements as a form of foreign investment. Therefore, there can be no assurance that our control over our Consolidated Affiliated Entities through Contractual Arrangements will not be deemed as foreign investment in the future. In the event that any possible implementing regulations of the FIL, any other future laws, administrative regulations or provisions deem contractual arrangements as a way of foreign investment, or if any of our operations through contractual arrangements is classified in the “restricted” or “prohibited” industry, or “negative list” under the FIL, our Contractual Arrangements may be deemed as invalid and illegal, and we may be required to unwind the Contractual Arrangements and/or dispose of any affected business. Also, if future laws, administrative regulations or provisions mandate further actions to be taken with respect to existing Contractual Arrangements, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. Furthermore, under the FIL, foreign investors or the foreign investment enterprise should be imposed legal liabilities for failing to report investment information in accordance with the requirements. In addition, the FIL provides that foreign invested enterprises established according to the existing laws regulating foreign investment may maintain their structure and corporate governance within a five-year transition period, which means that we may be required to adjust the structure and corporate governance of certain of our PRC subsidiaries in such transition period.

RISKS RELATING TO DOING BUSINESS IN THE PRC

Economic, political and social conditions and government policies in the PRC could affect our business and prospects.

All of our revenue is derived from our businesses in the PRC. Accordingly, our financial condition, results of operations and prospects are, to a material extent, subject to economic, political and legal developments in the PRC. The PRC economy differs from the economies of developed countries in many respects, including, among other things, the degree of government involvement, control of investment, level of economic development, growth rate, foreign exchange controls and resource allocation.

Although the PRC economy has been transitioning from a planned economy to a more market-oriented economy for about four decades, a substantial portion of productive assets in the PRC is still owned by the PRC government. The PRC government also exercises significant control over the economic growth of the PRC through allocating resources, controlling payments of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. In recent years, the PRC government has implemented measures emphasizing the utilization of market forces in economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance practices in business enterprises. Some of these measures benefit the overall PRC economy, but may adversely affect us. For example, our financial condition and results of operations may be adversely affected by government policies on the digital medical service industry in China or changes in tax regulations applicable to us. If the business environment in the PRC deteriorates, our business in the PRC may also be materially and adversely affected.

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Uncertainties with respect to the PRC legal system could adversely affect us.

We conduct our business primarily through our PRC subsidiaries and Consolidated Affiliated Entities in China. Our operations in China are governed by PRC laws and regulations. Our PRC subsidiaries and Consolidated Affiliated Entities in China are subject to laws and regulations applicable to foreign investment in China. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value. The PRC legal system is evolving rapidly, and the interpretation of many laws, regulations and rules may contain inconsistencies and enforcement of these laws, regulations and rules involves uncertainties.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. Any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. Since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems, arising from which these uncertainties may impede our ability to enforce the contracts we have entered. Furthermore, the PRC legal system is based, in part, on government policies and internal rules, some of which are not published in a timely manner, or at all, but which may have retroactive effect. As a result, we may not always be aware of any potential violation of these policies and rules. Such unpredictability towards our contractual, property and procedural rights could adversely affect our business and impede our ability to continue our operations.

PRC regulations establish complex procedures for some acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

PRC regulations and rules concerning mergers and acquisitions including the Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the M&A Rules, established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time consuming and complex. For example, the M&A Rules require that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise, if (i) any important industry is concerned, (ii) such transaction involves factors that have or may have impact on the national economic security, or (iii) such transaction will lead to a change in control of a domestic enterprise which holds famous trademarks or PRC time-honored brands. Moreover, the Anti-Monopoly Law requires that the anti-trust governmental authority shall be notified in advance of any concentration of undertaking if certain thresholds are triggered. In addition, the security review rules issued by the MOFCOM that became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise “national defense and security” concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise “national security” concerns are subject to strict review by the MOFCOM, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time consuming, and any required approval processes, including obtaining approval from the MOFCOM or its local counterparts or other relevant government agencies may delay or inhibit our ability to complete such transactions. It is unclear whether our business would be deemed to be in an industry that raises “national defense and security” or “national security” concerns. However, the MOFCOM or

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other government agencies may publish explanations in the future determining that our business is in an industry subject to the security review, in which case our future acquisitions in the PRC, including those by way of entering into contractual control arrangements with target entities, may be closely scrutinized or prohibited. Our ability to expand our business or maintain or expand our market share through future acquisitions would as such be materially and adversely affected.

We may be subject to penalties, including restriction on our ability to inject capital into our PRC subsidiaries and our PRC subsidiaries' ability to distribute profits to us, if our PRC resident shareholders or beneficial owners fail to comply with relevant PRC foreign exchange regulations.

The SAFE has promulgated several regulations that require PRC residents and PRC corporate entities to register with and obtain approval from local branches of the SAFE in connection with their direct or indirect offshore investment activities. The *Circular on Relevant Issues Relating to Domestic Resident's Investment and Financing and Roundtrip Investment through Special Purpose Vehicles* (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》), or *SAFE Circular 37*, was promulgated by the SAFE in July 2014 and the *Circular on Further Simplifying and Improving Foreign Exchange Administration Policies in Respect of Direct Investment* (《關於進一步簡化和改進直接投資外匯管理政策的通知》), or *SAFE Circular 13*, issued on February 13, 2015, that require PRC residents or entities to register with the local banks in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. These regulations apply to our shareholders who are PRC residents and may apply to any offshore acquisitions that we make in the future.

Under these foreign exchange regulations, PRC residents who make, or have previously made, prior to the implementation of these foreign exchange regulations, direct or indirect investments in offshore companies are required to register those investments. In addition, any PRC resident who is a direct or indirect shareholder of an offshore company is required to update the previously filed registration with the local branch of the SAFE, with respect to that offshore company, to reflect any material change involving its round-trip investment, capital variation, such as a change of PRC shareholders, the name of company, terms of operation, an increase or decrease in capital, transfer or swap of shares, merger or division. If any PRC shareholder fails to make the required registration or update the previously filed registration, the PRC subsidiary of that offshore parent company may be restricted from distributing their profits and the proceeds from any reduction in capital, share transfer or liquidation to their offshore parent company, and the offshore parent company may also be restricted from injecting additional capital into its PRC subsidiary. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions, including (i) the requirement by the SAFE to return the foreign exchange remitted overseas or into PRC within a period of time specified by the SAFE, with a fine of up to 30% of the total amount of foreign exchange remitted overseas or into PRC and deemed to have been evasive or illegal and (ii) in circumstances involving serious violations, a fine of no less than 30% of and up to the total amount of remitted foreign exchange deemed evasive or illegal.

We are committed to complying with and to ensuring that our Shareholders will comply with the relevant SAFE rules and regulations. However, we cannot assure you that the SAFE or its local branches will release explicit requirements or interpret the relevant PRC laws and regulations otherwise. Failure by any such Shareholders to comply with *SAFE Circular 37* or other related regulations could subject us to fines or legal sanctions, restrict our investment activities in the PRC and cross-border investment activities, limit our subsidiaries' ability to make distributions, pay dividends or other payments to us or affect our ownership structure. In addition, if we decide to acquire a PRC

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domestic company, we cannot assure you that we or the owners of such company, as the case may be, will be able to obtain the necessary approvals or complete the necessary filings and registrations required by the foreign exchange regulations. This may restrict our ability to implement our acquisition strategy and could adversely affect our business and prospects.

Any failure to comply with PRC regulations regarding the registration requirements for employee stock incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

Pursuant to the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company, issued by SAFE in February 2012, employees, directors, supervisors and other senior management participating in any stock incentive plan of an overseas publicly listed company who are PRC citizens or who are non-PRC citizens residing in China for a continuous period of not less than one year, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete certain other procedures. We and our directors, executive officers and other employees who are PRC citizens or who reside in the PRC for a continuous period of not less than one year and who have been granted restricted shares, restricted share units or options are subject to these regulations. Failure to complete the SAFE registrations may subject them to fines and legal sanctions and may also limit our ability to contribute additional capital into our wholly foreign-owned subsidiaries in China and limit these subsidiaries' ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors and employees under PRC law.

Relevant government authorities may require us to contribute additional social insurance or housing provident funds, or impose late payment fees or fines on us.

Pursuant to the PRC laws and regulations, we are required to participate in the employee social welfare plan administered by local governments. Such plan consists of pension insurance, public health insurance, work-related injury insurance, maternity insurance, unemployment insurance and housing provident fund. The amount we are required to contribute for each of our employees under such plan should be calculated based on the employee's actual salary level of previous year, and be subject to a minimum and maximum level as from time to time prescribed by local authorities.

During the Track Record Period, since we conducted SMO service across China and some of our CRCs were working in places where we did not have subsidiaries or branches, we engaged third-party human resources agencies to pay social insurance premium and housing provident funds for them. In addition, we did not pay social insurance and housing provident fund in full for some of our employees based on their actual salary level. The amount of shortfall of social insurance and housing provident funds was RMB2.4 million in 2019, RMB4.0 million in 2020, RMB3.4 million in 2021 and RMB1.6 million in the six months ended June 30, 2022. The total amount of historical shortfall was RMB6.9 million as of June 30, 2022, and we have accrued this shortfall amount into our financial statements. Pursuant to the PRC laws and regulations, we may be ordered to pay social insurance premium and housing provident funds for our employees under our own accounts instead of making payments under third-party accounts.

Pursuant to relevant PRC laws and regulations, the relevant PRC authorities may demand us to pay the outstanding social insurance contributions within a stipulated deadline and we may be liable to a late payment fee equal to 0.05% of the outstanding amount for each day of delay. If we fail to make such payments, we may be liable to a fine of one to three times the amount of the outstanding contributions.

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With respect to a failure to pay the full amount of housing provident fund as required, the housing provident fund management center in China may require payment of the outstanding amount within a prescribed period. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement.

As a result, we may be required by competent authorities to rectify, pay the outstanding amount, and could be subject to late payment penalties or enforcement application made to the court or further subject to a fine or penalty. As of the Latest Practicable Date, no competent government authorities had imposed administrative action, fine or penalty to us with respect to the incidents in relation to social insurance or housing provident funds. We cannot assure you that we will not be subject to any penalty, or order to rectify in the future. We may incur additional expenses to comply with such laws and regulations.

We may be required to obtain prior approval from the CSRC for the listing and trading of our Shares on the Hong Kong Stock Exchange.

On August 8, 2006, six regulatory authorities in China, including MOFCOM, the State Assets Supervision and Administration Commission, the STA, the State Administration of Industry and Commerce, the China Securities Regulatory Commission, or the CSRC, and the State Administration of Foreign Exchange, or the SAFE, jointly issued the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, which became effective on September 8, 2006, and amended on June 22, 2009. The M&A Rules include, among other things, provisions that purport to require that an offshore special purpose vehicle formed for the purpose of an overseas listing of securities in a PRC company obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. However, substantial uncertainty remains regarding the scope and applicability of the M&A Rules to offshore special purpose vehicles.

Our PRC Legal Advisor is of the opinion that prior CSRC approval for this offering is not required under the M&A rules because our foreign-invested enterprises were incorporated as foreign-invested enterprises without involving acquisition of the equity or assets of a "PRC domestic company," especially a PRC domestic company owned by our Controlling Shareholder or beneficial owners who are PRC companies or individuals, as such term is defined under the M&A Rules. However, we cannot assure you that the relevant PRC government authorities, including the CSRC, will reach the same conclusion as our PRC Legal Advisor. If the CSRC or other relevant PRC government authorities subsequently determine that prior CSRC approval is required, we may face regulatory actions or other sanctions from the CSRC or other PRC regulatory authorities. Consequently, if you engage in market trading or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that settlement and delivery may not occur.

We may be required to complete the filing with the CSRC for the Listing and subject to additional regulatory requirements if certain new draft regulations in relation to overseas listing are implemented in China.

On December 24, 2021, the CSRC published the Administrative Provisions of the State Council on the Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (國務院關於境內企業境外發行證券和上市的管理規定(草稿徵求意見稿)) (the "Draft Administrative Provisions"), and the Administrative Measures for the Filing of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (境內企業境外發行證券和上市備案管理辦法(徵求意見稿)) (the "Draft Measures for Filing", together with the Draft Administrative Provisions, the "Drafts

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relating to Overseas Listings”) which are open for public comments until January 23, 2022. The Drafts relating to Overseas Listings require, among others, that PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to file the required documents with the CSRC within three working days after its application for overseas listing is submitted. See “Regulatory Overview—Regulations Relating To M&A Rules and Overseas Listing” for more details. As of the Latest Practicable Date, the Drafts relating to Overseas Listings have not yet come into force.

In addition, according to the “Reply to the Reporters’ Question by the CSRC Responsible Officers” (證監會有關負責人答記者問) dated December 24, 2021, the CSRC clarified that it adheres to the principle of non-retroactivity of the law, and the CSRC would start with the incremental enterprises (增量企業), i.e., impose filing procedures on incremental enterprises as well as stock enterprises (存量企業) with refinancing requests, while filing by other stock enterprises (其他存量企業) will be arranged separately so as to give them a sufficient transitional period. However, the CSRC Responsible Officers did not provide a clear definition of these terms. Therefore, whether our Company, for the purpose of this Listing, is an “incremental enterprise (增量企業)” or a “stock enterprise (存量企業)” is subject to further explanation by the CSRC.

We cannot guarantee that we will be categorized as a “stock enterprise (存量企業)” by the CSRC. If we are categorized as an “incremental enterprise (增量企業)”, we may have to incur significant time, costs and resources to comply with these regulatory requirements and have to complete the filing procedures with the CSRC with respect to this Listing. Further, even if we are categorized as a “stock enterprise (存量企業)”, we may still face more stringent regulatory requirements as compared to its current status. As such, our business operations may be materially and adversely affected. In addition, uncertainties exist regarding the final form of these regulations in relation to overseas listing as well as the interpretation and implementation thereof after promulgation. Any failure to comply with the rules and regulations relating to overseas listing may subject us to fines, penalties or other sanctions which may have a material adverse effect on our business and financial conditions as well as our ability to complete the Listing.

If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders.

Under the *Enterprise Income Tax Law of the PRC* (《中華人民共和國企業所得稅法》), or the EIT Law, and its implementation rules, an enterprise established outside of the PRC with “de facto management body” within the PRC is considered a resident enterprise and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term “de facto management body” as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. On April 22, 2009, the SAT issued a circular, known as *Circular 82*, which provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled enterprise that is incorporated offshore is located in China.

Although *Circular 82* only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the SAT’s general position on how the “de facto management body” text should be applied in determining the tax resident status of all offshore enterprises. If the PRC tax authorities determine that we should be classified as a PRC resident enterprise for PRC tax purposes, our global income will be subject to income tax at a uniform rate of 25%. Notwithstanding the foregoing provision, the EIT Law also provides that, if a PRC resident enterprise directly invests in another PRC

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resident enterprise, the dividends received by the investing PRC resident enterprise from the invested PRC resident enterprise are exempted from income tax, subject to certain conditions. However, it remains unclear how the PRC tax authorities will interpret the PRC tax resident treatment of an offshore company with indirect ownership interests in PRC resident enterprises through intermediary holding companies.

Moreover, if the PRC tax authorities determine that our Company is a PRC resident enterprise for PRC enterprise income tax purposes, gains realized on the sale or other disposal of our Shares may be subject to PRC tax, at a rate of 10% in the case of non-PRC enterprises, or 20% in the case of non-PRC individuals (in each case, subject to the provisions of any applicable tax treaty), if such gains are deemed to be from PRC sources. Any such tax may reduce the returns on your investment in our Shares.

We face uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies, and heightened scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on potential acquisitions we may pursue in the future.

The State Administration of Taxation has issued several rules and notices to tighten the scrutiny over acquisition transactions in recent years, including the *Notice on Several Issues Regarding the Income Tax of Non-PRC Resident Enterprises* (《國家稅務總局關於非居民企業所得稅管理若干問題的公告》) issued in March 2011, or *SAT Circular 24*, and the *Notice on Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-PRC Resident Enterprises* (《國家稅務總局關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) issued in February 2015, or *SAT Circular 7*. Pursuant to these rules and notices, if a non-PRC resident enterprise indirectly transfers PRC taxable properties, referring to properties of an establishment or a place in the PRC, real estate properties in the PRC or equity investments in a PRC tax resident enterprise, by disposing of equity interest in an overseas holding company, such indirect transfer should be deemed as a direct transfer of PRC taxable properties and gains derived from such indirect transfer may be subject to the PRC withholding tax at a rate of up to 10%. *SAT Circular 7* sets out several factors to be taken into consideration by tax authorities in determining whether an indirect transfer has a reasonable commercial purpose. An indirect transfer satisfying all the following criteria will be deemed to lack reasonable commercial purpose and be taxable under PRC law: (i) 75% or more of the equity value of the intermediary enterprise being transferred is derived directly or indirectly from the PRC taxable properties; (ii) at any time during the one-year period before the indirect transfer, 90% or more of the asset value of the intermediary enterprise (excluding cash) is comprised directly or indirectly of investments in the PRC, or 90% or more of its income is derived directly or indirectly from the PRC; (iii) the functions performed and risks assumed by the intermediary enterprise and any of its subsidiaries that directly or indirectly hold the PRC taxable properties are limited and are insufficient to prove their economic substance; and (iv) the foreign tax payable on the gain derived from the indirect transfer of the PRC taxable properties is lower than the potential PRC income tax on the direct transfer of such assets. Nevertheless, the indirect transfer falling into the safe harbor available under *SAT Circular 7* may not be subject to PRC tax and the scope of the safe harbor includes qualified group restructuring as specifically set out in *SAT Circular 7*, public market trading and tax treaty exemptions. In October 2017, the SAT released the *Public Notice Regarding Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source* (《國家稅務總局關於非居民企業所得稅源泉扣繳有關問題的公告》), or *SAT Public Notice 37*, effective from December 2017. *SAT Public Notice 37* replaced a series of important circulars, including but not limited to the *Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises* (《國家稅務總局關於加強非居民企業股權轉讓所得企業所得稅管理的通知》), or *SAT Circular 698*, and revised the rules

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governing the administration of withholding tax on China-source income derived by a non-resident enterprise. *SAT Public Notice 37* provides for certain key changes to the current withholding regime, for example, the withholding obligation for a non-resident enterprise deriving dividend arises on the date on which the payment is actually made rather than on the date of the resolution that declared the dividends.

Under *SAT Circular 7* and *SAT Public Notice 37*, the entities or individuals obligated to pay the transfer price to the transferor are the withholding agents and must withhold the PRC income tax from the transfer price if the indirect transfer is subject to the PRC enterprise income tax. If the withholding agent fails to do so, the transferor should report to and pay the tax to the PRC tax authorities. In the event that neither the withholding agent nor the transferor fulfills their obligations under *SAT Circular 7* and *SAT Public Notice 37*, according to the applicable law, apart from imposing penalties such as late payment interest on the transferor, the tax authority may also hold the withholding agent liable and impose a penalty of 50% to 300% of the unpaid tax on the withholding agent. The penalty imposed on the withholding agent may be reduced or waived if the withholding agent has submitted the relevant materials in connection with the indirect transfer to the PRC tax authorities in accordance with *SAT Circular 7*.

However, as there is a lack of clear statutory interpretation, we face uncertainties on the reporting and consequences on future private equity financing transactions, share exchange or other transactions involving the transfer of shares in our Company by investors that are non-PRC resident enterprises, or sale or purchase of shares in other non-PRC resident companies or other taxable assets by us. Our Company and other non-resident enterprises in our group may be subject to filing obligations or being taxed if our Company and other non-resident enterprises in our group are transferors in such transactions, and may be subject to withholding obligations if our Company and other non-resident enterprises in our group are transferees in such transactions. For the transfer of shares in our Company by investors that are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in the filing under the rules and notices. As a result, we may be required to expend valuable resources to comply with these rules and notices or to request the relevant transferors from whom we purchase taxable assets to comply, or to establish that our Company and other non-resident enterprises in our group should not be taxed under these rules and notices. There is no assurance that the tax authorities will not apply the rules and notices to our offshore restructuring transactions where non-PRC residents were involved if any of such transactions were determined by the tax authorities to lack reasonable commercial purpose. As a result, we and our non-PRC resident investors may be at risk of being taxed under these rules and notices and may be required to comply with or to establish that we should not be taxed under such rules and notices.

Discontinuation of preferential tax rates we currently enjoy or other unfavorable changes in tax law could result in additional compliance obligations and costs.

Our PRC subsidiaries and VIEs may, if they meet the relevant requirements, qualify for certain preferential tax treatment. For a qualified high and new technology enterprise, the applicable enterprise income tax rate is 15%. MedBanks (Beijing) Network Technology Co., Ltd (思派(北京)網絡科技有限公司), one of PRC operating entities, was qualified as a “high and new technology enterprise” and therefore is entitled to a preferential income tax rate of 15% in 2021. The high and new technology enterprise qualification is re-assessed by the relevant authorities every three years. Moreover, a qualified software enterprise is entitled to a tax holiday consisting of a two-year enterprise income tax exemption beginning with the first profit-making calendar year and a 50% enterprise income tax reduction for the subsequent three years. If such PRC subsidiaries or VIEs fail to maintain their

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respective qualification under the relevant PRC laws and regulations, their applicable enterprise income tax rates may increase to up to 25%.

Fluctuations in exchange rates could result in foreign currency exchange losses and may have a material adverse effect on your investment.

The conversion of Renminbi into other currencies, including the Hong Kong dollar and U.S. dollars, is based on rates set by the People's Bank of China. The Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. The change in the value of the RMB against the Hong Kong dollar and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions. We cannot assure you that Renminbi will not appreciate or depreciate significantly in value against the Hong Kong dollar or U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between Renminbi and the Hong Kong dollar or U.S. dollar in the future.

As a China-based company, any significant change in the exchange rates of the Hong Kong dollar against RMB may materially adversely affect any dividends payable on, our Shares in Hong Kong dollars. The proceeds from the Global Offering will be received in Hong Kong dollars. As a result, any appreciation of the Renminbi against the U.S. dollar, the Hong Kong dollar or any other foreign currencies may result in the decrease in the value of our proceeds from the Global Offering. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Furthermore, we are also currently required to complete filings with and obtain approvals from SAFE before converting significant sums of foreign currencies into Renminbi. All of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms.

The PRC government's control of foreign currency conversion may limit our foreign exchange transactions, including dividend payments on our Shares.

The PRC government imposes controls on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currency out of China. In light of the flood of capital outflows of China in 2016 due to the weakening of RMB, the PRC government has imposed more restrictive foreign exchange policies and stepped up scrutiny of major outbound capital movement. More restrictions and substantial vetting process are put in place by SAFE to regulate cross-border transactions falling under the capital account. The PRC government may at its discretion further restrict access to foreign currencies in the future for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders.

Increases in labor costs in the PRC may adversely affect our business and our profitability.

China's economy has experienced increases in labor costs in recent years. As China's economy continues to grow, the average wages in China are also expected to grow. Our staff cost has also increased in recent years. We expect that our staff costs, including wages and employee benefits, will continue to increase. Unless we are able to pass on the increased staff costs to our customers by raising the price of our services, our profit margin may shrink and our results of operations may be materially and adversely affected.

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Implementation of the labor laws and regulations in China may adversely affect our business and results of operations. Failure to fully comply with PRC labor-related laws may expose us to potential liabilities and penalties.

Pursuant to the *PRC Labor Contract Law* (《中華人民共和國勞動合同法》), or the *Labor Contract Law*, employers are subject to strict requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employees' probation and unilaterally terminating labor contracts. Due to lack of detailed interpretative rules and broad discretion of the local competent authorities, it is uncertain as to how the *Labor Contract Law* and its implementation rules will affect our current employment policies and practices. Our employment policies and practices may violate the *Labor Contract Law* or its implementation rules, and we may thus be subject to related penalties, fines or legal fees. Compliance with the *Labor Contract Law* and its implementation rules may increase our operating expenses, in particular our personnel expenses. In the event that we decide to terminate some of our employees or otherwise change our employment or labor practices, the *Labor Contract Law* and its implementation rules may also limit our ability to effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations. On October 28, 2010, the Standing Committee of the National People's Congress promulgated the *PRC Social Insurance Law* (《中華人民共和國社會保險法》), or the *Social Insurance Law*, pursuant to which, employees must participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance and maternity insurance and the employers must, together with their employees or separately, pay the social insurance premiums for such employees. Recently, the PRC government enhanced its measures relating to social insurance collection, which may lead to stricter enforcement. Our social insurance policies and practices may violate the relevant laws and regulations, and we may thus be subject to related penalties, fines or legal fees. Compliance with the Social Insurance Law and its implementation rules may increase our operating expenses, in particular our personnel expenses. Pursuant to the *Regulations on Management of Housing Provident Fund* (《住房公積金管理條例》) promulgated by the State Council on April 1999 and was lately amended on March 24, 2019, employers must open housing provident fund account and pay housing provident fund for its employees. If an employer fails to go through the formalities or does not pay the full amount as scheduled, the relevant administration department shall order it to make rectification or make up the payment within the prescribed time limit. If an employing entity fails to undertake payment and deposit registration of housing provident fund or fails to go through the formalities of opening housing provident fund account for its employees within the prescribed period, a fine shall be imposed. If an employer fails to make the payment and deposit of the housing provident fund within a prescribed time limit, an application may be made to the people's court for compulsory enforcement.

As the interpretation and implementation of labor laws and regulations are still evolving, we cannot assure you that our employment practice policy and will at all times be deemed to be in full compliance with labor-related laws and regulations in China, which may subject us to labor disputes or government investigations. If we are deemed to have violated relevant labor laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations could be materially and adversely affected.

Certain judgments obtained against us by our shareholders may not be enforceable.

We are an exempted company incorporated in the Cayman Islands and substantially all of our current operations are conducted in China as well. In addition, a majority of our current Directors and officers are nationals and residents of China. As a result, it may be difficult or impossible for you to effect service of process within Hong Kong upon us or these persons, or to bring an action in Hong Kong against us or against these individuals in the event that you believe that your rights have been infringed

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under the applicable securities laws or otherwise. In addition, as there are no clear statutory and judicial interpretations or guidance on a PRC court's jurisdiction over cases brought under foreign securities laws, it may be difficult for you to bring an original action against us or our PRC resident officers and directors in a PRC court based on the liability provisions of non-PRC securities laws. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of China may render you unable to enforce a judgment against our assets or the assets of our Directors and officers.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our Shares prior to the Global Offering, and there can be no assurance that an active market would develop, and the price and trading volume of our Shares may be volatile.

Prior to the completion of the Global Offering, there has been no public market for our Shares. There can be no guarantee that an active trading market for our Shares will develop or be sustained after completion of the Global Offering. The Offer Price is the result of negotiations between our Company and the Overall Coordinators (for themselves and on behalf of the Capital Market Intermediaries and the Underwriters), which may not be indicative of the price at which our Shares will be traded following completion of the Global Offering. The market price of our Shares may drop below the Offer Price at any time after completion of the Global Offering. We have applied to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Shares. However, for instance, all our existing Shareholders prior to the Global Offering are subject to a lock-up period of at least six months from the Listing Date, during which they will not, inter alia, directly or indirectly dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any Shares of our Company. Accordingly, only 1.5% of our total issued Shares (assuming the Over-allotment Option is not exercised), will be free to trade immediately following the completion of the Global Offering. As a result, a listing on the Hong Kong Stock Exchange does not guarantee that an active and liquid trading market for our Shares will develop, especially during the period when a significant portion of our Shares are subject to lock-up undertakings, or if it does develop, that it will be sustained following the Global Offering, or that the market price of the Shares will rise following the Global Offering.

The price and trading volume of our Shares may be volatile, which could lead to substantial losses to you.

The price and trading volume of our Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. In particular, the business and performance and the market price of the shares of other companies engaging in similar business may affect the price and trading volume of our Shares. In addition to market and industry factors, the price and trading volume of our Shares may be highly volatile for specific business reasons, such as the results of clinical trials of our drug candidates, the results of our applications for approval of our drug candidates, regulatory developments affecting the pharmaceutical industry, healthcare, health insurance and other related matters, fluctuations in our revenue, earnings, cash flows, investments and expenditures, relationships with our suppliers, movements or activities of key personnel or actions taken by competitors. Moreover, shares of other companies listed on the Hong Kong Stock Exchange with significant operations and assets in China have experienced price volatility in the past, and it is possible that our Shares may be subject to changes in price not directly related to our performance. In addition, the price and trading volume of our Shares may decline if securities or industry analysts do not publish research reports about our

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business, or if one or more analysts who cover us downgrade our Shares or publish negative opinions about us regardless of the accuracy of the information.

The actual or perceived sale or availability for sale of substantial amounts of our Shares, especially by our directors, executive officers and substantial shareholders, could adversely affect the market price of our Shares.

Future sales of a substantial number of our Shares, especially by our directors, executive officers and substantial shareholders, or the perception or anticipation of such sales, could negatively impact the market price of our Shares in Hong Kong and our ability to raise equity capital in the future at a time and price that we deem appropriate.

The Shares held by our existing shareholders are subject to certain lock-up periods beginning on the date on which trading in our Shares commences on the Hong Kong Stock Exchange. While we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares immediately after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future. Market sale of Shares and the availability of these Shares for future sale may have negative impact on the market price of our Shares.

You will incur immediate and substantial dilution and may experience further dilution in the future.

As the Offer Price of Shares is higher than the net tangible book value per share of our Shares immediately prior to the Global Offering, purchasers of our Shares in the Global Offering will experience an immediate dilution. If we issue additional Shares in the future, purchasers of our Shares in the Global Offering may experience further dilution in their shareholding percentage.

We cannot assure you that we will declare and distribute any amount of dividends in the future and you may have to rely on price appreciation of our Shares for return on your investment.

We currently intend to retain most, if not all, of our available funds and any future earnings to fund the development and growth of our business. As a result, we have not yet adopted a dividend policy with respect to future dividends. Therefore, you should not rely on an investment in our Shares as a source for any future dividend income.

Our board of directors has discretion as to whether to distribute dividends, subject to certain restrictions under Cayman Islands law, namely that our Company may only pay dividends either out of profits or share premium account, and provided always that in no circumstances may a dividend be paid if this would result in our Company being unable to pay its debts at they fall due in the ordinary course of business. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiary, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in our Shares will likely depend entirely upon any future price appreciation of our Shares. There is no guarantee that our Shares will appreciate in value or even maintain the price at which you purchased the Shares. You may not realize a return on your investment in our Shares and you may even lose your entire investment in our Shares.

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We have significant discretion as to how we will use the net proceeds of the Global Offering, and you may not necessarily agree with how we use them.

Our management may use the net proceeds from the Global Offering in ways that you may not agree with or that do not yield favorable returns for our Shareholders. We plan to use the net proceeds from the Global Offering to expand our businesses, enhance our technology infrastructure and data insight, promote sales and marketing, conduct potential investments and acquisitions or strategic alliances. See “Future Plans and Use of Proceeds” in this prospectus. However, our management will have discretion as to our actual use of the net proceeds. You are entrusting your funds to our management, upon whose judgment you must depend for the specific uses we will make of the net proceeds from this Global Offering.

Facts, forecasts and statistics in this Prospectus relating to the PRC and global economy and the healthcare industry may not be fully reliable.

Facts, forecasts and statistics in this Prospectus relating to the PRC and global economy and healthcare industry in China and overseas markets are obtained from various sources including official government publications that we believe are reliable. However, we cannot guarantee the quality or reliability of these sources. Neither we, the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Underwriters nor our or their respective affiliates or advisors have verified the facts, forecasts and statistics nor ascertained the underlying economic assumptions obtained from these sources. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics in this Prospectus relating to the PRC and global economy and the healthcare industry in China and overseas markets may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. As such, no representation as to the accuracy of such facts, forecasts and statistics obtained from various sources is made. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon. Further, there can be no assurance that they are stated or compiled on the same basis or with the same degree of accuracy, as may be the case in other countries.

There will be a time gap of several business days between pricing and trading of our Shares offered in the Global Offering. Holders of our Shares are subject to the risk that trading prices of our Shares could fall during the period before trading of our Shares begins.

The Offer Price of our Shares is expected to be determined on the Price Determination Date. However, our Shares will not commence trading on the Hong Kong Stock Exchange until they are delivered, which is expected to be five Hong Kong business days after the pricing date. As a result, investors may not be able to sell or deal in our Shares during that period. Accordingly, given our longer time gap of several business days between pricing and trading of our Shares offered in the Global Offering, holders of our Shares are subject to the risk that the price of our Shares could fall before trading begins as a result of unfavorable market conditions, or other adverse developments, that could occur between the time of sale and the time trading begins.

You should read the entire document carefully and should not rely on any information contained in press articles or other media regarding us and the Global Offering.

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the Global Offering. Prior to the publication of this prospectus, there has been press and media coverage regarding us and the Global Offering. Such press and media coverage may include

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references to certain information that does not appear in this prospectus, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this prospectus, we disclaim responsibility for it and you should not rely on such information.