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Medlive Technology Co., Ltd.

醫脈通科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2192)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		Year-on-Year Change*
	2021	2020	
	(RMB in thousands)		%
Revenue	284,440	213,529	33.2
Cost of sales	(83,706)	(57,293)	46.1
Gross profit	200,734	156,236	28.5
Profit for the year	45,245	85,197	(46.9)
Profit attributable to owners of the parent	40,616	85,197	(52.3)
Non-HKFRS adjusted net profit**	106,861	85,197	25.4

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

** Non-HKFRS adjusted net profit was derived from the profit for the year adjusted by excluding the listing-related expenses, share-based compensation to key employees, provision for one-off withholding tax related to the special interim dividend declared in June 2021 and foreign exchange difference.

REVENUE BY SOLUTION CATEGORIES

	For the year ended 31 December				Year-on-
	2021		2020		Year
	(RMB in thousands, except for percentages)				
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>	<i>%</i>
Revenue:					
Precision marketing and corporate solutions	258,794	91.0	191,826	89.8	34.9
Medical knowledge solutions	12,258	4.3	9,113	4.3	34.5
Intelligent patient management solutions	13,388	4.7	12,590	5.9	6.3
Total	<u>284,440</u>	<u>100.0</u>	<u>213,529</u>	<u>100.0</u>	<u>33.2</u>

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

OPERATIONAL HIGHLIGHTS

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

	As of 31 December 2021	As of 31 December 2020
Number of registered users (<i>in millions</i>)	5.5	3.5
Number of registered physician users (<i>in millions</i>)	3.1	2.4
	For the year ended 31 December 2021	2020
Number of healthcare customers of precision marketing and corporate solutions	106	81
Number of products of healthcare customers marketed under precision marketing and corporate solutions	242	191
Engaged targeted physicians (<i>in thousands</i>)	543	403
Paid clicks (<i>in millions</i>)	6.5	4.8
Average MAUs* (<i>in millions</i>)	1.61	1.03

* Average MAUs means the average of the number of unique registered users that accessed the Company's platform in each of October, November and December of the relevant year.

The board of directors (the “**Board**”) of Medlive Technology Co., Ltd. (the “**Company**”) is pleased to announce the audited consolidated results (the “**Annual Results**”) of the Company and its subsidiaries (together the “**Group**”) for the year ended 31 December 2021 (the “**Reporting Year**”). The Annual Results have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

BUSINESS OVERVIEW AND OUTLOOK

Business Review

The Group is the leading online professional physician platform in China. The Group has focused on using technology to support physicians' clinical decision making for over 20 years. Its self-developed *Medlive* (醫脈通) platform is widely recognized by physicians in China as the most popular professional medical platform, which enables the Group to become the platform of choice in precision digital healthcare marketing for pharmaceutical and medical device companies in China. As of 31 December 2021, having taken into account the users of the *Medlive* platform, available through the Company's website, desktop

application and mobile application, and that of Beijing Medcon Information Consulting Co., Ltd. (北京美迪康信息諮詢有限公司) (“**Beijing Medcon**”), a 60% owned subsidiary of the Company, the Group has approximately 5.5 million registered users, around 3.1 million of whom were licensed physicians, representing approximately 75% of all licensed physicians in China as of the same date.

The Group generates revenue by offering three categories of solutions to address various needs of its *Medlive* platform participants, namely, precision marketing and corporate solutions, medical knowledge solutions and intelligent patient management solutions.

The Group derives most of its revenue from precision marketing solutions, which offer digital healthcare marketing services to pharmaceutical and medical device companies. The Group also offers various corporate solutions that enable (i) pharmaceutical and medical device companies to cost-effectively conduct market research; and (ii) pharmaceutical and medical device companies, hospitals and other stakeholders of the healthcare industry to improve the efficiency of clinical trials and medical research. The Group utilises its unique advantage of having more than three million registered physician users to set up an “one-site” digitalized clinical research platform, an Internet hospital, electronic data capture (“**EDC**”) solutions and decentralized clinical trial (“**DCT**”) solutions capabilities. In addition, the Group integrates real-world studies (“**RWS**”) delivery with digital marketing, and effectively combines evidence generation through RWS and evidence-based digital marketing. This effective module has successfully been applied in our RWS support solutions in areas of oncology, hematology and nephrology. Hence, the Group is able to provide full service on its “one-site” platform including project management, clinical monitoring, data management, biostatistics, protocol design, medical monitoring, patient recruitment and supporting system. In 2021, the Group had 106 healthcare customers who purchased its precision marketing and corporate solutions, compared to 81 healthcare customers in 2020. In 2021, 242 products of healthcare customers were marketed using the Group’s precision marketing and corporate solutions, compared to 191 products of healthcare customers marketed using such solutions in 2020.

The Group’s medical knowledge solutions satisfy the needs of physicians for continuing medical education and clinical decision support and the needs of other healthcare professionals for professional medical information. The Group’s medical knowledge solutions deliver medical knowledge content through multiple user-friendly channels, including its website, mobile applications, desktop applications, WeChat mini-programs and WeChat official accounts. Recognising that high-quality medical knowledge solutions and information are vital to the attractiveness of the Group’s platform for users, in the second half of 2021, the Group speeded up the expansion of the breadth of the medical knowledge content on its platform to support clinical decisions and drive user engagement. On the back of its cancer disease knowledge database, the Group expanded its clinical decision support products to cover other diseases and areas such as cardiovascular, endocrine, vestibular medicine and neurological diseases. These coupled with the other clinical guides and clinical

drug reference tools offered by the Group provide physicians with a more comprehensive clinical decision support tool at the point of care, helping them to give diagnosis, prescription and treatment in an effective and efficient manner. To complement such development, the Group has launched the “醫搜” platform, which is targeted at medical and pharmaceutical professionals, providing valuable domestic and overseas medical knowledge content through AI-enabled search engine, thus allowing comprehensive, precise and fast searches by users.

Due to the travel restrictions and social distancing measures resulting from the COVID-19 pandemic, the manner in which physicians receive clinical information and education has changed. More and more physicians are willing to attend online medical conferences or clinical education courses on the Internet. The Group has quickly responded to such market development and in October 2021, the Group acquired 60% equity interest of Beijing Medcon, a well-known software as a service (“SaaS”) solution platform for academic conferences in the PRC and is one of the leading professional and prominent technology providers in academic conference management focusing on medical conference. This acquisition allows the Group to gain access to the customer base of Beijing Medcon and medical related contents generated in the course of the business of Beijing Medcon, enhances the Group’s capability in providing medical conference services and enables the Group to capitalize on the emerging opportunities presented by the growing demand for digital conference management.

The Group’s intelligent patient management solutions offer comprehensive chronic disease management services, including (i) online patient consultation services and prescription services and patient management services through Internet hospital; and (ii) condition-specific patient education services in collaboration with non-profit organizations. The Group’s Internet hospital-based chronic disease management currently focuses on stroke and diabetes management and will gradually expand to other chronic diseases in the future. As at 31 December 2021, the Group’s chronic disease management services platform had accumulated approximately 115,000 users and in addition approximately 35,000 participating physicians.

Although the travel restrictions resulting from the COVID-19 pandemic have brought inconvenience to the sales and marketing team of the Company in arranging physical meetings with key customers, the pandemic has presented increased opportunities for online medical conference and education. As a result, the pandemic has not caused any significant negative impact on the Group's financial performance in 2021. The Group continued to record robust growth in 2021 from operating its professional physician platform. The Group's revenue increased from approximately RMB213.5 million for year ended 31 December 2020 to approximately RMB284.4 million for the year ended 31 December 2021, representing an increase of approximately 33.2%. The Group's gross profit increased from approximately RMB156.2 million for the year ended 31 December 2020 to approximately RMB200.7 million for the year ended 31 December 2021, representing an increase of approximately 28.5%.

The Company's shares (the "**Shares**") were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 15 July 2021 (the "**Listing Date**") by way of a global offering (the "**Global Offering**"), marking a milestone for the Group in improving its capital strength and corporate governance as well as enhancing its competitive edge, which laid a solid foundation for the Group's future development. The Company became a constituent stock of the Hang Seng Composite Index with effect from 6 December 2021, reflecting the capital market's recognition of the Group's positive business performance and growth outlook.

Business Outlook

In 2022, the Group will continue its efforts to further solidify its position as the leading online professional physician platform in China by pursuing the following strategies:

- Continue to build the Group's technological platform and expand its applications. The Group plans to continue its technological development, including the continuous development of AI-empowered tools by leveraging its unique and proprietary data set. With the launch of the "醫搜" platform in the second half of 2021, the Group will continue to build its knowledge graphs to optimize its search and recommendations capabilities with semantic and contextual links. The Group is developing a single disease clinical decision support system providing intelligent decision services including diagnosis, intelligent early warning and treatment recommendations.
- Expand the Group's customer network and strengthen relationships with existing customers. The Group aims to foster customer loyalty by continuing to deliver superior return on existing customers' spending for its precision marketing solutions. The Group has also identified significant demand for digital promotion from medical device companies, domestic pharmaceutical companies and biotechnology companies, particularly those focused on developing innovative therapeutics and as a result of the

volume-based procurement policy in China. The Group intends to leverage its deep experience in precision marketing to capture an increasing proportion of these potential customers' digital promotional spending. To achieve these goals, the Group will continue to invest in developing and offering more solutions, as well as adding new features to its existing solutions. These include devising digital marketing solutions for specialty drugs and non-prescriptive drugs and also for drug products at their different life cycle stages of development. The Group will also strengthen its business development efforts by hiring additional sales, marketing and account management personnel.

- Continue to increase physician penetration and engagement by enhancing the Group's medical knowledge solutions and enriching the information and content on its platform. The Group will leverage its data insights to improve the accuracy and relevance of its personalized content recommendation and search results. The Group also plans to further diversify the sources of content generation and to extend its reach to the physicians who work in county areas and community hospitals by offering them tailored solutions. Furthermore, the Group is strengthening its strategic collaboration with the Chinese Society of Clinical Oncology ("CSCO") and plans to join efforts with CSCO to provide comprehensive support to physicians and others in the areas of anti-cancer new drug clinical research support, continuing education for physicians, pharmaceutical and medical device company personnel, patient education, publication support and media and conference support.
- Continue to expand the Group's service offerings, including patient care offerings with digital health management tools and clinical research solutions. The Group is actively developing a DCT platform as the Group believes that with the popularization of remote and intelligent clinical treatment, there is an urgent need for a localized DCT platform that meets the needs of Chinese physicians and patients. DCT allows remote clinical monitoring therefore increasing cost-efficiency. The Group's platform design is based on in-depth insights into Chinese doctor-patient behavior which allows clinical research to continue during the pandemic and also reduces patients' burden and can potentially improve enrollment. Leveraging its large physician network, the Group intends to expand chronic disease management service and strengthen its Internet hospital by supporting more diseases and Parkinson's, breast cancer, fatty liver and blood tumor are among those diseases that are currently under consideration. In addition, the Group plans to optimize its intelligent clinical research solutions, including its EDC and clinical data management system ("CDMS") solutions and RWS solution by continuing to develop AI technology to accurately and efficiently capture and analyse clinical data.
- Explore strategic partnerships, investments and acquisitions. The Group intends to selectively pursue suitable strategic investments and acquisitions that can generate convincing synergies with the Group's existing solutions offerings, expand its customer base and/or enhance its technological capabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

In 2021, the Group generated revenue from three solution categories, namely (i) precision marketing and corporate solutions; (ii) medical knowledge solutions; and (iii) intelligent patient management solutions. The Group's revenue increased by approximately 33.2% from approximately RMB213.5 million for the year ended 31 December 2020 to approximately RMB284.4 million for the year ended 31 December 2021, primarily due to the revenue increase from its precision marketing and corporate solutions.

Precision Marketing and Corporate Solutions

Revenue from precision marketing solutions is primarily derived from fees paid by the Group's healthcare customers for the Group's digital detailing, digital marketing consulting and digital content creation services. Revenue from corporate solutions is primarily derived from fees paid by the Group's healthcare customers for its digital market research, EDC and CDMS solutions, RWS support solutions, patient recruitment service, as well as application software development service related to precision marketing and corporate solutions.

Revenue from precision marketing and corporate solutions increased by approximately 34.9% from approximately RMB191.8 million for the year ended 31 December 2020 to approximately RMB258.8 million for the year ended 31 December 2021, primarily due to (i) an expansion of the Group's healthcare customer base from 81 for the year ended 31 December 2020 to 106 for the year ended 31 December 2021; and (ii) an increase of number of healthcare products marketed using the Group's precision marketing and corporate solutions from 191 for the year ended 31 December 2020 to 242 for the year ended 31 December 2021, resulting from user growth and increased user engagement.

Medical Knowledge Solutions

Revenue from medical knowledge solutions is primarily derived from provision of professional medical information covering continuing medical education and clinical decision support, including licensing software to physicians, other registered users, including other healthcare professionals, and pharmaceutical companies. Revenue from medical knowledge solutions increased by approximately 34.5% from approximately RMB9.1 million for the year ended 31 December 2020 to approximately RMB12.3 million for the year ended 31 December 2021, primarily due to an increase of paying users, as a result of the expansion of the Group's user base and the superior user experience the Group offers.

Intelligent Patient Management Solutions

Revenue from intelligent patient management solutions historically was primarily derived from fees paid by non-profit organizations with medical focus and pharmaceutical companies for provision of patient education services to patients and non-profit organizations, including content development, application software development and other related services. The Group started to generate revenue from commissions on fees paid by patients for online consultation services and prescription services on its Internet hospital since the first half of 2021. As a result, revenue from intelligent patient management solutions increased by approximately 6.3% from approximately RMB12.6 million for the year ended 31 December 2020 to approximately RMB13.4 million for the year ended 31 December 2021.

Cost of sales

The Group's cost of sales consists of (i) employee benefit expenses relating to salaries and benefits for employees involved in operating the Group's platform and developing content; (ii) content development cost primarily relating to fees paid to content contributors and service fees paid to content production service providers; (iii) technology service fees relating to cloud content delivery network and telecommunication services as well as licensing fees; and (iv) other expenses primarily relating to consulting fees, equipment rental expenses, travel and transportation expenses. The Group's cost of sales increased by approximately 46.1% from approximately RMB57.3 million for the year ended 31 December 2020 to approximately RMB83.7 million for the year ended 31 December 2021. The increase was primarily due to (i) an increase in employee benefit expenses driven by the expansion and growth of the Group's business and the recognition of share-based compensation; and (ii) an increase in technology service fees driven by the growth of the Group's business.

Gross profit and gross profit margin

As a result of the foregoing, the Group's gross profit increased by approximately 28.5% to approximately RMB200.7 million for the year ended 31 December 2021 from approximately RMB156.2 million the year ended 31 December 2020. The Group's gross profit margin was approximately 70.6% for the year ended 31 December 2021, which remained relatively stable compared to that for the year ended 31 December 2020.

Other Income

Other income and gains primarily consist of (i) bank interest income; (ii) investment income from financial assets at fair value through profit or loss; and (iii) government subsidy. The Group recorded other income and gains of approximately RMB8.9 million for the year ended 31 December 2021, compared to approximately RMB1.5 million for the year ended 31 December 2020. The increase was primarily attributable to (i) an increase in interest income derived from demand deposits especially as a result of the proceeds from the Global Offering; and (ii) recognition of government subsidy.

Selling and Distribution Expenses

The Group's selling and distribution expenses primarily consist of (i) expenses for promotion activities to drive user growth and engagement; (ii) employee benefit expenses relating to salaries and benefits for employees in selling and distribution functions; and (iii) other expenses primarily relating to business development expenses. The Group's selling and distribution expenses increased by approximately 28.9% from approximately RMB20.0 million for the year ended 31 December 2020 to approximately RMB25.8 million for the year ended 31 December 2021, primarily due to (i) an increased level of promotion activities to drive user growth and engagement; and (ii) an increase in performance-based salary for the Group's employees in selling and distribution functions.

Administrative Expenses

The Group's administrative expenses primarily consist of (i) research and development costs primarily relating to salaries and benefits for employees in research and development functions; (ii) employee benefit expenses relating to salaries and benefits for employees in management as well as general and administrative functions; (iii) depreciation of assets, which includes depreciation of right-of-use assets relating to the Group's leases and depreciation of property, plant and equipment, (iv) taxes and surcharges; (v) maintenance expenses primarily relating to technology and telecommunication service fees, as well as service fees for outsourced administrative services, (vi) impairment/(reversal of impairment) of trade receivables; (vii) other expenses primarily relating to rent, travel and transportation expenses and general office expenses; and (viii) listing expenses. The Group's administrative expenses increased by approximately 212.0% from approximately RMB32.6 million for the year ended 31 December 2020 to approximately RMB101.8 million for the year ended 31 December 2021, primarily due to recognition of (i) listing expenses of approximately RMB28.3 million in connection with the Company's listing on the Stock Exchange; (ii) share-based compensation to key employees in research and development, management as well as general and administrative functions; (iii) increase in research and development fees; and (iv) increase in fees payable to intermediaries such as auditors, legal advisers, compliance adviser and company secretarial service provider after the Company's listing.

Finance Costs

The Group's finance costs consist of finance costs allocated from lease payments. Finance costs are charged to profit or loss over the lease periods so as to produce a constant periodic rate of interest on the remaining balance of the liabilities for each period. Lease liabilities decrease over the periods of the leases, resulting in higher finance costs at the beginning of lease periods. The Group's finance costs increased by approximately 156.0% from approximately RMB0.2 million for the year ended 31 December 2020 to approximately RMB0.5 million for the year ended 31 December 2021, as the Group renewed its material lease at the end of the 2020.

Profit Before Tax

As a result of the foregoing, the Group's profit before tax decreased by approximately 33.3% from approximately RMB104.8 million for the year ended 31 December 2020 to approximately RMB69.9 million for the year ended 31 December 2021.

Income Tax Expenses

The Group's income tax expense increased by approximately 25.6% from approximately RMB19.7 million for the year ended 31 December 2020 to approximately RMB24.7 million for the year ended 31 December 2021, primarily attributable to the withholding tax related to the special interim dividend of RMB92.0 million declared in June 2021 and the increase in income tax associated with the rise in revenue.

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

As a result of the foregoing in particular, the recognition of listing expenses and share-based compensation and the withholding tax related to the special interim dividend declared in 2021, which have been disclosed in the prospectus of the Company dated 30 June 2021 (the "**Prospectus**"), the Group's profit for the year decreased by approximately 46.9% from approximately RMB85.2 million for the year ended 31 December 2020 to approximately RMB45.2 million for the year ended 31 December 2021 and the Group's profit attributable to owners of the parent decreased by approximately 52.3% from approximately RMB85.2 million to approximately RMB40.6 million.

Non-HKFRS Measures — Adjusted Net Profit

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

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

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	45,245	85,197
Add:		
Listing-related expenses	28,289	—
Share-based compensation	14,257	—
One-off withholding tax	8,139	—
Foreign exchange difference	10,931	—
	<hr/>	<hr/>
Adjusted net profit	<u>106,861</u>	<u>85,197</u>

The adjusted net profit for the year ended 31 December 2021, adjusted by excluding the listing-related expenses, share-based compensation to key employees and one-off withholding tax related to the special interim dividend declared in June 2021 and foreign exchange difference, was approximately RMB106.9 million, increased by approximately 25.4% as compared to approximately RMB85.2 million for the year ended 31 December 2020.

The listing-related expenses and the foreign exchange difference are related to the Global Offering. Listing-related expenses are primarily fees paid to underwriters and external advisers. The proceeds from the Global Offering are primarily denominated in Hong Kong dollars and the foreign exchange difference mainly arises from the currency fluctuation of Hong Kong dollars against RMB in the second half of 2021. Such foreign exchange difference is non-operational in nature and the amount does not directly correlate with the underlying performance of the Company's business operations. The share-based compensation relates to the pre-IPO share options to subscribe for a total of 26,754,000 Shares granted to certain Directors and key employees and is a non-cash item. The withholding tax relates to the special dividend of RMB92 million declared before the Global Offering and paid to parties which were shareholders of the Company prior to the Global Offering.

Liquidity and Capital Resources

For the year ended 31 December 2021, the Group financed its operations primarily through cash generated from the Group's operating activities and the net proceeds received from the Global Offering. The Group intends to continue to finance its expansion and business operations using a combination of cash generated from operating activities and the net proceeds received from the Global Offering.

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

The net proceeds received by the Company from its Global Offering in July 2021 which are not put into use immediately, have been placed in short-term deposits with licensed financial institutions. The Company will consider purchasing wealth management products only if such investments are safe and can produce a better return to the Company than bank deposits.

Cash and cash equivalents

The Group operates its business in the PRC and its transactions and revenue were primarily denominated in Renminbi. As such, the Group did not have material exposure to fluctuations in foreign currency exchange rates for cash generated from its operating activities. However, the net proceeds received by the Company from the Global Offering are denominated in Hong Kong dollars and the Company is exposed to fluctuation of exchange rate between Renminbi and Hong Kong dollars. The Group received net proceeds of approximately HK\$4,071.1 million from its Global Offering in July 2021 and an additional net proceeds of approximately HK\$606.0 million from the exercise of the over-allotment option in connection with the Global Offering in August 2021. On 18 June 2021, the Group declared a special interim dividend of RMB92.0 million to the shareholders on its register of members as of the same date, namely, Tiantian Co., Limited and M3, Inc. and the special interim dividend has been paid in 2021. As at 31 December 2021, the Group had cash and cash equivalents of approximately RMB3,879.1 million, which primarily consisted of cash at bank, as compared to approximately RMB147.1 million as of 31 December 2020. As at 31 December 2021, over 93% of the Group's cash and cash equivalents are denominated in HK dollars, around 6% are denominated in RMB and under 1% are denominated in US dollars.

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

Borrowings

During the year ended 31 December 2021, the Group did not have any short-term or long-term bank borrowings and had no outstanding bank and other borrowings and other indebtedness apart from lease liabilities for the relevant lease terms amounting to approximately RMB13.2 million in aggregate.

Gearing ratio

The gearing ratio, which is calculated by dividing borrowings by total equity, was zero since there was no borrowing as of 31 December 2021.

Charge on assets

As of 31 December 2021, the Group did not pledge any of its assets.

Capital expenditures

For the year ended 31 December 2021, the Group's capital expenditure amounted to approximately RMB54.9 million, which mainly comprised capital expenditures recorded for the acquisition of 60% interests in Beijing Medcon and expenditures on IT equipment, as compared to approximately RMB0.6 million for the year ended 31 December 2020. The Group funded its capital expenditure by using the cash flow generated from its operations. Future capital expenditure will also be funded by using the net proceeds received from the Global Offering.

Contingent liabilities and guarantees

As of 31 December 2021, the Group did not have any significant unrecorded contingent liabilities, guarantees or any material litigation against the Group.

Material acquisitions or disposals and future plans for major investment

On 11 October 2021, the Company, through its subsidiary, Beijing Yimaihutong Technology Co., Ltd. (北京醫脈互通科技有限公司) (“**Yimaihutong**”), entered into an equity transfer agreement to acquire 60% equity interest of Beijing Medcon for a cash consideration of RMB100,253,400. Beijing Medcon is a well-known SaaS solution platform for academic conferences in the PRC and is one of the leading professional and prominent technology providers in academic conference management focusing on medical conference.

The cash consideration shall be paid by Yimaihutong in four installments. The consideration will be adjusted downwards according to the terms of the equity transfer agreement if Beijing Medcon's audited net profit for the years ended and ending 31 December 2021, 2022 and 2023 do not reach RMB14,780,000, RMB17,000,000 and RMB19,540,000, respectively. The audited net profit of Beijing Medcon for the year ended 31 December 2021 was approximately RMB19.60 million. Accordingly, no adjustment to the consideration has been made to date and Yimaihutong has paid the first installment of RMB60,150,000. The second installment will be paid later in 2022 and the third and fourth installments will be paid in 2023 and 2024 after the audited net profits of Beijing Medcon for the years ending 31 December 2022 and 2023 have been ascertained and adjustments, if any, have been

determined. Yimaihutong also has the right to require the founders of Beijing Medcon to repurchase the 60% equity interest in Beijing Medcon held by Yimaihutong if the actual cumulative audited net profits of Beijing Medcon for years ended and ending 31 December 2021, 2022 and 2023 do not reach 50% of the aggregate guaranteed profits mentioned above. Further financial information of Beijing Medcon for the year ended 31 December 2021 will be included in the annual report of the Company to be despatched to shareholders of the Company.

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

Employees and Staff Costs

As of 31 December 2021, the Group had a total of 502 full time employees, all of whom were located in mainland China. In particular, 106 employees are responsible for the Group's content management, 150 employees for platform operation and customer service, 144 employees for research and development, 53 employees for general and administration and 49 employees for sales and marketing. The total staff cost incurred by the Group for the year ended 31 December 2021 was approximately RMB104.4 million compared to approximately RMB51.6 million for the year ended 31 December 2020. The increase was primarily due to (i) the growth of the Group's business; and (ii) the recognition of approximately RMB14.3 million share-based compensation to key employees.

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

Further details of the principal terms of the abovementioned share incentive schemes are set out in the Prospectus and the announcement of the Company dated 24 December 2021.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December

	<i>Notes</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
REVENUE	5	284,440	213,529
Cost of sales		<u>(83,706)</u>	<u>(57,293)</u>
Gross profit		200,734	156,236
Other income and gains	5	8,861	1,543
Selling and distribution expenses		(25,837)	(20,037)
Administrative expenses		(101,831)	(32,640)
Other expenses		(11,463)	(45)
Finance costs		(535)	(209)
Share of loss of an associate		<u>(2)</u>	<u>—</u>
PROFIT BEFORE TAX	6	69,927	104,848
Income tax expense	7	<u>(24,682)</u>	<u>(19,651)</u>
PROFIT FOR THE YEAR		<u>45,245</u>	<u>85,197</u>
Attributable to:			
Owners of the parent		40,616	85,197
Non-controlling interests		<u>4,629</u>	<u>—</u>
		<u>45,245</u>	<u>85,197</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	9	<u>RMB6.59 cents</u>	<u>RMB15.92 cents</u>
Diluted	9	<u>RMB6.39 cents</u>	<u>RMB15.92 cents</u>

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
PROFIT FOR THE YEAR	<u>45,245</u>	<u>85,197</u>
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company's financial statements into presentation currency	<u>(53,933)</u>	<u>(15)</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	<u>(53,933)</u>	<u>(15)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	<u>(8,688)</u>	<u>85,182</u>
Attributable to:		
Owners of the parent	<u>(13,317)</u>	85,182
Non-controlling interests	<u>4,629</u>	<u>—</u>
	<u>(8,688)</u>	<u>85,182</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	Notes	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		3,301	2,617
Right-of-use assets		13,569	12,571
Goodwill		69,723	—
Other intangible assets		9,303	—
Investment in an associate		343	—
Deferred tax assets		6,333	3,509
Total non-current assets		<u>102,572</u>	<u>18,697</u>
CURRENT ASSETS			
Inventory		94	—
Trade receivables	10	76,210	42,480
Contract assets		19,660	15,761
Prepayments, other receivables and other assets		8,281	3,026
Financial assets at fair value through profit or loss		29,640	—
Cash and cash equivalents		3,879,104	147,095
Total current assets		<u>4,012,989</u>	<u>208,362</u>
CURRENT LIABILITIES			
Trade payables	11	6,219	6,265
Other payables and accruals		58,740	45,231
Contingent consideration payables		19,818	—
Lease liabilities		4,207	2,591
Tax payable		24,223	9,991
Total current liabilities		<u>113,207</u>	<u>64,078</u>
NET CURRENT ASSETS		<u>3,899,782</u>	<u>144,284</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,002,354</u>	<u>162,981</u>

	<i>Note</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,002,354	162,981
NON-CURRENT LIABILITIES			
Lease liabilities		8,962	9,484
Contingent consideration payables		18,491	—
Deferred tax liabilities		2,708	2,083
Total non-current liabilities		30,161	11,567
Net assets		3,972,193	151,414
EQUITY			
Equity attributable to owners of the parent			
Share capital	12	44	33
Reserves		3,948,658	151,381
Non-controlling interests		3,948,702	151,414
		23,491	—
Total equity		3,972,193	151,414

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 8 April 2013. The registered address of the Company is PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands. The Company changed its name from “Kingyee Co., Limited” to “Medlive Technology Co., Ltd.” on 24 February 2021.

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

The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 15 July 2021.

2. BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

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

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

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform — Phase 2</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

The nature and the impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“**RFR**”). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments did not have any impact on the financial position and performance of the Group.

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

4. OPERATING SEGMENT INFORMATION

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

Geographical information

(a) Revenue from external customers

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Mainland China*	273,655	209,836
Overseas	10,785	3,693
	<u>284,440</u>	<u>213,529</u>

* Mainland China means the PRC excluding Hong Kong, Macau, and Taiwan.

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

(b) Non-current assets

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

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the year is set out below:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Customer A	<u>N/A*</u>	<u>31,424</u>

* The corresponding revenue is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue for the respective years.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<i>Revenue from contracts with customers</i>	<u>284,440</u>	<u>213,529</u>

Revenue from contracts with customers

(a) Disaggregated revenue information

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Types of services		
Precision marketing and corporate solutions	258,794	191,826
Medical knowledge solutions	12,258	9,113
Intelligent patient management solutions	13,388	12,590
	<u>284,440</u>	<u>213,529</u>
Geographical markets		
Mainland China	273,655	209,836
Overseas	10,785	3,693
	<u>284,440</u>	<u>213,529</u>
Timing of revenue recognition		
Services transferred at a point in time	206,581	169,637
Services transferred over time	77,859	43,892
	<u>284,440</u>	<u>213,529</u>

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the year:		
Precision marketing and corporate solutions	15,969	5,407
Intelligent patient management solutions	946	639
	<u>16,915</u>	<u>6,046</u>

(b) Performance obligations

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

Application software development service

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

Software licensing service

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

Patient counselling service

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

Other services

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

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

	2021	2020
	RMB'000	RMB'000
Amounts expected to be recognised as revenue:		
Within one year	58,728	97,862
After one year	42,947	21,385
	101,675	119,247

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

An analysis of other income and gains is as follows:

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Other income		
Bank interest income	7,709	449
Government grants*	720	—
Investment income from financial assets at fair value through profit or loss	132	639
Others	300	2
	<u>8,861</u>	<u>1,090</u>
Gains		
Gains on lease modifications	<u>—</u>	<u>453</u>
	<u>8,861</u>	<u>1,543</u>

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

6. PROFIT BEFORE TAX

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Cost of services provided*	83,702	57,293
Cost of inventories sold	4	—
Depreciation of property, plant and equipment	2,130	2,658
Depreciation of right-of-use assets	3,781	2,658
Amortisation of other intangible assets**	238	—
Research and development costs	25,331	15,701
Impairment of trade receivables, net	511	(510)
Lease payments not included in the measurement of lease liabilities	733	881
Covid-19-related rent concessions from lessors	—	(352)
Bank interest income	(7,709)	(449)
Government grants	(720)	—
Listing expenses	28,289	—
Foreign exchange difference, net	10,931	21
Investment income from financial assets at fair value through profit or loss	(132)	(639)
Fair value adjustment of contingent consideration	443	—
Gains on lease modifications	—	(453)
Auditor's remuneration	2,493	20
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	75,841	47,570
Pension scheme contributions***	8,039	437
Staff welfare expenses	2,407	862
Equity-settled share award expense	6,137	—
	<u>92,424</u>	<u>48,869</u>

* The employee benefit expense included in "Cost of services provided" in the consolidated statement of profit or loss and other comprehensive income is RMB39,847,000 (2020: RMB22,997,000) during the year.

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

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

7. INCOME TAX

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

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

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

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

Kingyee (Beijing) Co., Ltd., Yimaihutong and Beijing Medcon are accredited as High and New Technology Enterprises and were subject to a preferential income tax rate of 15% during the year. Shijiazhuang Maili Technology Co., Ltd., Yinchuan Yimaitong Internet Hospital Co., Ltd., Beijing Yimaitong Medicine Co., Ltd. and Shanghai Yimaitong Huilin Medical Technology Co., Ltd. are accredited as Small and Micro Enterprises and were subject to a preferential tax rate of 10% during the year.

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

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Current — Mainland China		
Charge for the year	28,392	18,276
Deferred tax	(3,710)	1,375
	<hr/>	<hr/>
Total tax charge for the year	<u>24,682</u>	<u>19,651</u>

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

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before tax	<u>69,927</u>	<u>104,848</u>
Tax at the statutory tax rate of 25% in Mainland China	17,482	26,212
Preferential tax rates enacted by local authority	(10,396)	(10,195)
Additional deductible allowance for research and development expenses	(2,794)	(1,766)
Expenses not deductible for tax	9,817	3,404
Tax losses not recognised	1,175	703
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	<u>9,398</u>	<u>1,293</u>
Tax charge at the Group's effective tax rate	<u>24,682</u>	<u>19,651</u>

8. DIVIDENDS

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Proposal final — RMB1.70 cents (2020: Nil) per ordinary share	<u>12,133</u>	<u>—</u>

The proposed final dividend of RMB12,133,000 for the year, which is based on the Company's total number of shares as at the date of this announcement, is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

On 18 June 2021, the Company declared a special interim dividend of RMB92,000,000, which amount is determined with reference to the level of distributable reserves of the Group available for distribution to the shareholders as of 31 December 2020. The special interim dividend is conditional upon listing and is payable to all existing shareholders, Tiantian Co., Limited and M3, Inc., in the proportion of 50:50. The special interim dividend has been paid on 29 September 2021 and funded using the internal resources of the Company.

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

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 616,048,223 (2020: 535,080,000) in issue during the year.

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

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

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	<u>40,616</u>	<u>85,197</u>
	Number of shares	
	2021	2020
Shares		
Weighted average number of ordinary shares in issue during the year	616,048,223	535,080,000
Effect of dilution — weighted average number of ordinary shares:		
Share options	<u>19,753,067</u>	<u>—</u>
	<u>635,801,290</u>	<u>535,080,000</u>

10. TRADE RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade receivables	77,256	43,015
Impairment	(1,046)	(535)
	<u>76,210</u>	<u>42,480</u>

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

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 6 months	72,105	42,179
6 to 12 months	3,816	152
1 to 2 years	264	136
2 to 3 years	25	13
	<u>76,210</u>	<u>42,480</u>

11. TRADE PAYABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade payables	<u>6,219</u>	<u>6,265</u>

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 3 months	4,658	3,503
3 to 6 months	128	185
6 to 12 months	22	340
Over 1 year	1,411	2,237
	<u>6,219</u>	<u>6,265</u>

Included in the Group's trade payables were amounts due to M3, Inc., a shareholder of the Company, of RMB1,464,000 as at 31 December 2021 (2020: RMB3,046,000), which are repayable on demand.

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

12. SHARE CAPITAL

	2021 <i>US\$</i>	2020 <i>US\$</i>
Authorised:		
50,000,000 ordinary shares of US\$0.01 each	N/A	500,000
50,000,000,000 ordinary shares of US\$0.00001 each	<u>500,000</u>	<u>N/A</u>
Issued and fully paid:		
535,080 ordinary shares of US\$0.01 each	N/A	5,351
713,225,500 ordinary shares of US\$0.00001 each	<u>7,132</u>	<u>N/A</u>
Equivalent to RMB	<u>44,000</u>	<u>33,000</u>

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

	Number of shares in issue	Share capital RMB'000
At 1 January 2020, 31 December 2020 and 1 January 2021	535,080	33
Share subdivision (<i>note a</i>)	535,080,000	33
Initial public offering (<i>note b</i>)	155,096,000	10
Exercise of the over-allotment option (<i>note c</i>)	<u>23,049,500</u>	<u>1</u>
At 31 December 2021	<u><u>713,225,500</u></u>	<u><u>44</u></u>

Notes:

- (a) On 29 March 2021, the Company implemented the share subdivision whereby each then existing issued and unissued ordinary share with par value of US\$0.01 in the authorised share capital of the Company were subdivided into 1,000 ordinary shares with par value of US\$0.00001 each and the authorised share capital of the Company was altered to US\$500,000 divided into 50,000,000,000 shares with par value of US\$0.00001 each. The total number of issued shares in the Company increased from 535,080 shares to 535,080,000 shares.
- (b) On 15 July 2021, 155,096,000 ordinary shares of par value US\$0.00001 each were issued at a price of HK\$27.20 per share in connection with the Company's initial public offering. The proceeds of HK\$12,000 (equivalent to RMB10,000), representing the par value, were credited to the Company's share capital. The remaining proceeds of HK\$4,218,599,000 (equivalent to RMB3,510,803,000) before issuing expenses were credited to the share premium account.
- (c) On 8 August 2021, 23,049,500 over-allotment ordinary shares of par value US\$0.00001 each were issued at a price of HK\$27.20 per share. The proceeds of HK\$2,000 (equivalent to RMB1,000), representing the par value, were credited to the Company's share capital. The remaining proceeds of HK\$626,945,000 (equivalent to RMB522,332,000) before issuing expenses were credited to the share premium account.

OTHER INFORMATION

FINAL DIVIDEND

The Board has resolved to recommend a final dividend of RMB0.0170 (equivalent to HK\$0.0209) per Share. Subject to the passing of the relevant resolution at the annual general meeting, the final dividend will be paid in HK dollars based on the rate of HK\$1.00 to RMB0.81201, being the official exchange rate of HK dollars against Renminbi as quoted by the People's Bank of China on 23 March 2022. The final dividend will be paid on or around 11 July 2022 to shareholders whose names appear on the register of members of the Company on 20 June 2022.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from 7 June 2022 to 10 June 2022 (both days inclusive) in order to determine the identity of the Shareholders who are entitled to attend the annual general meeting, during which period no share transfers will be registered. To be eligible to attend the annual general meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 6 June 2022.

Subject to the passing of the relevant resolution at the annual general meeting, which is proposed to be held on 10 June 2022, the register of members of the Company will be closed from 16 June 2022 to 20 June 2022 (both days inclusive), for the purpose of determining shareholders' entitlements to the final dividend. In order to qualify for the final dividend, all transfer documents, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 15 June 2022.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company from the Listing Date to the end of the Reporting Year.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Shares were listed on the Stock Exchange on 15 July 2021. The net proceeds from the Global Offering (including the exercise of the over-allotment option) was approximately HK\$4,677 million, which will be utilized for the purposes as set out in the Prospectus and there is no change to the intended use of proceeds as disclosed in the Prospectus. The following table shows a summary of the intended use of the net proceeds and the utilization as at 31 December 2021:

Intended use of net proceeds	Amounts expected to be utilized as disclosed in the		Remaining balance as at 31 December 2021	Expected time of use
	Prospectus (HK\$ millions)	Utilization as at 31 December 2021 (HK\$ millions)		
A. Business Expansion				
(1) enhance medical knowledge solutions of the Company and enrich medical knowledge information and tools on the platform of the Company	561.3	1.5	559.8	before December 2025
(2) improve patient care offerings	467.7	0.0	467.7	before December 2025
(3) strengthen intelligent clinical research solutions	374.2	0.0	374.2	before December 2023
(4) strengthen the relationships with the existing customers of the Company and develop and attract additional customers in pharmaceutical, biotechnology and medical device industries	327.4	8.8	318.6	before December 2025
(5) enhance user growth and engagement through targeted sales and marketing activities	140.3	4.7	135.6	before December 2025

Intended use of net proceeds	Amounts expected	Utilization as at 31 December 2021 (HK\$ millions)	Remaining balance as at 31 December 2021 (HK\$ millions)	Expected time of use
	to be utilized as disclosed in the Prospectus (HK\$ millions)			
B. Investment in technology and enhancement of research and development capabilities				
(1) recruit talent and collaborate with experts	701.6	10.6	691.0	before December 2023
(2) develop and expand the application scenarios of technology of the Company, particularly, machine learning, natural language processing, knowledge graph and user understanding	467.7	0.0	467.7	before December 2025
(3) build up the data center of the Company and strengthen the computing power and storage capabilities of the IT infrastructure of the Company	233.9	1.2	232.7	before June 2023
C. Pursue strategic investments or acquisitions opportunities	935.5	73.1	862.4	N/A
D. General replenishment of the working capital of the Company and for other general corporate purposes	467.7	92.8	374.9	N/A
Total	4,677.3	192.7	4,484.6	

As at 31 December 2021, unutilised proceeds were deposited with licensed financial institutions in Hong Kong.

EVENTS AFTER THE REPORTING YEAR

On 17 January 2022, the Board resolved to grant a total of 500,000 share awards (“**Share Awards**”) to an employee pursuant to the share award scheme adopted by the Company on 24 December 2021. The amount payable by the employee upon acceptance of the grant of the Share Awards is US\$0.00001 per Share Award. No further consideration is payable by the employee upon vesting. A total of 500,000 Shares underlying the Share Awards were allotted and issued by the Company to Futu Trustee Limited, the independent professional trustee in respect of the share award scheme, on 21 January 2022. The closing market price of the Shares on 21 January 2022 is HK\$20.05.

Save as disclosed above, there was no important event affecting the Group which occurred after the end of the Reporting Period up to the date of this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Since the Listing Date, the Company has complied with the applicable code provisions of the Code as set forth in the Corporate Governance Code contained in Appendix 14 (the “**Corporate Governance Code**”) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), except for a deviation from code provision C.2.1 which requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

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

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors’ securities transactions. All directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code since the Listing Date up to the date of this announcement.

SCOPE OF WORK FOR ANNUAL RESULTS ANNOUNCEMENT BY AUDITOR

The financial information set out in this announcement does not constitute the Group's audited accounts for the year ended 31 December 2021, but represents an extract from the consolidated financial statements for the year ended 31 December 2021 which have been audited by the auditor of the Company, Ernst & Young, in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

AUDIT COMMITTEE

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

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

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

Mr. Richard Yeh serves as an executive director and the chief financial officer of Abbisko Cayman Limited (stock code: 2256), which became listed on the Stock Exchange on 13 October 2021.

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

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and that of the Company (<http://ir.medlive.cn>). The annual report of the Company for the year ended 31 December 2021 will be despatched to the shareholders of the Company and will be available on the website of the Stock Exchange and that of the Company in due course.

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

Hong Kong, 24 March 2022

As of the date of this announcement, the Board comprises Ms. Tian Liping, Mr. Tian Lixin, Mr. Tian Lijun and Ms. Zhou Xin as executive directors; Mr. Eiji Tsuchiya and Dr. Li Zhuolin as non-executive directors; and Mr. Richard Yeh, Dr. Ma Jun and Ms. Wang Shan as independent non-executive directors.