

OVERVIEW

We are the largest online professional physician platform in China in terms of registered physician users as of December 31, 2020, according to the Frost & Sullivan Report. We have focused on using technology to support physicians' clinical decision making for over 20 years. Our self-developed *Medlive* (醫脈通) platform is widely recognized by physicians in China as the most popular professional medical platform, which enables us to become the platform of choice in precision digital healthcare marketing for pharmaceutical and medical device companies in China. As of December 31, 2020, our *Medlive* platform, available through our website, desktop application and mobile application, had approximately 3.5 million registered users, around 2.4 million of whom were licensed physicians, representing approximately 58% of all licensed physicians in China as of the same date, according to the Frost & Sullivan Report. In the fourth quarter of 2020, the average MAUs on our platform exceeded 1.0 million. In the same period, the average monthly views of articles and videos by registered users on our platform were over 134 million. Articles and videos on our platform include, among others, clinical guides and guidelines, research articles, drug references, clinical developments, as well as customized content.

Leveraging our large number of physician users and their high level of engagement, our *Medlive* platform allows platform participants to gather, learn and connect. Our platform participants include physicians, pharmaceutical and medical device companies and patients. We extensively leverage our proprietary technology, content generation capabilities and our understanding of medical information science to provide different services and solutions to each group of platform participants. The diagram below provides an overview of our *Medlive* platform and our solutions for different platform participants:



- **Solutions for Pharmaceutical and Medical Device Companies.** The pharmaceutical and medical device market undergoes rapid development. There is significant demand from the pharmaceutical and medical device companies to keep close tabs on market needs, understand the market feedback on their products and competing products as well as effectively market their products. Many approved drugs fail to reach the patients most in need due to physicians' unfamiliarity with the products or outdated knowledge.

Our large physician user base and user analytics make us the platform of choice in precision digital healthcare marketing for pharmaceutical and medical device companies in China. Benefiting from our large database and data insights accumulated through years of interactions with physicians, we are able to accurately deliver customized content to specific groups of physicians cost-efficiently. We ranked first among physician platform-based digital healthcare marketing service providers in China in terms of revenue in 2020, with a 21.4% market share, according to the Frost & Sullivan Report. We also offer a highly scalable digital platform with advanced analytics to help pharmaceutical and medical device companies improve their efficiency and reduce cost in product commercialization and marketing.

In addition, pharmaceutical and medical device companies face difficulties enrolling clinical trial participants, and difficulties collecting and assessing the real-world results of drugs, especially if used by a broad base of patients across diverse geographic areas and social groups. We provide patient recruitment service for clinical trials that allows pharmaceutical and medical device companies to quickly meet planned enrollment targets. We offer RWS support solutions that enable pharmaceutical and medical device companies to collect and analyze the clinical effects of their products in the real-world environment.

- **Solutions for Physicians.** Healthcare evolves rapidly as innovative therapeutics are developed and new findings through scientific research are established continuously. Practitioners must stay abreast of the most up-to-date information to provide the best standard of care available to patients, traditional sources of medical knowledge, such as journals, clinical guidelines and academic literatures, are often not updated in a timely fashion or organized in such a way that are readily and systematically accessible or searchable.

Our platform provides a setting for physicians to learn about and discuss the latest research, products and technologies available in the healthcare market and clinical best practices. Our platform offerings are underpinned by the professional medical knowledge content curated by our own content team, which included 62 full-time medical experts and 30 full-time digital marketing content designers as of the Latest

Practicable Date. For example, our *Clinical Guides* (臨床指南) solution aggregates the latest clinical references and our *Clinical Drug Reference* (用藥參考) solution offers comprehensive information on prescription drugs, providing efficient clinical decision-making support to physicians at their fingertips. As of the Latest Practicable Date, our platform offered over 12,000 clinical guides published by medical authorities in China and overseas, prescribing information for over 30,000 prescription drugs and over 100,000 guides on drug interactions and incompatibility. Our platform is now well-recognized as the authoritative source for medical information in China.

Leveraging the significant user base and user engagement that our medical reference tools generated, we have since built up the largest online physician forum in China. User-generated content (“UGC”) and discussions are now an important and fast growing source of information on our platform. In addition, as physicians are the key decision makers in the healthcare system, our platform has attracted significant marketing investment from pharmaceutical and medical device companies, allowing physicians to access the latest product information and connect directly with medical representatives.

Our medical information and tools appeal to a diverse set of physicians, from thought leaders at China’s leading hospitals to the large number of physicians who work in rural areas and community hospitals in China. Our physician users can benefit from our medical information and tools throughout their professional career, from as early as medical school students to experienced specialists or healthcare managers.

- **Solutions for Patients.** Patients in China commonly experience considerable inconvenience and difficulties during their hospital visits, such as long commutes, long waiting time and lack of access to the right physicians. Even when patients receive the right diagnosis and prescription, they may not adhere to prescribed medication regimens. As a result, even when the right treatments are known and affordable, many patients are not able to achieve optimal outcomes for such treatments.

We launched our Internet hospital in 2021, which represents a major step forward in the application of our intelligent patient management solutions, which entail comprehensive chronic disease management services. Patients can conveniently receive medical advice and prescriptions from physicians who participate in our Internet hospital. We also offer patient management services through our Internet hospital to educate patients about their conditions and treatment regimens, provide patients with customized chronic disease management suggestions and keep track of their medication-taking and refills. Such services are designed to increase patient adherence to prescribed medication regimens, thereby improving the effectiveness of treatments.

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- **Solutions for Hospitals.** Hospitals need technology solutions to improve the efficiency of clinical trials. We offer hospitals with EDC systems for intelligent and automated data collection and management. 156 hospitals used our EDC solutions in 2020.

Our comprehensive solution offerings also allow us to serve other stakeholders of the healthcare industry, such as medical researchers, non-profit organizations, CROs and medical associations. For example, our medical knowledge solutions satisfy the needs of healthcare professionals other than physicians for professional medical information, such as medical researchers. We collaborate with non-profit organizations in offering our condition-specific patient education services as part of intelligent patient management solutions. Patients can access our services and tools through our partner non-profit organizations' WeChat official accounts or websites to learn about their conditions and treatment regimens. In addition, we help CROs conduct patient recruitment for clinical trials, leveraging our large physician base. We have engaged and plan to partner with more medical associations to bolster our position as the go-to platform for professional medical information. Because of our strong brand recognition in the medical community, we are well-positioned to attract even more participants, such as insurance companies, to our platform.

Our solutions address vast and rapidly expanding markets. With pharmaceutical and medical device companies moving their marketing efforts online, the market of digital healthcare marketing services in China grew from RMB4.4 billion in 2018 to RMB15.2 billion in 2020, at a CAGR of 85.8%, and is expected to reach RMB111.0 billion in 2025, with a CAGR of 48.8% from 2020 to 2025, according to the Frost & Sullivan Report. In addition, physicians are spending more time on professional physician platforms for medical information and clinical decision support. The digital medical information market in China increased from RMB23.6 million in 2018 to RMB114.2 million in 2020, at a CAGR of 120.1%, and is expected to reach RMB3.0 billion in 2025, with a CAGR of 92.7% from 2020 to 2025, according to the Frost & Sullivan Report. Our solutions for patients address a fast growing digital chronic disease management market in China, which increased from RMB77.9 billion in 2018 to RMB139.7 billion in 2020, at a CAGR of 33.9%, and is expected to reach RMB507.1 billion in 2025, with a CAGR of 29.4% from 2020 to 2025, according to the Frost & Sullivan Report.

We delivered strong financial performance during the Track Record Period. Our revenue increased from RMB83.5 million in 2018 to RMB121.6 million in 2019 and further increased to RMB213.5 million in 2020, at a CAGR of 59.9% from 2018 to 2020. Our net profit increased from RMB14.2 million in 2018 to RMB31.3 million in 2019 and further increased to RMB85.2 million in 2020, at a CAGR of 145.0% from 2018 to 2020.

OUR STRENGTHS

Largest online professional physician platform with strong user engagement

We are the largest online professional physician platform in China in terms of registered physician users as of December 31, 2020, according to the Frost & Sullivan Report. As of December 31, 2020, our *Medlive* platform had approximately 3.5 million registered users, around 2.4 million of whom were licensed physicians, representing approximately 58% of all licensed physicians in China as of the same date, according to the Frost & Sullivan Report. Our physician user base is highly diverse, covering all levels of hospitals across China, all major specialties, as well as all physician ranks. We benefit significantly from our reputation as the most popular professional medical platform in China. Physicians are attracted to our platform due to our strong brand awareness and word-of-mouth referrals from existing users.

Our large physician user base and user data have helped us develop insights into the background, behaviors and preferences of physicians, further improving our ability to match content, foster connections among physicians and precisely deliver relevant content to them. Our scale and sophistication help make us the platform of choice for physicians, as well as pharmaceutical and medical device companies. In addition, as we continue to develop patient-facing offerings, our large physician base will help us serve the specific needs of patients more effectively and efficiently.

The high quality and breadth of content available on our platform not only attracts a large number of physicians to our platform but also drives user engagement, especially among skilled physicians. In the fourth quarter of 2020, the average MAUs on our platform exceeded 1.0 million. In the same period, the average monthly views of articles and videos by registered users on our platform were over 134 million. Articles and videos on our platform include, among others, clinical guides and guidelines, research articles, drug references, clinical developments, as well as customized content.

During the Track Record Period, we received various awards in recognition of our contribution to the medical community, including most noticeably the recent 2019 Health New Media Top 20 Award by the Chinese Medical Doctor Association for our *Medlive* platform and MedDigital Solution Award by the Chinese Medical Affairs Conference for our precision marketing solutions.

Partner of choice for pharmaceutical and medical device companies in precision digital healthcare marketing services

We ranked first among physician platform-based digital healthcare marketing service providers in China in terms of revenue in 2020, with a 21.4% market share, according to the Frost & Sullivan Report. In 2020, 18 of the top 20 multi-national pharmaceutical companies in the world by revenue were our customers; 14 of them have been partners with us for five or more years.

Our deep understanding of the healthcare industry and the pharmaceutical and medical device companies' needs, sophisticated data analytics, and advanced technological solutions allow us to benefit significantly from the continuous digitalization of marketing and sales of healthcare products in China. We also benefit from a secular shift in prescription drug marketing, as volume-based purchasing and increasing market competition have nudged pharmaceutical and medical device companies to seek digitalized and cost-effective marketing tools that allow them to reach the target physicians at the right time. Our dedication to making physicians the center of our platform differentiates us from platforms that offer general health information to patients. As a result of our focus on physicians and hence more ingrained physician relationships and engagement, we are better positioned to support marketing campaigns for prescription drugs and medical devices. We have become a partner of choice for major pharmaceutical and medical device companies in precision digital healthcare marketing.

We have proven ability to support marketing campaigns for the launch of new drugs and medical devices and ongoing marketing efforts of existing products. Our AI-enabled system integrates and analyzes our physician background and behavior data and enables us to precisely deliver customized content to target physicians. We further enhance the effectiveness of pharmaceutical and medical device companies' marketing campaigns by collaborating with KOLs of the medical community to make the customized content more persuasive. We have established strong relationships with KOLs. In 2020, we collaborated with over 600 KOLs in 15 specialties to create customized content for healthcare customers and develop our medical knowledge content. We also leverage content generated by physician users to enrich drug-related information on our platform.

Our solutions also have proven ability to deliver outsized return on investment for marketing activities, which enables us to establish a high quality healthcare customer base and foster customer loyalty. Because of our close customer relationships, we are well-positioned to cross-sell additional solutions, such as RWS support system. Our long term relationships with these customers also help us gain additional new customers with demand for digital promotion through referrals. As we develop more insights into the healthcare industry, we also continuously explore opportunities to address additional pain points of pharmaceutical and medical device companies, enrich our solution offerings and expand our revenue streams.

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Strong ability to develop innovative products and services addressing the needs of our users and customers, as evidenced by a rich product portfolio

Utilizing the deep understanding of the industry and its needs and the findings of our Medical Information Science Research Unit, we have been an innovator in many of our product and service categories since inception. In doing so, we have developed a rich product portfolio that offers meaningful value propositions to our platform participants, while also providing us with multiple monetization sources. For example, our *Reference Aid for Medicine* (醫學文獻王), launched in 2004, was the first dedicated digital tool for searching and managing medical literature in China, according to the Frost & Sullivan Report. Before the introduction of *Reference Aid for Medicine*, it was difficult for physicians in China to access academic articles through the Internet. *Reference Aid for Medicine* offers convenient access to major databases for medical literature, such as PubMed and Wanfang Data, and major search engines for medical literature.

We are a pioneer in offering digital healthcare marketing solutions in China. Our *eMarketing*, launched in 2008, was one of the first digital marketing applications for pharmaceutical companies in China, according to the Frost & Sullivan Report. In addition, according to the Frost & Sullivan Report, we are the first to offer precision digital healthcare marketing solution in China, as we launched *eMR* (e信使) in 2014. *eMR*, which allows pharmaceutical and medical device companies to deliver customized content in text or multimedia formats to target physicians, is designed as a substitute for medical representatives' in-person detailing. Our precision digital detailing is ten times more efficient than the traditional in-person detailing by medical representatives in terms of cost per detailing, according to the Frost & Sullivan Report. The number of engaged targeted physicians on our platform increased from 228.3 thousand in 2018 to 403.2 thousand in 2020; the number of paid clicks on our platform increased from 1.6 million in 2018 to 4.8 million in 2020. We further enhanced our solution offerings in 2019 by rolling out *eBroadcasting* (e脈播), which enables pharmaceutical and medical device companies to deliver sponsored medical programs in live or recorded format to physicians.

We leverage our vast online professional physician platform to develop scalable solutions that cater to the needs of other key stakeholders of the healthcare system. We have developed a large database of physician background and behavior data. Our accurate analysis of such data enables us to offer precision marketing solutions, which help pharmaceutical companies deliver information about prescription drugs to target physicians cost-efficiently. Furthermore, we are well positioned to develop Internet hospital-based solutions because of our powerful physician network. Our Internet hospital offers patients online medical consultations and drug prescriptions, thereby making medical service more convenient.

Vast content library with strong content generation capability

Our platform offers physicians and healthcare professionals convenient access to a wealth of professional medical content that includes both PGC and UGC. For over 20 years, we have been maintaining and actively managing a large collection of medical literature and resources to satisfy the learning and practice needs of physicians. We focus on providing the most relevant and valuable content for physicians at every stage of their career and at all levels of expertise.

Our PGC primarily includes content prepared by our own content team and content we obtain from third-party professional sources. As of the Latest Practicable Date, we have a dedicated content team of 62 full-time medical experts and 30 full-time digital marketing content designers, who are responsible for editing and curating the vast volume of professional medical content on our platform. They also prepare summaries of high-impact medical developments, covering industry news and conferences, creating video programs featuring KOLs, as well as updating our *Disease Knowledge Database* (醫知源). We also collaborate with the industry and professional authorities that are the primary or official sources of information. As of the Latest Practicable Date, our platform offered over 12,000 clinical guides published by medical authorities in China and overseas, prescribing information for over 30,000 prescription drugs and over 100,000 guides on drug interactions and incompatibility. This comprehensive collection of content helps reinforce our position as the go-to source for academic information and drives user engagement that enriches our community.

We encourage our physicians to share, contribute and discuss their professional views on our platform. Physicians can also access high quality UGC on our platform, forming the fastest segment of our content library. Content generated by our users often offer professional insights that are highly valuable to their fellow peers. We have a robust content screening process utilizing automated content screening technology and our staff to monitor UGC on a real-time basis to ensure the quality of UGC.

We believe the quality, relevance and ease of use of information and related tools on of our platform drive our ability to attract and retain physicians and other healthcare professionals.

Advanced proprietary technology underpinned by our deep insight and understanding of the healthcare industry and medical information science

Since our establishment, we have focused on delivering the most relevant and useful healthcare solutions to physicians, pharmaceutical and medical device companies, patients, and hospitals. To that end, we established our Medical Information Science Research Unit, our research organization dedicated to developing a deep understanding of the new drugs and medical devices, as well as the application of advanced technologies, including AI and big data analytics, to our

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solution offerings, and designing and developing solution offerings to best provide for the needs of the pharmaceutical and medical device companies. Research scientists at our Medical Information Science Research Unit are responsible for conducting research in the field of medical ontology, studying medical data collection standards and medical terminology systems, building our medical knowledge graph to enable deeper understanding of data by our AI algorithms, as well as developing and optimizing machine learning, deep learning and natural language processing algorithms.

Leveraging our advanced technologies, we build innovative product offerings and improve the accessibility and effectiveness of our solutions. Our AI-enabled content-matching and search systems help us accurately deliver the most relevant content to our audience, and enhance the effectiveness of our customers' marketing campaigns. We continuously optimize our smart technologies and user interface to meet participants' evolving needs, forming strong barriers to entry. We have developed accurate user portraits and knowledge graphs based on our vast, multi-dimensional database of physician behavior and preferences, which we have accumulated through years of operations and is refined with new data insights every time physician users access our platform. Our core technologies can be flexibly applied to a variety of use cases, such as clinical support, digital drug promotion and clinical trial management, to effectively address different user demands.

Our core technologies, such as AI and big data analytics, and technology infrastructure are developed and maintained by our research and development team. As of the Latest Practicable Date, about 29.0% of our employees performed research and development functions. We leverage the data on our platform through extensive application of AI technologies, including machine learning, natural language processing, knowledge graph and user understanding. Our AI and big data capabilities have enabled us to distribute content to target physicians accurately, which in turn help us enhance user experience and capture monetization opportunities. We devote significant resources to the protection of our intellectual property rights in core technologies and software.

Visionary management team supported by deep talent pool and continuous strategic cooperation with M3

We benefit significantly from our experienced and passionate management team, led by our co-founders, Ms. Tian Liping and Mr. Tian Lixin, each of whom has over 20 years of experience in the healthcare and technology industries. Ms. Tian Liping is our Chairwoman and chief executive officer, and the visionary behind the creation and expansion of our platform. Mr. Tian Lixin is our president and is the head of our Medical Information Science Research Unit.

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Other members of our management team are experienced executives with diverse backgrounds and extensive knowledge in a wide range of fields, covering healthcare, Internet, consulting and technology. For example, Mr. Tian Lijun, our chief technology officer and deputy head of our Medical Information Science Research Unit, has over 20 years of experience in technology innovation, particularly in the fields of AI and big data. Mr. Jiang Nan, our medical director and deputy head of our Medical Information Science Research Unit, worked as a physician at a prominent Chinese hospital before joining us and has extensive knowledge about healthcare industry.

Our management team is supported by a deep talent pool, which includes a large group of industry veterans with substantial experience in healthcare, technology, product development, sales and finance, which they gained from years of experience working at various industry leaders. Our number of employees grew from 239 as of December 31, 2018 to 327 as of December 31, 2020. In particular, we have a deep bench of big data and healthcare experts. As of the Latest Practicable Date, about 29.0% of our employees performed research and development functions, including members of our general research and development team and research scientists at our Medical Information Science Research Unit, about 25.2% performed medical content management functions.

In addition, we maintain continuous strategic cooperation with M3, one of our Controlling Shareholders. Leveraging M3's brand recognition in Japan's market, we quickly established business relationships with several multi-national pharmaceutical and medical device companies with presence in China in the early years of our operations. Since then, we have developed a large and loyal customer base through our proven ability to offer cost-effective digital solutions. We maintain ongoing communications with M3, enabling us to draw from its experience in digital healthcare marketing and stay abreast of the latest industry trends in overseas markets. Ms. Zhou Xin, our executive Director and vice president, is also the head of China business unit at corporate and business development group of M3, and we have benefited from her deep knowledge of M3's business model and industry insights.

STRATEGIES

Continue to increase physician penetration and engagement by enhancing our medical knowledge solutions and enriching the information and content on our platform

We will continue to strengthen our position as the physicians' go-to platform for the most up-to-date information. High-quality medical knowledge solutions and information are vital to the attractiveness of our platform for users. We intend to enhance our *Disease Knowledge Database* to cover more diseases and make it a more comprehensive clinical decision support tool at the point

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of care. We will also expand our content offerings by providing reports on the latest clinical developments. In addition, we will continue to improve the quality of our customized content to help physicians make more informed prescription decisions.

We will leverage our data insights to improve the accuracy and relevance of our personalized content recommendation and search results. We will continue to develop AI technology to offer physicians personalized clinical decision support in diagnosis, prescriptions and treatment. In addition, we plan to develop a professional search engine to help physicians find quality resources on the Internet more efficiently. All of these improvements will in turn enhance user experience.

We plan to further diversify the sources of content generation. We will encourage physicians to upload more UGC, such as practice tips and clinical case reports, thereby enhancing user engagement on our platform.

There are a large number of physicians who work in rural areas and community hospitals in China and lack adequate medical training and clinical skills. We aim to extend our reach to these physicians by offering them tailored solutions. For example, we plan to develop technology products that are designed to enhance physicians' clinical skills through interactive online training programs.

Continue to build our technological platform and expand its applications

Our strong technological capabilities have underpinned the rapid growth of our business. Our research and innovations in AI applications are focused on the areas of machine learning, natural language processing, knowledge graph and user understanding. We plan to continue our technological development, including the development of AI-empowered tools by leveraging our unique and proprietary data set, such as smart Q&A solutions that support physicians at the point of care and AI-powered automated transcription and translation solutions that support live medical conferences. We will continue to build our knowledge graphs to optimize our search and recommendations capabilities with semantic and contextual links. In addition, we plan to enhance the clinical functionality and efficiency of our health chatbot and smart Q&A solutions to offer better support to physicians at the point of care. We will also invest in automated clinical decision support tool that is capable of anticipating physicians' drug prescribing patterns to improve the quality of healthcare and save time. Furthermore, we plan to develop auxiliary screening diagnosis and treatment systems and machine transcription and translation solutions to better serve physicians.

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In addition, we intend to develop a bio-genetics platform for areas such as tumor genetics database and immune system-related disease database. We also plan to develop auxiliary tools using virtual reality and 3D graphics technologies for medical training and education, patient communication and pre-surgical planning.

Expand our customer network and strengthen relationships with existing customers

To take advantage of our scalable product offerings, we will continue to strengthen our relationships with our existing customers and develop and attract additional customers in pharmaceutical, biotechnology and medical device industries.

As of December 31, 2020, our customer base included 81 pharmaceutical and medical device companies, covering 29% of multi-national pharmaceutical companies and 9% of multi-national medical device companies with presence in China, respectively, according to the Frost & Sullivan Report. We aim to foster customer loyalty by continuing to deliver superior return on their spending for our precision marketing solutions. We see significant opportunities to expand our relationships with these existing customers by enhancing our existing solutions and rolling out new solutions. We have also identified significant demand for digital promotion from medical device companies, domestic pharmaceutical companies and biotechnology companies, particularly those focused on developing innovative therapeutics. We intend to leverage our deep experience in precision marketing to capture an increasing proportion of these potential customers' promotional spending. To achieve these goals, we will continue to invest in developing and offering more solutions, as well as adding new features to our existing solutions. For example, we plan to develop new digital channels and media formats to deliver customized content by leveraging our technology capabilities. We will also strengthen our business development efforts by hiring additional sales, marketing and account management personnel. Furthermore, we expect to benefit from word-of-mouth referrals because of our reputation as a highly-trusted, efficient and targeted platform to reach physicians.

Continue to expand our service offerings, including patient care offerings with digital health management tools, and clinical research solutions

We will continue to expand our service offerings, including further enhancing our intelligent patient management solutions, and we plan to offer diversified health management solutions, including our chronic disease management services.

Leveraging our large physician network, we intend to expand chronic disease management service by supporting more diseases. We will collaborate with other industry participants, such as non-profit organizations and hospitals, and establish more disease-specific solutions. Through these solutions, we will help physicians connect with and manage more patients. Building on our vast

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medical content library, we will also provide more educational content for patients and the general public to raise their awareness of chronic diseases, while generating traffic to our patient-facing interface. Furthermore, we intend to strengthen our Internet hospital by covering more diseases with our online medical consultation and drug prescription services. We also integrate our Internet hospital service with our other service offerings, such as patient management services, to create more synergies.

Leveraging our physician network and software technologies, we aim to build a comprehensive intelligent contract research platform. We plan to optimize our intelligent clinical research solutions, including our EDC and CDMS solutions, RWS solution and patient recruitment solution. We will continue to develop AI technology to accurately and efficiently capture and analyze clinical data. In addition, we will seek to collaborate with traditional CROs to offer better contract research service to a broad range of customers, including pharmaceutical and medical device companies and hospitals. We also plan to develop solutions and digital infrastructure that enable faster patient recruitment and informed site selection.

Explore strategic partnerships, investments and acquisitions

We intend to explore and establish synergistic partnerships that can accelerate our growth, while selectively pursuing suitable strategic investments and acquisitions. We plan to engage more business partners, such as medical associations, Internet companies, insurance companies and content providers, as well as providers of professional medical content, to enhance our solutions offerings. We believe our strong brand recognition in the medical community will enable us to partner with more medical associations, which is expected to bolster our position as the go-to platform for professional medical information. We also plan to partner with leading Internet companies and capture new monetization opportunities by leveraging our ability to reach targeted groups of physicians.

To complement our organic growth strategy, we may invest in or acquire businesses that have strong synergies with our Company. We aim to broaden our service offerings, expand our customer base and/or enhance our technological capabilities through such investments and acquisitions. As of the Latest Practicable Date, we did not expect to pursue any imminent acquisitions or investments.

PLATFORM PARTICIPANTS

We focus on offering physicians high quality professional medical information. Increasing numbers of physicians have turned to our *Medlive* (醫脈通) platform due to the superior quality and user experience of our medical knowledge solutions. Leveraging our large and loyal physician user base, we then started to offer precision marketing solutions to pharmaceutical and medical

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device companies. By developing and offering value-creating solutions, our *Medlive* platform attracted a large number of platform participants, including physicians, pharmaceutical and medical device companies and patients.

Our platform participants benefit from the powerful network effects of our platform. As more physicians join our platform, they are able to share knowledge with, and seek support from, a larger number of professional peers. Other platform participants, such as pharmaceutical companies and patients, are attracted to our platform due to our high quality and growing physician user base.

Physicians

We have focused on using technology to enable physicians' clinical decision making for over 20 years. Our *Medlive* platform is widely recognized by physicians in China as the most popular professional medical platform. We are the largest online professional physician platform in China in terms of registered physician users as of December 31, 2020, according to the Frost & Sullivan Report. As of December 31, 2020, our *Medlive* platform had approximately 3.5 million registered users, around 2.4 million of whom were licensed physicians, representing approximately 58% of all licensed physicians in China as of the same date, according to the Frost & Sullivan Report. Our registered physician users provide us with information regarding their professional qualifications and background, including workplace and specialty, during our physician authentication process, which we verify through the government database maintained by the National Health Commission of China. We also collect information such as rank and contact information during our physician authentication process, which allows us to better understand our physician user base. As of December 31, 2020, our registered physician users on average had registered on our platform for over five years. The average MAUs on our platform were 743 thousand, 856 thousand and 908 thousand in 2018, 2019 and 2020, respectively. Our physician user base is highly diverse, covering all levels of hospitals across China, all major specialties, as well as all physician ranks. As of December 31, 2020, 31.1% of our registered physician users were internists, 8.8% were obstetrician-gynecologists, 8.1% were surgeons, 7.7% specialized in integrated Chinese and western medicine, 5.3% were pediatricians, 4.6% were radiologists and the remaining 34.4% were physicians in 23 specialties.

As of December 31, 2020, 5.6% of our registered physician users were chief physicians (主任醫師), 12.3% were associate-chief physicians (副主任醫師), 31.1% were attending physicians (主治醫師) and 25.0% were resident physicians (住院醫師), according to the information provided by our registered physician users during the physician authentication process. The remaining 26.0% of our registered physician users did not specify their ranks during the registration process. According to the Frost & Sullivan Report, chief physicians (主任醫師), associate-chief physicians (副主任醫

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師) and attending physicians (主治醫師) generally have at least 15, 10 and five years of clinical experience, respectively, and resident physicians (住院醫師) generally have less than five years of clinical experience.

As of December 31, 2020, approximately 26.1% of our registered physician users were based in East China, approximately 21.3% were based in Central China, approximately 20.3% were based in South China, approximately 14.0% were based in North China, approximately 7.6% were based in Southwest China, approximately 5.2% were based in Northwest China and approximately 3.5% were based in Northeast China.

Medical knowledge evolves rapidly; the practice of medicine requires continuous learning. *Medlive* is widely recognized by physicians as the trusted source for comprehensive and up-to-date professional medical information. The information on our platform effectively addresses physicians' information needs throughout their professional careers, from their time at medical schools to the days when they practice as experienced specialists. Our platform also creates significant value for other professionals in the healthcare industry, such as medical researchers.

Pharmaceutical and Medical Device Companies

We ranked first among physician platform-based digital healthcare marketing service providers in China in terms of revenue in 2020, with a 21.4% market share, according to the Frost & Sullivan Report. Pharmaceutical and medical device companies need professional and technological support to address several pain points throughout the life cycle of their products. In 2020, 81 pharmaceutical and medical device companies used our precision marketing and corporate solutions, including 18 of the top 20 multi-national pharmaceutical companies by revenue in the world, as well as several leading China-based pharmaceutical companies.

Volume-based drug procurement reforms and increasing market competition have nudged pharmaceutical and medical device companies to seek digitalized and cost-effective marketing tools. Leveraging our large and engaged physician user base and big data analytics, we offer integrated precision marketing solutions that enable pharmaceutical and medical device companies to deliver information about their products, such as prescription drugs and medical devices, to target physicians. Our solutions have proven ability to deliver outsized return on marketing investment and flywheel effect for marketing activities, which enables us to establish a high quality pharmaceutical customer base and foster customer loyalty.

The following are two examples of how some of our healthcare customers have benefited from our solutions. We believe these examples are representative of customer experience generally and showcase our capabilities.

Case Study 1: Multi-national Company Entering China and Launching a New Drug

Company X is a multi-national pharmaceutical company in the process of entering the China market. It was looking to launch a new drug in China and planned to quickly gain awareness and acceptance among physicians in its target cities across China. Although Company X had started to recruit medical representatives to visit target physicians before the drug received approval for marketing, a purely offline marketing campaign could not meet Company X's expectation for a fast and cost-efficient marketing campaign. Hiring medical representatives and familiarizing them with a new drug takes significant time; the ability of medical representatives to cover a large number of physicians across the country through in-person interaction is also inherently limited.

Company X decided to partner with us to conduct precision digital marketing in 2018. We leveraged our data insights into physician background and preferences to identify physicians most likely to be interested in Company X's new therapeutic in its target cities and tailored the candidate group to Company X's goals. To achieve Company X's goals, we identified approximately 14,000 target physicians from over 2,000 hospitals in Company X's target cities. Such large number of physicians and hospitals cannot be effectively covered by medical representatives through physical visits. We launched a marketing campaign consisting of 18 series of precision marketing outreach. In aggregate, approximately 12,600 target physicians, which accounted for approximately 90% of the target physicians we initially identified, have clicked on and read our customized content. We developed highly engaging customized content based on physicians' feedbacks collected from our pre-marketing surveys and delivered the content through multiple channels in different formats based on our physician users' preferences and interests, driving user engagement and the effectiveness of the messaging. We tracked physicians' familiarity and acceptance of the new therapeutic through follow-up surveys to adjust our strategies and evaluate our marketing results.

According to a sales volume analysis conducted and provided by Company X following our marketing campaign, the sales volume of Company X's new drug to the targeted hospitals in 2018 experienced approximately 28% higher average growth rate compared to the average growth rate of the hospitals not covered by our marketing campaign. According to a market research and analysis conducted jointly by Company X and us, target physicians' awareness of Company X's new therapeutic improved by over 30% on average, and their willingness to prescribe such new therapeutic increased by approximately 35% on average after our marketing campaign.

Our solutions not only enabled Company X to successfully launch its new drug in target cities as the new drug gained significant acceptance among target physicians, but also significantly reduced Company X's marketing costs. Company X has continued to use our services since 2018.

Case Study 2: Multi-national Company in China Expanding Market for a Mature Drug

Company Y is a multi-national pharmaceutical company. Its products included a drug that had been on the market for ten years, and its sales in higher-tier cities, which were the core target markets for this drug, had reached saturation level. Company Y therefore wanted to expand into and increase its market share in hospitals located in lower-tier cities and rural areas. There are a large number of this type of hospitals, which are spread across different geographic locations. Due to their small scale, each of these hospitals was only expected to generate a small amount of prescriptions, so Company Y needed to spread the information about the drug to numerous hospitals in order to build a critical mass and achieve its sales target. Medical representatives could not effectively help Company Y reach these goals through in-person interaction.

Company Y came to us for an alternative and more effective marketing solution. We selected a large group of Company Y's target physicians and tailored the customized content for its drug to accommodate the level of expertise of these target physicians. From 2015 to 2021, we conducted 106 series of precision marketing outreach for Company Y, and a total of approximately 45,000 target physicians from approximately 25,000 hospitals located in lower-tier cities and rural areas have clicked on and read our customized content. We found key markets for Company Y to focus its future marketing efforts on from numerous target areas based on our analysis of physicians' feedbacks and prescription patterns following our marketing campaign.

According to a sales volume analysis conducted and provided by Company Y following our marketing campaign, the sales volume of Company Y's drug in the regions that were covered by our marketing campaign but not covered by medical representatives through physical visits increased by approximately 138% from 2016 to 2019. The same analysis shows the results of our marketing campaign achieved comparable results in terms of sales volume growth from 2016 to 2019 compared to the results in regions covered by medical representatives through physical visits. Our solutions reduced Company Y's marketing costs by 85% compared to physical visits by medical representatives, calculated based on the estimated average costs per physical visit according to the Frost & Sullivan Report.

Through our help, Company Y was able to reach a vast number of physicians in lower-tier cities and rural areas that it would not be able to reach through medical representatives in a cost-efficient manner, and also identified key markets to drive future revenue growth. Company Y has continued to use our services since 2015.

BUSINESS

Patients

Patients in China commonly experience considerable inconvenience and difficulty during their hospital visits, such as long commutes, long waiting time and lack of access to the right physicians. We launched our Internet hospital in 2021. Patients can conveniently receive medical advice and prescriptions from physicians who participate in our Internet hospital.

In addition, patients lack the knowledge about their conditions and may not continue the medications as advised. As a result, they often fail to achieve the expected outcomes from their treatments. Our chronic disease management services are designed to improve patients' treatment outcomes through educating patients about their health risks and prescribed medications and assisting them in managing and monitoring their specific conditions and treatment regimens.

Other Platform Participants

Our comprehensive solution offerings also allow us to serve other stakeholders of the healthcare system, such as medical researchers, hospitals, charitable organizations and CROs. For example, we offer an EDC system, which is a data management tool for clinical trials, and CDMS, which is designed to manage disease-specific clinical data generated in clinical practice, to hospitals.

Scale and Size of Our Platform Participants

The following tables present certain of our operating data demonstrating the scale and size of our key platform participants as of the dates and for the periods indicated:

	As of December 31,		
	2018	2019	2020
Number of registered users (<i>in millions</i>) . . .	2.5	3.0	3.5
Number of registered physician users (<i>in millions</i>).	2.0	2.2	2.4

	For the year ended December 31,		
	2018	2019	2020
Number of healthcare customers ⁽¹⁾	42	61	81

Note:

- (1) Represents the number of healthcare customers who purchased our precision marketing and corporate solutions during the period.

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We primarily monetize our large physician user base through our solutions for pharmaceutical and medical device companies. Our large physician user base and user analytics make us the platform of choice in precision digital healthcare marketing for pharmaceutical and medical device companies in China.

OUR MONETIZATION MODEL

We realize monetization by offering different solutions to address various needs of our platform participants. Our solutions are divided into three solution categories, namely, precision marketing and corporate solutions, medical knowledge solutions and intelligent patient management solutions. We derive most of our revenue from precision marketing solutions, which offer digital healthcare marketing services to pharmaceutical and medical device companies. Set forth below is a summary of our monetization model by solution category:

Precision Marketing and Corporate Solutions

Our precision marketing and corporate solutions consist of precision marketing solutions to healthcare customers and corporate solutions to healthcare customers, hospitals, research institutions and CROs.

Precision Marketing Solutions

The revenue model of our precision marketing solutions is primarily performance-based marketing services. Revenue from precision marketing solutions is derived from fees paid by pharmaceutical and medical device companies for digital detailing, digital marketing consulting and digital content creation services. Digital detailing, which delivers customized content to targeted physicians through multiple channels on our platform in an interactive way, accounts for most of the revenue from precision marketing solutions. We charge pharmaceutical and medical device companies for digital detailing primarily on a cost-per-click basis.

We generate revenue from pharmaceutical and medical device companies by leveraging our large physician user base, which has helped us develop insights into the background, behaviors and preferences of physicians utilizing AI and big data technologies. Benefiting from our large database and data insights accumulated through years of interactions with physicians, we are able to accurately deliver customized content sponsored by pharmaceutical and medical device companies to specific groups of physicians cost-efficiently. Such user analytics makes us the platform of choice in precision digital healthcare marketing for pharmaceutical and medical device companies in China.

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The attractiveness of our platform to pharmaceutical and medical device companies and the growth of our business are in part driven by the engagement of our physician users. A continued increase in the engagement of our physician users will lead to increase in the potential clicks from physician users on customized content. We attract and retain physician users and drive their engagement by offering high quality medical knowledge content, which is non-sponsored, editorial content, to satisfy physicians' needs for continuing medical education and clinical decision support. Most of our medical knowledge content is free of charge so we can cultivate and maintain a large physician user base. We will continue to grow our physician network and drive user engagement to capture more marketing spending by pharmaceutical and medical device companies.

Corporate Solutions

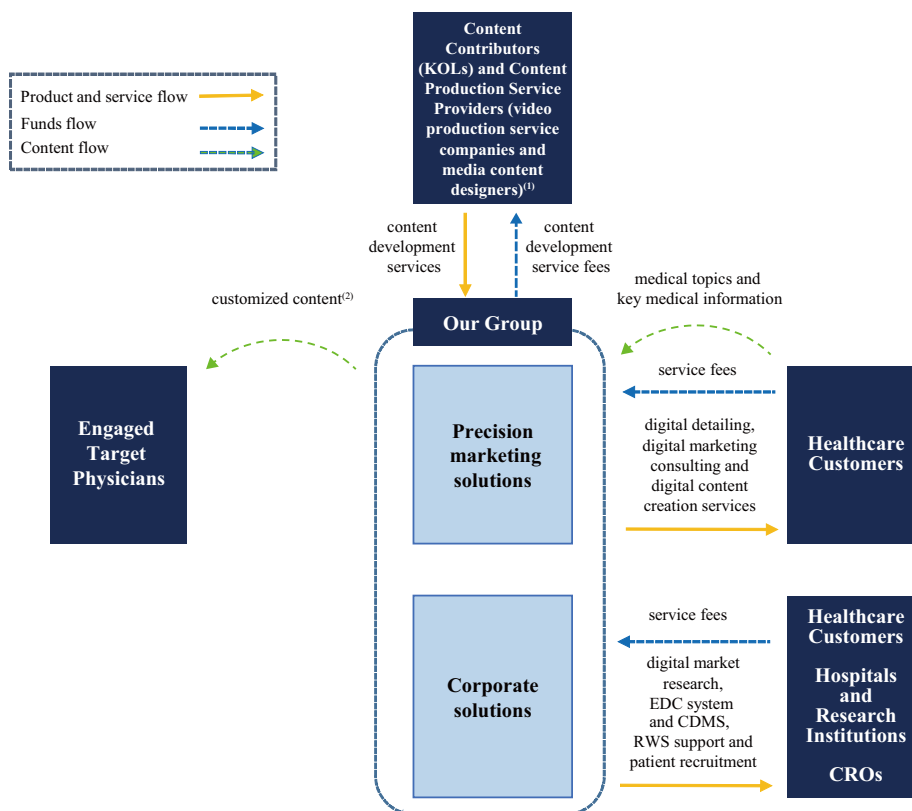
The revenue model of our corporate solutions is primarily software as a service (“SaaS”). Revenue from corporate solutions is primarily derived from fees paid by our healthcare customers, hospitals, research institutions and CROs, as applicable, for our digital market research, EDC and CDMS solutions, RWS support solutions, as well as patient recruitment service. Our EDC and CDMS solutions, as well as RWS support solutions are offered using SaaS model and we charge our customers periodic software licensing fees based on the duration of each project.

Our ability to generate revenue from offering SaaS services stems from our deep understanding of the industry and its needs for digitalization as well as our data technology. We also capitalize on our large physician user base to generate revenue by offering other corporate solutions. We invite our physician users to participate in surveys and RWS and to recommend suitable patients to enroll in clinical trials sponsored by pharmaceutical and medical device companies and charge fees for such services.

We have established a dedicated research organization, Medical Information Science Research Unit, to develop a deep understanding of new drugs and medical devices, as well as the application of technologies. We will grow the market share of our SaaS services by improving the quality and efficiency of our existing solutions and expanding the scope of our solution offerings. We will continue to cultivate our physician network to generate more revenue from and grow the market share of our other corporate solutions.

The flowchart set forth below illustrates our product and service flows and fund flows among our customers, us and certain of our suppliers, as well as content flows for our precision marketing and corporate solutions.

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Note:

- (1) Our content team collaborates with KOLs who are our content contributors in developing our content. Their expert views and opinions supplement our in-house content development capabilities. We engage content production service providers, such as video production service companies and media content designers, to provide scalability to facilitate the growth of our business.
- (2) Customized content is sponsored by pharmaceutical and medical device companies. Our content team works with pharmaceutical and medical device companies to develop customized content. See “Business — Content on Our Platform — Customized Content.”

Medical Knowledge Solutions

The revenue model of our medical knowledge solutions is primarily a membership model. We charge users annual membership fees for certain of our medical knowledge solution products, namely, *Clinical Guides* (臨床指南), *Reference Aid for Medicine* (醫學文獻王), *Clinical Drug Reference* (用藥參考) and *Medical Dictionary* (全醫藥學大詞典) solutions. Membership fee of one product entitles a paying user to paid access for that product only.

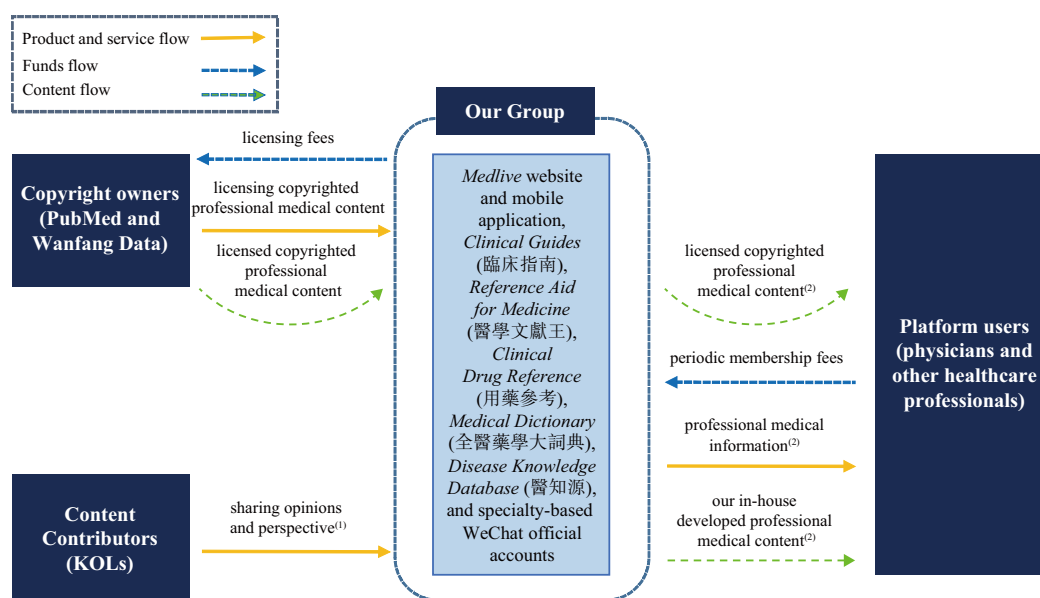
We offer a vast medical content library, which provides physicians and other healthcare professionals with a wealth of professional medical information wherever and whenever they need it to satisfy their needs for continuing medical education and clinical decision support. We use a

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freemium model to acquire paying users. Most of our medical knowledge content is free of charge, and users pay annual membership fees or per-download fees to access premium content, such as the latest clinical guides and information about new drugs.

We will grow our paying users by enhancing the quality and breadth of medical knowledge content available on our platform, particularly premium content, and providing more value-added services, such as disease knowledge database and comprehensive clinical decision support tools.

The flowchart set forth below illustrates our product and service flows and fund flows among our customers, us and certain of our suppliers, as well as content flows for our medical knowledge solutions.



Notes:

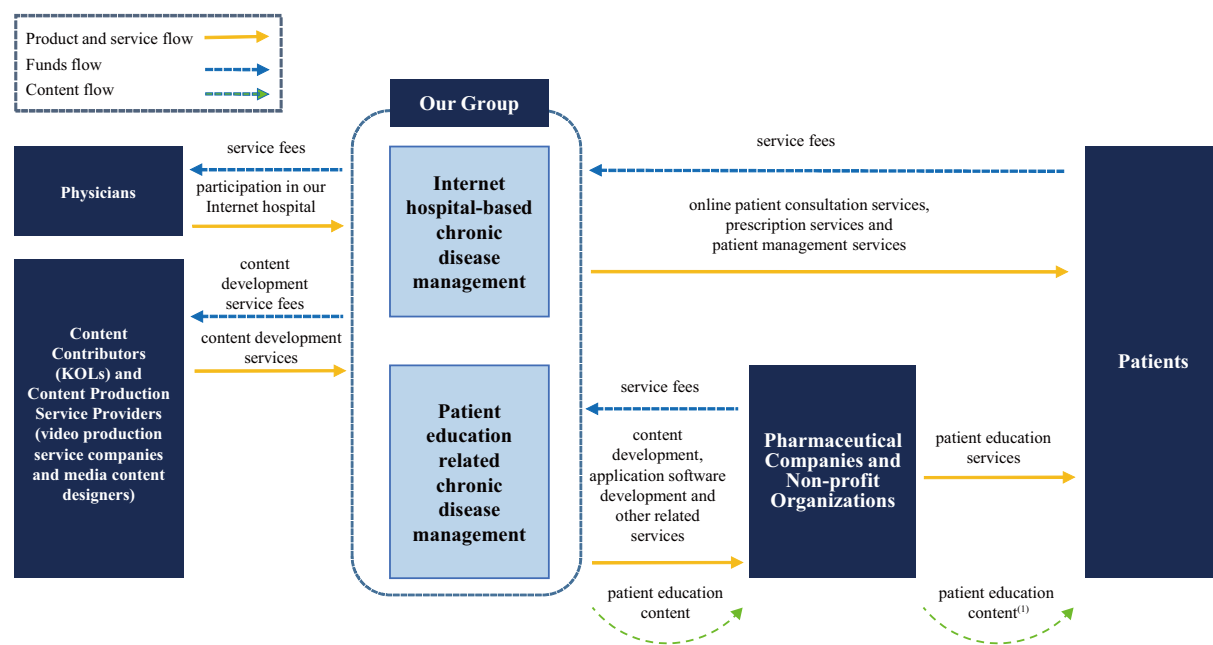
- (1) During the Track Record Period, we did not pay any consideration to KOLs who are content contributors in developing our medical knowledge content.
- (2) Our medical knowledge content contains professional medical information, which is non-sponsored, editorial content. Our medical knowledge content primarily includes content prepared by our own content team and content we obtain from third-party professional sources. See “Business — Content on Our Platform — Medical Knowledge Content.”

Intelligent Patient Management Solutions

We monetize our services through charging fees for developing web pages and patient education content for non-profit organizations with medical focus and pharmaceutical companies during the Track Record Period. We started to generate revenue from commissions on fees paid by patients for online consultation services and prescription services on our Internet hospital in 2021. We have not charged fees for other Internet hospital-based services, such as patient management services.

We will continue to develop our Internet hospital and explore new ways to monetize our Internet hospital-based patient management services. Our physician users help us invite targeted patients to join our Internet hospital platform. We provide patient management services on the platform to help them manage and monitor their specific conditions and treatment regimens and improve their treatment outcomes. As our patient user base grows, we may decide to charge patients fees for using our patient management services. In addition, prescription services of our Internet hospital further enhance the value of our platform to pharmaceutical and medical device companies and may offer us additional opportunities to collaborate with such companies in the future.

The flowchart set forth below illustrates our product and service flows and fund flows among our customers, us and certain of our suppliers, as well as content flows for our intelligent patient management solutions.



Note:

(1) Such content is published by our customers and does not constitute content on our platform.

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OUR SOLUTIONS

We have developed integrated solutions specifically designed to address different needs of healthcare companies, physicians, patients and other stakeholders of the healthcare industry. As described in the table below, we mainly offer three types of solutions, namely precision marketing and corporate solutions, medical knowledge solutions and intelligent patient management solutions.

<u>Solution Categories</u>	<u>Solutions</u>	<u>Representative Customers</u>
Precision marketing and corporate solutions	Precision marketing, including digital marketing consulting, digital content creation and digital detailing	Pharmaceutical and medical device companies
	Digital market research	Pharmaceutical and medical device companies
	EDC system and CDMS ⁽¹⁾	Hospitals and research institutions
	RWS support ⁽²⁾	Pharmaceutical and medical device companies
	Patient recruitment	CROs
Medical knowledge solutions	Professional medical information covering continuing medical education and clinical decision support, through <i>Medlive</i> website and mobile application, <i>Clinical Guides</i> (臨床指南), <i>Reference Aid for Medicine</i> (醫學文獻王), <i>Clinical Drug Reference</i> (用藥參考), <i>Medical Dictionary</i> (全醫藥學大詞典), <i>Disease Knowledge Database</i> (醫知源), and specialty-based WeChat official accounts	Physicians and other healthcare professionals

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Solution Categories	Solutions	Representative Customers
Intelligent patient management solutions	Chronic disease management services	Patients, pharmaceutical companies, and non-profit organizations

Notes:

- (1) Our EDC system is a data management tool for clinical trials; and our CDMS is designed to collect and manage disease-specific clinical data generated in clinical practice. See “— Precision Marketing and Corporate Solutions — EDC System and CDMS.”
- (2) Our RWS support solutions are designed to collect, manage and process real-world clinical data and to conduct statistical analysis. See “— Precision Marketing and Corporate Solutions — RWS Support.”

Precision Marketing and Corporate Solutions

Our precision marketing solutions enable pharmaceutical and medical device companies to efficiently reach target physicians and effectively convey information about prescription drugs and medical devices. These solutions consist of (i) precision digital detailing (including online meeting delivery), which are mainly offered under the *eMR* (e信使) and *eBroadcasting* (e脈播) brands, and (ii) digital marketing consulting and digital content creation. Our precision marketing solutions have proven ability to deliver outsized return on marketing investment and flywheel effect for marketing activities, which enables us to establish a high quality pharmaceutical customer base and foster customer loyalty. In 2020, 81 pharmaceutical and medical device companies used our precision marketing and corporate solutions, including 18 of the top 20 multi-national pharmaceutical companies by revenue in the world, as well as several major China-based pharmaceutical companies.

We also offer 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. Our digital market research is offered under the *eSurvey* (e調研) brand. Our clinical research solutions include EDC system and CDMS, RWS support and digital clinical patient recruitment.

In 2018, 2019 and 2020, our precision marketing and corporate solutions served 99, 144 and 191 products of our healthcare customers, respectively.

Precision Digital Detailing

Launched in 2014 and 2019, respectively, our *eMR* and *eBroadcasting* digital detailing solutions are designed as a substitute for the face-to-face representative interactions under the traditional medical sales model and deliver better return on investment for marketing activities. Our *eMR* function allows pharmaceutical and medical device companies to deliver customized content in text or multimedia formats to physicians. *eMR* also has a live chat feature, allowing physician users to chat with medical representatives. Our *eBroadcasting* function allows pharmaceutical and medical device companies to deliver sponsored medical programs in live or recorded format to, and conduct online meetings with, physician users.

Benefiting from our large data collection and data insights, we are able to accurately deliver customized content to specific groups of physicians based on criteria specified by our healthcare customers, such as specialties and locations. The high accuracy of our content delivery significantly improves the cost efficiency of healthcare customers' marketing spending and physician reach. We deliver customized content through multiple channels on our platform, including our website, mobile applications, desktop applications, WeChat mini-programs and WeChat official accounts.

We provide customized content interactively, providing physicians opportunities to actively engage with the customized content. As a result, we enable pharmaceutical and medical device companies to better understand physicians' preferences based on their level of engagement. *eMR* and *eBroadcasting* also serve as vehicles for medical representatives of our customers to connect directly with target physicians by reaching target physicians virtually through our platform. Medical representatives of our customers can communicate product updates to, and answer questions from, target physicians through *eMR* messaging function in an interactive way and conduct online meetings with target physicians or streaming medical programs through *eBroadcasting* function on our *Medlive* website and mobile application.

We enable healthcare customers to gauge the effectiveness of their marketing campaigns through objective statistical reports that we generate by leveraging our capability to track physician feedbacks and analyze marketing results in real time.

Screenshots illustrating the functionalities and features of *eMR* and *eBroadcasting* are set forth below:

eMR Interface for Physicians



eBroadcasting Interface for Physicians



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Our pricing terms vary depending on the delivery channels and are primarily determined on a cost-per-click basis. A healthcare customer can purchase a set amount of clicks based on the framework services agreement, and we may agree to guarantee a minimum number of clicks. We may also agree to guarantee a minimum number of targeted physicians that we will deliver customized content to. For online meeting or streaming services using *eBroadcasting* function, our service fees also take into account the number of meeting or streaming sessions. We may agree to waive service fee for a particular session, if the number of valid viewers (streaming more than certain amount of time) of such session does not reach the minimum number.

Digital Marketing Consulting and Digital Content Creation

We help pharmaceutical and medical device companies design cost-efficient marketing campaigns relating to drugs and medical devices and work with them to develop customized content relating to their products. We tailor the marketing strategies and the customized content for each product based on its stage in product life cycle, its competitive position, prescription patterns of target physicians and other relevant factors. Our advice covers all important aspects of a marketing campaign, such as duration, scope, content format and delivery channels. The customized content may be produced in both text and multimedia formats, such as graphics, short video and streaming, to better engage physicians' attention and make the marketing campaigns more effective. Such customized content is designed to give physicians information about various aspects of the products such as target indications, active ingredients, mechanism of actions, advantages, prescription dosage instructions and key cautions, which in turn allow them to make informed prescription decisions. We leverage our professional knowledge and insights into physicians' online behavior to create customized content that is both informative and engaging. We also develop customized content in collaboration with KOLs of the medical community, as we believe views and opinions of KOLs make the customized content more persuasive. We develop content that features KOLs sharing their thoughts in a variety of contexts, such as interviews with KOLs, medical programs hosted by KOLs, and KOLs' speeches at sponsored seminars and medical conferences.

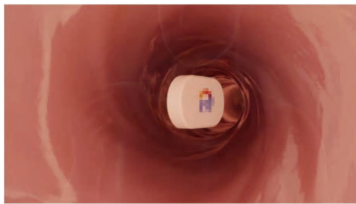
In 2020, we collaborated with over 600 KOLs in 15 specialties, including, among others, infectious diseases, pulmonology, psychiatry, urology, endocrinology, neurology, cardiovascular medicine, thoracic surgery, hematology and oncology. Most of these KOLs were directors, deputy directors, department directors and chief physicians of Class III hospitals located in large cities. In 2018, 2019 and 2020, we paid expert consultation fees in the amount of RMB0.7 million, RMB1.6 million and RMB7.7 million, respectively, to these KOLs.

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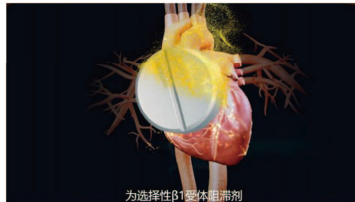
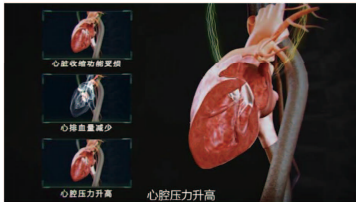
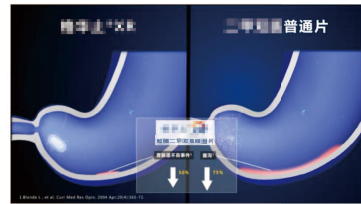
Pharmaceutical and medical device companies can select a specific topic when commissioning us to develop customized content. Our service fee varies depending on the topic. To enhance the effectiveness of a marketing campaign, we typically create a series of content relating to the same product and deliver the content over a period of time.

Screenshots illustrating customized content in format of animated video we created are set forth below.

Simulate drug delivery



Demonstrate advantages over comparable drugs



3D video illustrating the drug's mechanism of action

Our service fee for a particular marketing consulting project is determined based on the team size and time spent for the project.

Our service fee for digital content creation is based on the complexity of the customized content, which in turn depends on the specific product and customer's requests. Our pricing varies between basic service and customized service. Our basic service offers relatively standard content presentation, and our fee is based on the quantity and content format selected, such as graphics, short video and text. Our customized service entails tailored content creation based on customers' requests. For content using graphics and text format, our fee is based on the quantity and content format selected or the time spent on creating the graphics and text format content; for videos, our fee is based on the time spent on creating video content and the length of the video content.

Digital Market Research

We started offering *eSurvey* digital market research solution in 2010. Our solution entails a customized electronic survey commissioned by pharmaceutical and medical device companies that is targeted to a group of physicians selected based on specialty, years in practice and geographical location as requested by pharmaceutical and medical device companies.

We enable pharmaceutical and medical device companies to optimize survey design and accurately distribute surveys to target physicians. For example, physicians may overlook a drug for various reasons, such as unfamiliarity with its indications or side effects. Therefore, information as to physicians' knowledge and perception of a drug is critical to a pharmaceutical company's ability to conduct an effective marketing campaign for such drug.

Leveraging our understanding of customers' needs, our survey questions are designed to correctly gauge physicians' attitudes towards a product so that pharmaceutical and medical device companies can gain insights into their products that drive product improvements and optimization of marketing strategies. We selectively invite physicians based on criteria specified by pharmaceutical and medical device companies to participate in the surveys, thereby achieving high quality survey results. In addition, our insights into physicians' preference and areas of interest help improve the responsiveness of the physicians selected by us. Compared to traditional surveys that are often conducted by phone, fax, e-mail, regular mail or face-to-face interviews, *eSurvey* provides significantly better physician reach and targeting, faster results and analysis and better cost efficiency due to our large physician network, data insights and technological infrastructure.

Our service fee for *eSurvey* is primarily based on the number of physicians covered by a survey and the complexity of the questionnaire. A survey typically includes 30 to 400 physicians depending on the specific survey objective. We may agree to a minimum number of surveys collected. We pay a portion of this fee to the survey participants as an incentive for them to participate in such surveys. We also charge a fee for our questionnaire design and results analysis.

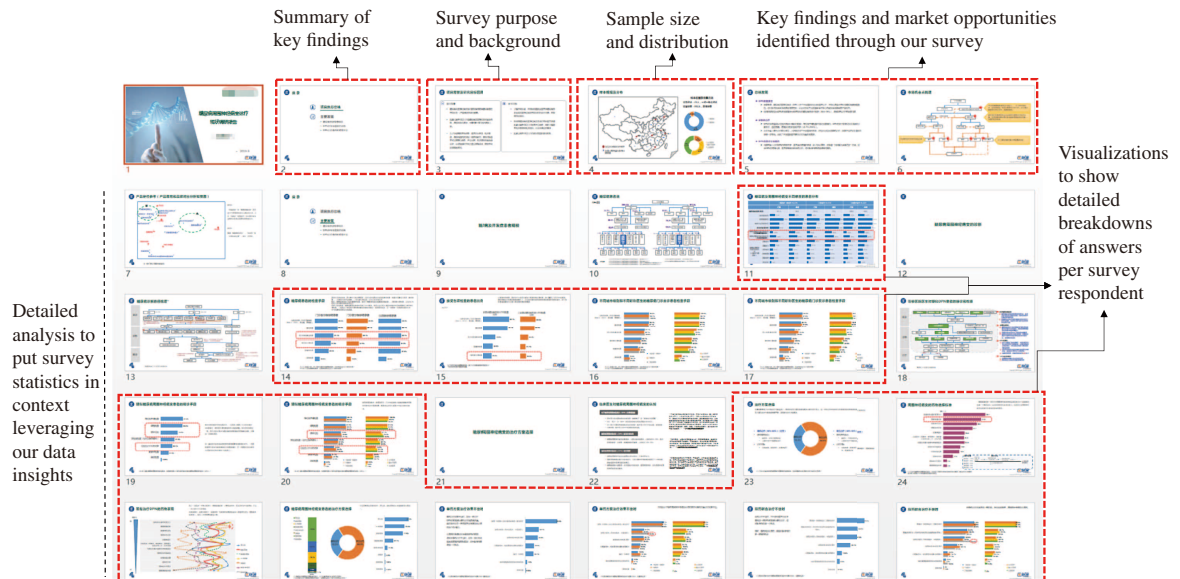
Our PRC Legal Adviser is of the view that we should not be liable for any potential claims of personal data breaches in connection with providing *eSurvey* digital market research solutions on the basis that we are in compliance with the applicable PRC data protection and privacy laws and we do not collect any personal data of survey participants during surveys or include any such personal data in the survey results and analysis we deliver to our healthcare customers.

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Screenshots illustrating the functionalities and features of *eSurvey* interface for physicians are set forth below.



Screenshot illustrating survey results and analysis delivered to pharmaceutical and medical device companies is set forth below.



Material Clauses and Terms of Agreements

Customers of our precision marketing solutions and digital market research are primarily pharmaceutical and medical device companies. Terms and arrangements of our services vary based on the type and nature of the services requested by our customers. Our framework services agreements for precision marketing solutions and digital market research typically have a term of up to one year. Pricing varies based on the type and nature of services provided as described above. In determining our pricing strategies, we take into account a variety of factors, such as market demand, anticipated market trends and the prices of our competitors' products. We believe our pricing strategies are in line with the market trends. Customers typically agree to make payment (i) each time we perform a discrete service or (ii) at each milestone of a project, depending on the type and nature of the services. We typically grant our customers a credit term of 60 to 120 days.

When necessary, our customers provide us with access to their data and IT systems. We are required to comply with applicable laws and regulations as well as agreements with our customers regarding personal information collection and data protection when collecting, processing or managing personal information. We typically agree that the intellectual property rights of all work products produced under the agreement belong to the customers. We are typically required to guarantee that the content we created does not infringe on any third-party's rights, including intellectual property rights and trade secrets. We typically represent and warrant to our customers that we have obtained the requisite licenses and permits and will comply with applicable laws and regulations as well as agreements with our customers in connection with performing our services. As is customary in the industry, we do not carry insurance covering potential breach of our representations or warranties.

EDC System and CDMS

We offer EDC system and CDMS under our *eClinicalResearch* (e研通) brand. Our EDC system is a data management tool for clinical trials, which is offered to hospitals, CROs, research institutions and pharmaceutical companies. Our EDC system automates key tasks in clinical research, such as data collection, reporting, query resolution, randomization and validation, case report form printing, electronic signature and Source Data Verification (“SDV”). Our EDC system incorporates various coding or diagnostic standards, including Systematized Nomenclature of Medicine — Clinical Terms (“SNOMED CT”), the International Statistical Classification of Diseases and Related Health Problems 10th Revision (“ICD10”), the Common Terminology Criteria for Adverse Events (“CTCAE”), the Response Evaluation Criteria in Solid Tumors (“RECIST”) and the Clinical Data Acquisition Standards Harmonization (“CDASH”) maintained by the Clinical Data Interchange Standards Consortium (“CDISC”). Furthermore, our EDC system can be directly connected to various systems of clinical research institutions, such as the Hospital

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Information System (“HIS”), the Laboratory Information System (“LIS”) and the Picture Archiving and Communication Systems (“PACS”), which enables automatic data extraction to improve data accuracy and input efficiency. In addition, the system is multilingual, which is convenient for the deployment of international clinical trials. We offer the EDC system using a SaaS business model and charge customers periodic software licensing fees based on the duration of each project. Our CDMS is designed to collect and manage disease-specific clinical data generated in clinical practice, which is offered to hospitals and research institutions. Our CDMS can build disease-specific database using customized data set. For example, in 2016, we built an EDC system for a hospital to collect and manage its clinical data for neurological diseases, which does not require traditional manual data input. This EDC system can automatically extract relevant patient records from the hospital database and be continuously updated as new clinical data are being generated.

Under our agreements with our customers, we only provide SaaS services, including system development and maintenance services, which can be used by our customers to collect, manage and process clinical data and to conduct statistical analysis. After our hospital customers or the hospitals with whom our customers collaborate collect clinical data, such as patients’ medical records, with patients’ prior consents, we store such data in our data centers pursuant to the agreements with our customers, and these data are processed and analyzed by our customers using our solutions. We are not involved in disease diagnosis, treatment, clinical trials, research or any other clinical practice, and are not responsible for collecting, analyzing or distributing clinical data or the accuracy thereof. As such, we do not believe we should be liable for any potential claims of personal injury or other harm caused by our customers in connection with their clinical practice and therefore do not carry insurance for any such potential claims. According to the Good Practice for Clinical Trials of Drugs (Revised in 2020) (《藥物臨床試驗質量管理規範(2020修訂)》), the sponsor shall provide the investigator and the clinical trial institution with legal and economic insurance or guarantee in connection with the clinical trial, and ensure that such insurance or guarantee is appropriate to the nature and degree of risks of the clinical trial. Our PRC Legal Adviser is of the view that the likelihood that we should be liable for any potential claims of personal injury or other harm caused by our customers in connection with their clinical practice is remote.

RWS Support

Our RWS support solutions are dedicated to support pharmaceutical companies and medical institutions’ real-world evidence-based research. Such research is designed to collect and study data related to drugs’ effects in the real-world environment, particularly clinical evidence of potential benefits and risks of the drugs. Our RWS support solutions enable pharmaceutical companies to effectively collect and analyze real-world clinical data. Our RWS support solutions utilize our EDC system to collect, manage and process real-world clinical data and to conduct

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statistical analysis. Through analyzing patients' use of the drugs being studied and the effects in the real world after such drugs are launched and comparing these findings with the clinical data under optimal conditions, our solutions help customers identify potential benefits and risks of the drugs and help improve the drugs' safety and effectiveness. We offer the RWS support in the form of SaaS and charge customers periodic fees based on the number of patients involved in the RWS. For example, in 2020, we provided RWS support solutions to a real-world evidence-based research on myelofibrosis diagnosis and treatment. Leveraging our large physician base, we were able to invite a large group of physicians to participate in the research and provide the relevant clinical data.

Under our agreements with our customers, we only provide SaaS services, such as EDC system services, to our customers, which can be used by our customers to collect, manage and process real-world clinical data and to conduct statistical analysis. After our hospital customers or the hospitals with whom our customers collaborate collect clinical data, such as patients' medical records, with patients' prior consents, we store such data in our data centers pursuant to the agreements with our customers, and these data are processed and analyzed by our customers using our solutions. We are not involved in disease diagnosis, treatment, clinical trials, research or any other clinical practice, and are not responsible for collecting, analyzing or distributing clinical data or the accuracy thereof. As such, we do not believe we should be liable for any potential claims of personal injury or other harm caused by our customers in connection with their research and therefore do not carry insurance for any such potential claims. Our PRC Legal Adviser is of the view that the likelihood that we should be liable for any potential claims of personal injury or other harm caused by our customers in connection with their research is remote.

Patient Recruitment

We help pharmaceutical and medical device companies as well as CROs conduct patient recruitment for clinical trials. We perform this service by leveraging our physician network and software technology. We invite our physician users to recommend suitable patients for clinical trials and are able to efficiently reach target patients and quickly meet planned enrollment targets. Once we are engaged to provide patient recruitment service for a clinical trial, we reach out to our physician users of the relevant specialty and invite them to recommend suitable patients. We generally do not pay physicians for their recommendations. In selecting physicians, we take into account their locations and prioritize physicians located in close proximity to the clinical trial site to increase the chances of finding patients close to the site. Our physician users recommend suitable patients to us with such patients' names, contact information and the names of the disease diagnosed, which we forward to clinical trial sites. If selected, patients will enter into consent letters directly with clinical trial sites, such as a clinical trial center, and we are not a party to such arrangement. We do not pay any consideration or benefits to patients in connection with our patient recruitment service. We charge our customer service fees based on the complexity of

diseases and the number of patients to be recruited. For example, in 2017, we provided patient recruitment service to a CRO for a clinical trial on a new drug treating Crohn's disease. As there were a few similar drugs conducting clinical trials at the same time, such CRO could not meet its patient enrollment target on time, which delayed its clinical trial process. Benefiting from our large physician network, we were able to help the CRO meet the patient enrollment target through suitable patients recommended by our physician users.

Under the applicable PRC laws and regulations, the sponsors of the clinical trials, such as pharmaceutical and medical device companies, and the CROs could be liable for potential personal injury or other harms from the drugs or devices tested on patients in connection with the clinical trials. We are not sponsors of the clinical trials; and we do not provide research services or have contractual relationship with patients. As such, we do not believe we should be liable for any potential claims of personal injury or other harms sustained by the patients recruited by us and therefore do not carry insurance for any such potential claims. According to the Good Practice for Clinical Trials of Drugs (Revised in 2020) (《藥物臨床試驗質量管理規範(2020修訂)》), the sponsor shall provide the investigator and the clinical trial institution with legal and economic insurance or guarantee in connection with the clinical trial, and ensure that such insurance or guarantee is appropriate to the nature and degree of risks of the clinical trial. Our PRC Legal Adviser is of the view that the likelihood that we should be liable for any potential claims of personal injury or other harm caused by our customers in connection with their clinical practice is remote.

Medical Knowledge Solutions

Our medical knowledge solutions are built around our comprehensive and up-to-date professional medical content library. Our 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, such as medical representatives and researchers of pharmaceutical companies. Our medical knowledge solutions deliver professional medical information through multiple user-friendly channels, including our website, mobile applications, desktop applications, WeChat mini-programs and WeChat official accounts.

Medlive (醫脈通) website serves as a gateway for physicians and other healthcare professionals to discover and access the rich PGC, powerful tools and applications and customized content as well as to post and access UGC on our platform. Physicians can stay abreast of the latest medical information, learn more about prescription drugs and medical devices and share practice tips and clinical case reports in one place. Our *Medlive* mobile application extends the user experience onto mobile phones and tablets, which allows users to conveniently access content on our platform wherever and whenever they need it. Most of the content on *Medlive* website and mobile application is available to registered physicians free of charge.

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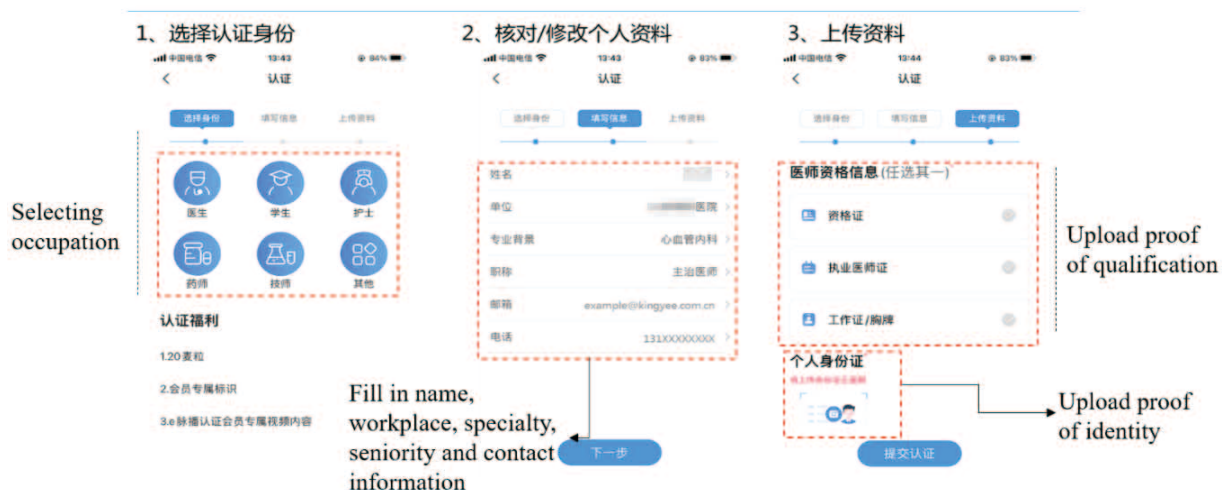
In addition to our *Medlive* website and mobile application, we have developed a set of tools and applications to deliver the medical knowledge solutions on our *Medlive* platform, which include *Clinical Guides* (臨床指南), *Reference Aid for Medicine* (醫學文獻王), *Clinical Drug Reference* (用藥參考), *Medical Dictionary* (全醫藥學大詞典), *Disease Knowledge Database* (醫知源), and specialty-based WeChat official accounts. While we provide free access to most of the content on our platform, users must pay periodic membership fees for certain products to access the full array of content and features of such products. In addition to purchasing a membership, users may also pay a per-download fee to access a specific piece of content, such as clinical guide.

- ***Clinical Guides* (臨床指南).** Available through both mobile application and our website, the *Clinical Guides* solution aggregates the latest clinical references, providing critical support to practicing physicians. Most content on *Clinical Guides* is available to registered physicians free of charge. Certain latest clinical guides are only available to members who pay periodic membership fees.
- ***Reference Aid for Medicine* (醫學文獻王).** Available through desktop application and WeChat mini-program, *Reference Aid for Medicine* is a powerful tool for searching and managing medical literature in multiple languages as well as writing research papers. Registered users can cite up to 30 research articles free of charge when writing papers using *Reference Aid for Medicine*. There is no citation limit for members who pay periodic membership fees.
- ***Clinical Drug Reference* (用藥參考).** Available through desktop application, mobile application and our website, *Clinical Drug Reference* offers physicians comprehensive information on prescription drugs. Registered users can access most of the content free of charge. Certain additional resources, such as information relating to new drugs, are only available to members who pay periodic membership fees.
- ***Medical Dictionary* (全醫藥學大詞典).** Available through desktop application, mobile application and our website, *Medical Dictionary* features a comprehensive English-Chinese bilingual medical dictionary and a powerful translation tool. Registered physicians can access most of the terms on *Medical Dictionary* free of charge. Additional medical terms are only available to members who pay periodic membership fees.
- ***Disease Knowledge Database* (醫知源).** Available through WeChat mini-program, our *Disease Knowledge Database* solution offers comprehensive information to support the diagnosis and treatment of specific diseases. As of December 31, 2020, we developed a

dedicated mini-program for tumors, and we plan to develop additional mini-programs for other major disease categories. Currently, registered physicians can access all content on *Disease Knowledge Database* free of charge.

- **Specialty-based WeChat official accounts.** We maintain WeChat official accounts for major medical specialties. Information available through such channels primarily include practice guides, clinical case studies and expert opinions relating to the relevant specialties. Physicians can subscribe to these WeChat official accounts based on their specialties or areas of interest. As of December 31, 2020, we had 21 specialty-based WeChat official accounts. Currently, registered physicians can access all content on the specialty-based WeChat official accounts free of charge. Followers of our WeChat official accounts may participate in discussions, share practice tips and post their opinions and thoughts as comments to content on our WeChat official accounts, which enable us to create lively forums for professional discussions.

Users are required to register and log on before accessing medical knowledge content and clinical decision support tools on our *Medlive* (醫脈通) platform. After a user registers on our platform through one of our solutions, the user can use the same log on credentials to access our other solutions. We also encourage users to authenticate their status as physicians, and only count a user as “registered physician user” when such user has provided information regarding their qualification as a licensed physician (執業醫師) or a licensed assistant physician (執業(助理)醫師) during our physician authentication process and we can verify such information through the government database maintained by the National Health Commission of China. We verify every new authentication application. We restrict customized content to registered physician users. Through the authentication process, we are able to collect physicians’ proof of qualification and detailed background information, which allows us to accurately deliver customized content and medical knowledge content to target physicians. Screenshots of the physician authentication process on our platform are set forth below.



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The following table summarizes users' access rights by product and user category:

Products	Non-registered users	Registered users (including registered physician users)	Paying users
<i>Medlive</i> website	Limited access	All resources other than those that are limited to paying users under specific products	All resources
<i>Medlive</i> mobile application	Limited access	All resources other than those that are limited to paying users under specific products	All resources
<i>Clinical Guides</i> mobile application (臨床指南)	Limited access	All resources other than certain latest clinical guides	All resources including the latest clinical guides for an annual membership fee of RMB148 ⁽¹⁾
<i>Reference Aid for Medicine</i> desktop application (醫學文獻王)	No access	Cite up to 30 research articles free of charge	All articles available without citation limit for an annual membership fee of RMB99 ⁽¹⁾
<i>Clinical Drug Reference</i> mobile application (用藥參考)	Limited access	All resources other than selected resources, such as information relating to new drugs	All resources including selected resources for an annual membership fee of RMB99 ⁽¹⁾

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Products	Non-registered users	Registered users (including registered physician users)	Paying users
<i>Medical Dictionary</i> desktop application (全醫藥學大詞典) . .	No access	All resources other than certain medical terms	All resources including additional medical terms for an annual membership fee of RMB99 ⁽¹⁾
<i>Disease Knowledge Database</i> (醫知源) WeChat mini-program	Limited access	All resources	No paying users
21 specialty-based WeChat official accounts	All resources	All resources	No paying users

Note:

(1) As of December 31, 2020. Membership fee of one product entitles a paying user to paid access for that product only. For example, paying a membership fee of RMB99 for *Clinical Drug Reference* does not entitle the user to paid access for *Medical Dictionary*.

Our *Medlive* platform is widely recognized by physicians in China as a trusted source for comprehensive and up-to-date professional medical information. As of December 31, 2020, our *Medlive* platform had approximately 3.5 million registered users, around 2.4 million of whom were licensed physicians, representing approximately 58% of all licensed physicians in China as of the same date, according to the Frost & Sullivan Report. We believe that, as our platform is indispensable in physicians' daily clinical work, we have reached a high level of user engagement. In 2018, 2019 and 2020, approximately 14.1 thousand, 88.0 thousand and 159.3 thousand of our registered users were paying users. Our paying users as of these dates included registered physician users and other registered users, which included other healthcare professionals, such as medical students and pharmacists, and users who did not specify their occupations during the registration process. In addition to paying users, pharmaceutical companies also use our medical knowledge solutions to satisfy their needs for professional medical information. In 2018, 2019 and 2020, there were seven, seven and nine pharmaceutical companies that purchased our medical knowledge solutions. The following table sets forth a breakdown of our paying users for the periods indicated:

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	For the year ended December 31,		
	2018	2019	2020
		<i>(in thousands)</i>	
Registered physician users	10.2	45.3	92.1
Other registered users	3.9	42.7	67.2
Total	14.1	88.0	159.3

The following table sets forth a breakdown of revenue derived from periodic membership fees for the periods indicated:

	For the year ended December 31,		
	2018	2019	2020
		<i>(RMB in thousands)</i>	
Registered physician users	560	3,452	6,571
Other registered users	29	361	912
Pharmaceutical companies	590	804	921
Total ⁽¹⁾	1,179	4,617	8,404

Note:

- (1) We also generate revenue from per-download fees paid to access a specific piece of content on our platform. In 2018, 2019 and 2020, revenue derived from such fees was RMB171 thousand, RMB694 thousand and RMB709 thousand, respectively.

The average spending per paying registered physician user on medical knowledge solutions, which is calculated by dividing the revenue generated from membership and per-download fees paid by registered physician users for using our medical knowledge solutions in a relevant year by the corresponding number of registered physician users who paid such fees in the year, was RMB58.1, RMB76.3 and RMB75.3 in 2018, 2019 and 2020, respectively.

Intelligent Patient Management Solutions

Our 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, as well as (ii) condition-specific patient education services in collaboration with non-profit organizations. Prescription services of our Internet hospital further enhance the value of our platform to pharmaceutical and medical device companies and may offer us additional opportunities to collaborate with such companies in the future.

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Chronic disease management services are condition-specific services and tools that are designed to help physicians effectively manage their patients and educate patients about their specific conditions and treatment regimens and improve their treatment outcomes. Failure to adhere to prescribed medication regimens is one of the principal reasons that patients do not achieve the expected outcomes from their treatments. We provide patients with an objective and trusted source of information about their health risks and prescribed medications, and assist them in managing and monitoring their conditions and treatment regimens. Better patient adherence not only improves patients' treatment outcomes but also helps pharmaceutical companies grow sales.

Internet Hospital

We launched our Internet hospital in February 2021, representing a major step forward in the application of our intelligent patient management solutions. Our Internet hospital combines our clinical decision support services with patient management tools, empowering physicians to effectively and accurately provide online consultation and efficiently follow up with their patients after initial consultations. Patients can conveniently receive medical advice and prescriptions from physicians who participate in our Internet hospital. Our Internet hospital is integrated with our patient management services. Our physician users help us invite targeted patients to join our platform. We do not pay any consideration or benefits to physicians for inviting patients to our platform. We provide patient management services on the platform to help them manage and monitor their specific conditions and treatment regimens and improve their treatment outcomes. Our Internet hospital-based chronic disease management currently focuses on post-stroke management and will gradually expand to other chronic diseases in the future. Other providers of digital chronic disease management services also support diabetes, respiratory diseases, liver and gallbladder diseases and chronic infection diseases. Launched in February 2021, our post-stroke management service had accumulated over 15,000 registered patients as of the Latest Practicable Date. By integrating information collected through online consultation and prescription services, our chronic disease management module tracks patients' treatment regimen details. Enabled by AI technologies, the patient interface sends medication reminders and customized chronic disease management suggestions, which are designed to help educate patients about their conditions and improve their quality of life. Physicians can use the chronic disease management module to keep track of patient adherence through physician interface.

We have developed a seamless multi-step online consultation and prescription process for our Internet hospital. Patients who use our online consultation and prescription service start by submitting consultation requests through the patient interface. Such requests are transmitted to the physician interface, through which physician users provide online consultation and prescription services. When patients receive medical advice and prescriptions from the physicians, they can purchase prescribed drugs from a third-party pharmacy that we collaborate with through the patient interface. The third-party pharmacy is solely responsible for fulfilling patients' orders and delivery

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of the drugs. Patients can choose to pay the third-party pharmacy directly upon receipt of the drugs or make payments for the drugs through our patient interface. For payments made through patient interface, we periodically transfer the full amount of funds we receive from patients to the third-party pharmacy. As of the Latest Practicable Date, we have not generated any revenue from drug sales or dispensing in connection with our Internet hospital services. We operate the patient interface and physician interface of our Internet hospital through Yimaihutong, which possesses the Online Drug Information Offering License, and Yinchuan Yimaitong, which possesses the Medical Institution Practicing License, respectively. Our PRC Legal Adviser is of the opinion that our Company is in compliance with the applicable PRC laws and regulations in the process of the aforementioned drug distribution in connection with our Internet hospital services.

We rely on external physicians to provide consultation and prescription services on our Internet hospital, who are not our employees. As of the Latest Practicable Date, over 4,200 external physicians had registered on our Internet hospital. All these physicians are practicing at offline hospitals with requisite qualifications and are selected through our rigorous verification process. We enter into service agreements with our external physicians at the time they register on our Internet hospital, pursuant to which our external physicians provide patients with online consultation and prescription services subject to relevant rules and regulations. External physicians represent and warrant to us in the service agreements, among others, that (i) they have provided true and accurate information to us and (ii) they will provide consultation and prescription services in compliance with the applicable laws and regulations. We have the right to suspend or terminate external physicians' accounts on our platform if we find or have reason to suspect the information provided by external physicians' to be inaccurate or untrue, if they violate the terms of the service agreements, or under any other circumstances that we deem fit. External physicians agree that we can deal with and resolve medical complaints and claims arising from external physicians' services. The service agreements also provide that the external physicians will receive net consultation fees after we deduct commissions from the gross fees paid by patients on a monthly basis. The amount of net consultation fees will be based on our review of their performance. Currently, our revenue from Internet hospital-based patient management solutions is primarily derived from such commissions. We have not charged fees for other Internet hospital-based services.

We carry and pay for professional liability insurance covering medical malpractice claims for external physicians that have provided consultation and/or prescription services on our platform. With respect to any external physician, such insurance becomes effective at the time of the initial service rendered by such physician and has retrospective effect with respect to any conduct that took place within one month prior to such date. Our insurance does not cover physicians that have only registered on our Internet hospital but have not provided any services.

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As of the Latest Practicable Date, external physicians who provided consultation and/or prescription services on our Internet hospital had registered with relevant authorities to practice on our platform. We have a rigorous screening and verification process in place before any physicians can register on our platform and start providing consultation and prescription services. We review the background information and supporting documents submitted by physicians to us including with respect to their current positions, qualifications, education and work experiences. We require external physicians to strictly adhere to the work scope and quality requirements specified in their service agreements in compliance with applicable legal and regulatory requirements. We review their qualifications to ensure that they are authorized to provide consultation and prescription services and send their qualifications to competent governmental authorities for their review. We only allow physicians who have the relevant qualifications and licenses, and have registered our medical institution in their licenses to provide consultation and/or prescription services on our platform. The profile information of external physicians displayed on our platform needs to be tailored according to their qualifications and licenses and is subject to our internal review. We monitor the compliance records of external physicians through (i) manually reviewing the records related to the consultation services provided on our platform on a daily basis and (ii) periodically verifying the practicing status of the external physicians through the government database maintained by the National Health Commission of China. In addition, we operate a patient service hotline that allows patients who use our Internet hospital services to make complaints. As of the Latest Practicable Date, we have not received any such complaints. We have procedures to regularly analyze cases where a patient makes a complaint and sample the consultation records of the external physicians to identify the reasons for such complaint. We also monitor the volume of consultations conducted by external physicians and their response rates. As our Internet hospital is still at its early stage, we implement a flexible consultation policy for external physicians, which does not impose mandatory attendance schedule or require minimum time spent on our platform. Once a patient makes an online consultation appointment with a physician on our Internet hospital, our system monitors the status of the appointment and sends timed reminders to such physician if the appointment has not been responded. We will cancel any appointment that is not responded within 24 hours and refund the patient's consultation fee. Based on the foregoing factors, among other things, we have established an evaluation system that imposes penalties, such as suspending or terminating external physicians' accounts, on external physicians providing unsatisfactory service quality.

Patient Education Services

We collaborate with non-profit organizations in offering our condition-specific patient education services. Patients can access our services and tools through our partner non-profit organizations' WeChat official accounts or websites to learn about their conditions and treatment regimens. Leveraging our expertise in information technology, we help partner non-profit organizations develop websites, WeChat mini-programs and WeChat official accounts to deliver

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patient education content. We developed a patient education system, which is a software and content system consisting of different software modules and patient education content that our customers can adopt to build their websites, WeChat mini-programs and WeChat official accounts, depending on the functions, such as automated Q&A, that our customers choose to implement and the specific disease to cover. We receive service fees from our partner organizations for web pages and content developed. Our service fees are charged based on web modules and the types of content format selected. As of December 31, 2020, our chronic disease management services offered in collaboration with charitable organizations covered 10 diseases, including cerebral stroke, breast cancer, chronic myelogenous leukemia, thalassemia, primary myelofibrosis, renal cell carcinoma, melanoma, neuroendocrine tumors, multiple myeloma and rheumatoid arthritis. For example, in 2020, we developed a WeChat official account for a non-profit organization to educate patients about breast cancer. Leveraging our medical knowledge graph and disease knowledge database, we built an AI-powered, automated chatbot that can answer patients' frequently asked questions about breast cancer rehabilitation.

Our PRC Legal Adviser is of the view that we should not be liable for any medical liability claims in connection with providing patient education services on the basis that such services do not involve any activities related to online consultation, Internet hospital services or remote medical services. Our PRC Legal Adviser is of the view that we should not be liable for any damages caused by inaccuracies or use or misuse of the patient education content on the basis that (i) such content is published by our partner non-profit organizations and we are not the publisher of such content, (ii) such content has been reviewed by our partner non-profit organizations before being published, and (iii) our agreements with partner non-profit organizations do not require us to indemnify them for any damages caused by inaccuracies or use or misuse of the patient education content.

RESEARCH AND DEVELOPMENT

Our research and development efforts primarily focus on improving the user-friendliness of our existing solutions, designing new solutions for our users, and optimizing and enhancing our technological infrastructure. We incurred RMB12.2 million, RMB15.0 million and RMB15.7 million of research and development expenses in the years ended December 31, 2018, 2019 and 2020, respectively, accounting for 14.5%, 12.4% and 7.4% of our revenue during the same periods, respectively.

Our talented research and development team and robust technological infrastructure enable us to continuously introduce new innovations and offer high quality user experience. As of the Latest Practicable Date, our research and development team consisted of 106 members, including research scientists at our Medical Information Science Research Unit, as well as engineers and specialists of our technology team and product development team. Our technology team includes big data

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engineers that maintain our database and develop our data technology, security and risk management engineers that focus on cybersecurity and risk control, infrastructure maintenance engineers that maintain the stability of our platform, as well as platform development engineers that develop and implement solutions on our platform. Our product development team includes engineers and former healthcare professionals with extensive knowledge about healthcare industry dedicated to designing and developing the features of our website and mobile applications. Our core technologies, such as AI and big data, knowledge graph and natural language processing, are developed and maintained by our research and development team. See “— Our Technology” for further details.

Medical Information Science Research Unit

Our strong technological capabilities underpin the rapid growth of our business. We have established our Medical Information Science Research Unit, our research organization dedicated to developing a deep understanding of the new drugs and medical devices, as well as the application of technologies, such as AI, big data and natural language processing, to our solution offerings, and designing and developing solution offerings to best provide for the needs of the pharmaceutical and medical device companies.

Our Medical Information Science Research Unit is headed by Mr. Tian Lixin, our president, with Mr. Tian Lijun, our chief technology officer, and Mr. Jiang Nan, our medical director, as deputy heads. As of the Latest Practicable Date, our Medical Information Science Research Unit had five medical research scientists, three technology research scientists and three algorithm research scientists.

Our medical research scientists are responsible for conducting research in the field of medical ontology, studying medical data collection standards, such as CDASH maintained by the CDISC and its application, as well as building our medical knowledge graph. Our technology research scientists are responsible for keeping abreast of new technologies, studying standard medical taxonomies and language systems as well as their application, such as SNOMED CT, MESH, UMLS, ICD, ATC, ICH-MedDRA and LOINC, and implementing knowledge graph in the medical field. Our algorithm research scientists are responsible for developing and optimizing machine learning, deep learning and natural language processing algorithms.

Systematized Nomenclature of Medicine — Clinical Terms, or SNOMED CT, is a universal, multilingual clinical healthcare terminology, which encompasses a vast amount of human and non-human concepts, providing codes, terms, synonyms and definitions used in clinical documentation and reporting. We leverage the concepts and structure of SNOMED CT to build our knowledge graph.

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Medical Subject Headings, or MESH, is a comprehensive controlled vocabulary for indexing journal articles and books and is primarily used in medical information research. We applied MESH in our *Reference Aid for Medicine* (醫學文獻王). MESH terms can be used to search medical literature in major databases, such as PubMed.

The Unified Medical Language System, or the UMLS, is a set of files and software that integrates many health and biomedical vocabularies and standards to enable interoperability between computer systems. We use UMLS to build our *Disease Knowledge Database* (醫知源), which facilitates the translation of knowledge information using different terminology systems and the consolidation thereof.

International Statistical Classification of Diseases and Related Health Problems, or ICD, is the international standard for health data, clinical documentation, and statistical aggregation and a coding system for all clinical and research purposes. We use the tenth version of ICD (ICD-10) to code diagnostic results of patients using our Internet hospital, which not only satisfies the regulatory requirements on record-keeping but also accumulates clinical data for our clinical decision support tools.

Anatomical Therapeutic Chemical, or ATC, is an international drug classification system that classifies the active ingredients of drugs according to the organ or system on which they act and their therapeutic, pharmacological and chemical properties. We apply ATC to classify drugs supported by our *Clinical Drug Reference* (用藥參考).

Medical Dictionary for Regulatory Activities, or ICH-MedDRA, is an international medical terminology used by regulatory authorities and the healthcare industry during the regulatory process, both before and after a product has been authorized for sale. ICH-MedDRA is designed to classify a wide range of types of adverse events. We apply ICH-MedDRA in the adverse events module of our EDC system to standardize the recording of adverse events.

Logical Observation Identifiers Names and Codes, or LOINC, is a universal code system and standard for health measurements, observations, and documents, which is designed to assist in the electronic exchange and gathering of clinical results. We embed LOINC terminology in the laboratory testing module of our EDC system, which can be used to generate standardized case report form.

CONTENT ON OUR PLATFORM

High-quality medical information is vital to our success. Our platform offers both medical knowledge content and customized content. Users can conveniently access our content across the interfaces that we operate, including our website, mobile applications, desktop applications,

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WeChat mini-programs and WeChat official accounts. Our medical knowledge content primarily includes content prepared by our own content team and content we obtain from third-party professional sources, which account for approximately 82% and 14%, respectively, of the content on our platform in terms of the number of articles and videos as of December 31, 2020. Customized content accounts for approximately 4% of the content on our platform in terms of the number of articles and videos as of December 31, 2020. Our content team collaborates with KOLs who are our content contributors in developing our content. In 2020, we collaborated with over 600 KOLs in 15 specialties, including, among others, infectious diseases, pulmonology, psychiatry, urology, endocrinology, neurology, cardiovascular medicine, thoracic surgery, hematology and oncology. Most of these KOLs were directors, deputy directors, department directors and chief physicians of Class III hospitals located in large cities. A small portion of our content is based on opinions and perspective from these KOLs. We pay expert consultation fee to KOLs as reasonable compensation for their time spent, which is a fixed fee. In 2018, 2019 and 2020, we paid expert consultation fees in the amount of RMB0.7 million, RMB1.6 million and RMB7.7 million, respectively, to the KOLs that we collaborated with. In 2018, 2019 and 2020, we incurred licensing fees for content obtained from third-party professional sources in the amount of RMB0.5 million, RMB0.5 million and RMB0.5 million, respectively.

As of December 31, 2020, content offered under medical knowledge solutions accounted for approximately 96% of the total content on our platform in terms of the number of articles and videos. All content offered under medical knowledge solutions was prepared without any input or sponsorship from our healthcare customers. Approximately 83% of the content offered under medical knowledge solutions was genuinely and independently prepared by our content team, approximately 12% was obtained from third-party professional sources, approximately 3% was prepared by our content team based on opinions and perspective from KOLs we collaborate with, and approximately 2% was generated by our users. As of December 31, 2020, content offered under precision marketing and corporate solutions accounted for approximately 4% of the total content on our platform in terms of the number of articles and videos, which is evidence-based customized content. All content offered under precision marketing and corporate solutions was sponsored by our healthcare customers. All such content was prepared by our content team based on the medical topics and key medical information provided by our healthcare customers, while approximately 33% of which was also prepared based on opinions and perspective from KOLs we collaborate with and approximately 12% of which was also prepared based on videos produced by content production service providers. All such videos produced by content production service providers were based on medical content developed and designed by us using topics and information provided by our healthcare customers. As of December 31, 2020, content offered under intelligent patient management solutions accounted for less than 0.1% of the total content on our platform in terms of the number of articles and videos, a majority of which was genuinely and

independently prepared by our content team and a very small portion of which was content licensed from third-parties on recommendation of our customers. We did not receive any payment or consideration for posting such recommended content.

Editorial Policies and Standards

Content published by us on our platform can only be edited by us, and is not open to our users for editing. UGC posted on our platform can be edited by its author. We have the right to remove any UGC.

We recognize and maintain a distinct separation between customized content, which is sponsored by pharmaceutical and medical device companies, and medical knowledge content which is non-sponsored, editorial content. We take meaningful steps to ensure that our users can easily distinguish between customized content and medical knowledge content. We restrict customized content to registered physician users, and non-physician users do not see customized content. Customized content is primarily delivered to and consumed by physician users through *eMR* and *eBroadcasting*, which are designated interfaces on our platform for customized content distribution and interactions between medical representatives and physicians. In addition, we include customized content headlines in tailored feed list of content that we recommend to registered physician users. Registered physician users receive their personalized content feeds on *Medlive* website and our mobile applications based on their profiles and prior behaviors. Customized content is clearly and prominently labeled as sponsored and can be easily identified by physician users. Customized content denotes “promotion” directly underneath such content. The placement of customized content headlines in the feed list for a specific physician user is tailored to such physician’s reading preference and area of interest, among other factors related to their profiles and prior behaviors. Depending on these factors, a headline of customized content may appear before the headlines of medical knowledge content for one physician user but may not appear in the content feed for another physician user or may appear after the headlines of medical knowledge content. Aside from the relevance to individual physician users, we also rank different customized content headlines in a feed list by time posted.

We do not distribute customized content through search system. Once a search query is made, we identify and aggregate content relevant to a search query and rank such content based on relevance. We do not include customized content in any search results.

We do not compensate the KOLs we collaborate with based on the performance of the customized content developed, and do not incentivize them to generate paid clicks for customized content. KOLs and members of our content team do not receive any commissions on the number of paid clicks. We pay expert consultation fee to KOLs we collaborate with to develop content as reasonable compensation for their time spent, which is a fixed fee not tied to the performance of

the content developed. We take into account various factors when evaluating compensation for the members of our content team, including content quality and user engagement with medical knowledge content. Operating metrics related to customized content, such as number of paid clicks, are not contributing factors when evaluating their compensation.

In addition to developing content, we collaborate with our physician users in providing patient recruitment service and Internet hospital-based patient management services. We invite our physician users to recommend suitable patients for clinical trials that engage us to recruit patients. We generally do not pay physicians for their recommendations. Our physician users help us invite targeted patients to join our Internet hospital platform. We do not pay physicians for inviting patients to our platform.

Medical Knowledge Content

We focus on offering medical knowledge solutions to improve physicians' clinical skills for over 20 years and have accumulated a vast medical content library. Our platform provides physicians and other healthcare professionals with a wealth of professional medical information wherever and whenever they need it, which satisfies their needs for continuing medical education and clinical decision support. The professional medical information on our platform includes research summaries, medical news and video programs mainly on our *Medlive* website and mobile application, as well as medical knowledge content on our specialized applications, primarily including *Clinical Guides*, *Clinical Drug Reference* and *Disease Knowledge Database*. Our content library is easily searchable. We identify and aggregate content relevant to a search query and rank such content based on relevance.

Our medical knowledge content contains professional medical information, which is non-sponsored, editorial content. Our medical knowledge content primarily includes content prepared by our own content team and content we obtain from third-party professional sources. Approximately 83% of the content offered under medical knowledge solutions was genuinely and independently prepared by our content team, approximately 12% was obtained from third-party professional sources, approximately 3% was prepared by our content team based on opinions and perspective from KOLs we collaborate with, and approximately 2% was generated by our users.

Our content team regularly produces in-depth interpretations of the latest clinical researches, clinical guides, medical conference proceedings and clinical case reports collected around the world, which are adapted to accommodate our physician users' different levels of expertise and reading preferences. Our content team collaborates with medical experts to identify highly influential articles. These interpretations or research summaries make significant medical discoveries published abroad more accessible to physicians and medical researchers in China. Our content team also selectively conducts research on key clinical issues and produces comprehensive

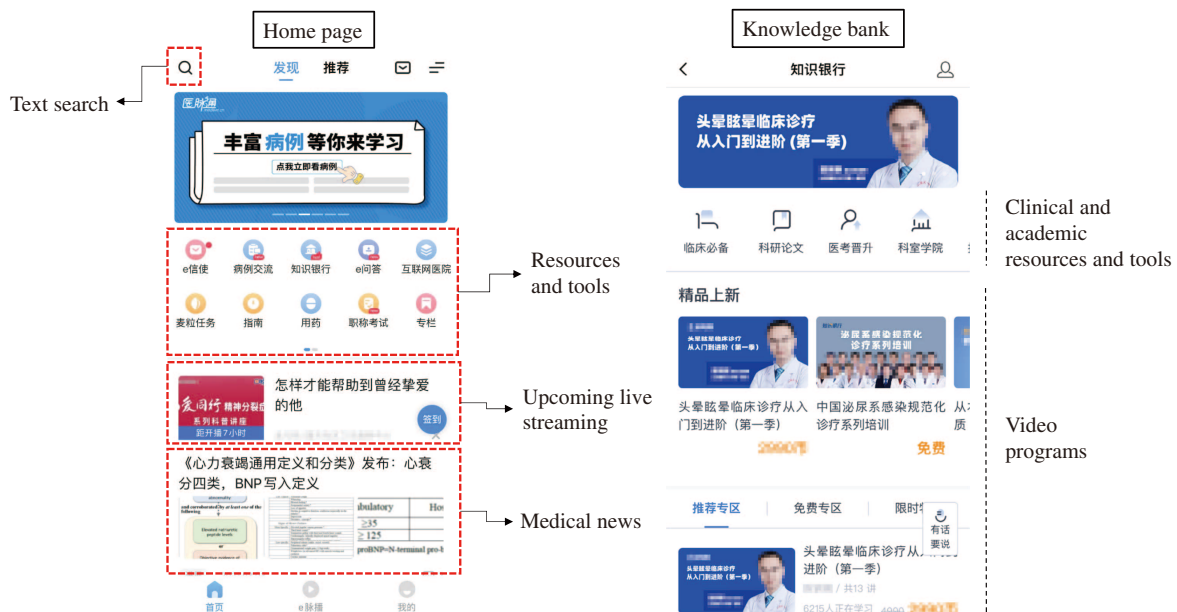
literature reviews of the existing knowledge on the topic or research articles on a specific clinical issue. In addition, members of our content team participate in medical conferences both domestically and overseas as journalists and write news articles about topics discussed at such conferences and/or interviews with medical experts or newsmakers at the conferences. We invite physician users to share their clinical experience and techniques from time to time, and our content team reviews their submissions, work with the authors to refine their works and eventually publish such works as articles in our medical knowledge database.

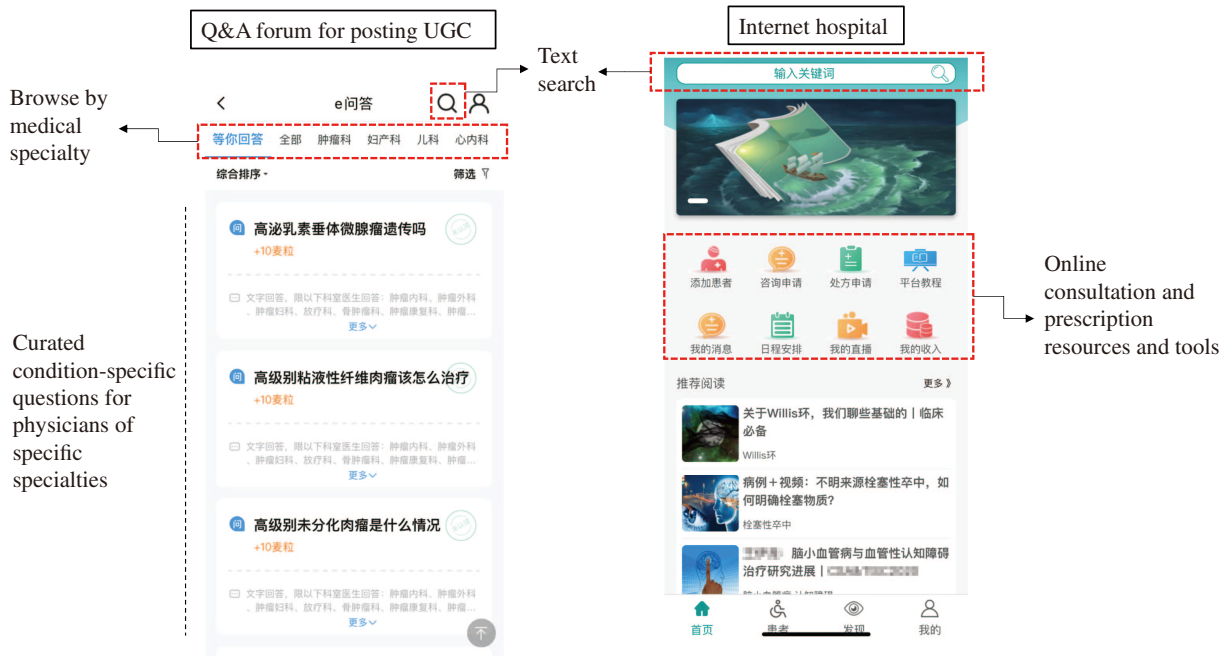
Research Summaries, Medical News and Video Programs

Our *Medlive* website and mobile application serve as gateways for physicians and other healthcare professionals to discover and access the rich PGC and UGC on our platform. Physicians can stay abreast of the latest medical information, such as notable research articles, medical news and video programs. On *Medlive* website, content is organized by specialty, and we have created separate pages for 28 major specialties.

Our *Medlive* mobile application allows users to conveniently search and access PGC as well as post and access UGC on their mobile phones and tablets.

Screenshots illustrating the functionalities and features of *Medlive* mobile application are set forth below.





Most of the content on *Medlive* website and mobile application is available to registered physicians free of charge. Main categories of content on our *Medlive* website and mobile application include:

- *Research Summaries.* Our content team collaborates with medical experts to identify highly influential articles in English language medical journals and produce summaries of these articles in Chinese with expert opinions and perspectives. Our research summaries make significant medical discoveries published abroad more accessible to physicians and medical researchers in China. As of the Latest Practicable Date, we posted summaries of over 66,000 research articles on our platform.
- *Medical News.* We provide up-to-date coverage of medical news and medical conferences in both text and multimedia formats. Our in-house journalists and editorial staff prepare news articles covering a variety of topics, such as new drugs, interviews with medical experts, important medical conferences and public health issues. Our platform also aggregates news content relevant to physicians from multiple professional online media sources.
- *Video Programs.* We collaborate with leading medical experts to produce video programs, which are available both as live webcasts and on-demand videos. In such videos, medical experts share their views on professional topics, and the programs offer valuable education resources for other physicians. In 2020, we produced approximately 10,000 videos covering 22 specialties on our platform.

Clinical Guides

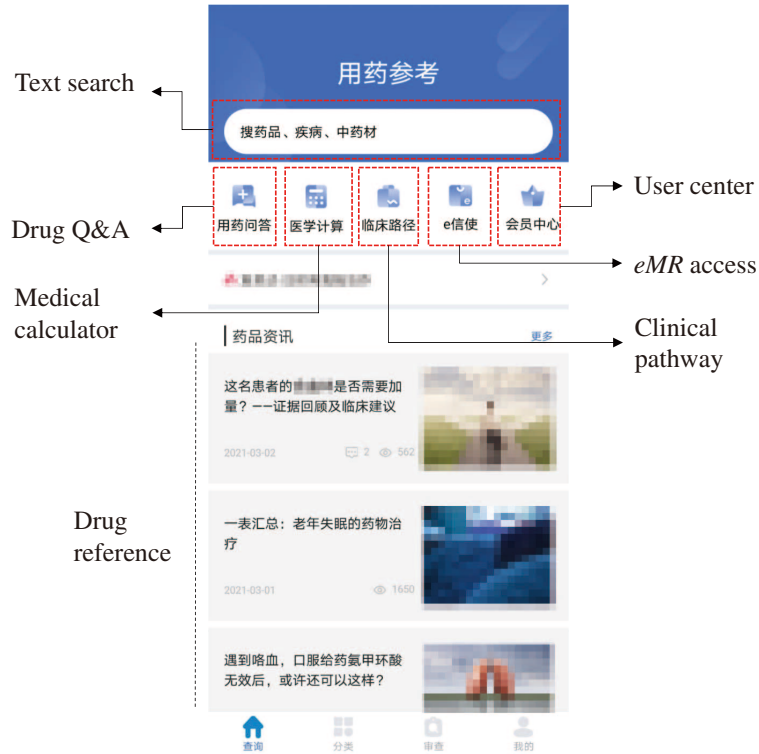
The *Clinical Guides* solution aggregates the latest clinical references, providing clinical decision support to physicians. As of the Latest Practicable Date, *Clinical Guides* offered over 12,000 clinical guides published by medical authorities in China and overseas. *Clinical Guides* also offer Chinese translations of certain guides that were initially published in foreign language to make them more accessible by Chinese physicians. Physicians are able to search guides by key words or browse content based on publication time, specialties and publishing authorities.

Screenshot illustrating the functionalities and features of the *Clinical Guides* mobile application is set forth below.



Clinical Drug Reference

Available through desktop application, mobile application and our website, *Clinical Drug Reference* offers physicians comprehensive information on prescription drugs. As of the Latest Practicable Date, our *Clinical Drug Reference* solution offered prescribing information for over 30,000 prescription drugs, and over 100,000 guides on drug interactions and incompatibility. The solution also offers other relevant information to physicians, such as drug alerts, new drug developments and medical news. Screenshot illustrating the functionalities and features of the *Clinical Drug Reference* mobile application is set forth below.



Disease Knowledge Database

Available through WeChat mini-program, our *Disease Knowledge Database* solution offers comprehensive medical information to support the diagnosis and treatment of specific diseases. As of December 31, 2020, we developed a dedicated mini-program for tumors, and we plan to develop additional mini-programs for other major disease categories. Our solution offers physicians evidence-based, timely and interactive support that can be acted on at the point of care. It integrates relevant information on the covered diseases from our other clinical decision support tools, such as *Clinical Guides* and *Clinical Drug Reference*, for physicians to conveniently access in one place. The solutions also presents summaries of latest research results, expert opinions and recommended practices for diagnosis and treatment. As a result, our solution enables physicians to conveniently locate the information they need without checking multiple sources. In addition, the mini-program features a peer support venue where physicians can exchange opinions and seek advice from others in real time.

Screenshots illustrating the functionalities and features of *Disease Knowledge Database* are set forth below.



In addition, we offer medical research tools, namely *Reference Aid for Medicine* and *Medical Dictionary*. *Reference Aid for Medicine* aggregates major databases for medical literature, such as PubMed and Wanfang Data, and major search engines for medical literature. The solution enables users to conveniently search medical literature and create customized medical literature libraries. It

also offers helpful management tools for users to organize articles, add commentaries and conveniently cite saved articles. *Medical Dictionary* offers valuable support to Chinese physicians in various professional settings, such as study of English language medical literature or communication of medical knowledge in English language. The solution covers over five million terms relating to clinical practice, basic medical sciences, molecular biology, drugs, medical devices, traditional Chinese medicine and other relevant fields. *Medical Dictionary* also offers several translation functions, including translating entire English language articles into Chinese and identifying texts in images included in articles and translate such texts.

We have the intellectual property rights to all self-developed medical knowledge content, including the ownership and publishing rights. For licensed content, we have the right to use the content within the authorized scope, including making the content available on our platform.

Customized Content

We work with pharmaceutical companies to develop customized content that is designed to support physicians' prescription decisions. For example, customized content can help physicians formulate diagnosis of the relevant disease, understand the indications and side effects of a drug, differentiate a drug from competing products and/or prescribe the correct dosage. The types of customized content include introductory guide to specific diseases and treatment, explanatory note to clinical guides and other medical literature, clinical case reports, expert opinions, reference related to mechanism of drug action and chemical characteristics. We creatively design the content in both text and multimedia formats, such as graphics, animated video, video featuring KOLs and streaming, to drive user engagement. Our customized content creation process includes the following key steps:

- ***Craft Medical Script.*** Our creation process starts from identifying the medical topics and key medical information that our customers want to communicate. We then transform such topics and medical information into engaging medical script.
- ***Generate Creative Presentation Script.*** We evaluate the content types and formats that can best present the medical script and generate creative presentation script leveraging our data insights.
- ***Create Initial Work Product.*** We create the initial work product based on the medical script and presentation script and support it with evidence-based analysis and KOL opinions. Depending on the content format, this step may include layout design, video capture, video editing, visual effects design, graphics design processing, and sound mixing using various digital techniques.

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- **Expert Review.** The initial work product undergoes a rigorous review process by medical experts in the field, medical teams of our customers and our senior editors and is refined accordingly.

Customized content is edited by our content team based on materials provided by our customers and we require customized content to be evidence-based. Although our content team has discretion in developing customized content, our customer's approval is required before we deliver the content to physician users. We typically agree that the intellectual property rights of all work products produced under the agreement belong to the customers. In compliance with applicable laws and regulations related to prescription drugs, customized content regarding prescription drugs is accessible to registered physician users only.

Our Content Team

We have a dedicated content team which consisted of 62 full-time medical experts and 30 full-time digital marketing content designers as of the Latest Practicable Date. Mr. Jiang Nan, our medical director, the chief editor of our content team and a deputy head of our Medical Information Science Research Unit, oversees our content team. Mr. Jiang worked as a physician at a prominent Chinese hospital before joining us and has over seven years of experience in the medical information technology industry. Over 98% of our full-time medical experts have a degree in healthcare or related fields, including clinical medicine, pharmacy, biomedical engineering, medicinal chemistry, nursing, biochemical engineering and organic chemistry. All of them had prior experience in the healthcare industry, including as practicing physician, or were our homegrown talent. As of the Latest Practicable Date, our full-time medical experts on average had approximately five years of experience in the healthcare industry following obtaining their degree in healthcare and related fields. The team is in charge of developing customized content relating to prescription drugs and medical devices for our customers. We take into account various factors when evaluating compensation for the members of our content team, including content quality and user engagement with medical knowledge content. Operating metrics related to customized content, such as number of paid clicks, are not contributing factors when evaluating their compensation.

The content team also actively manages the vast volume of PGC on our platform to offer physicians the most up-to-date information, such as clinical guides and drug references. In addition, the team translates certain content into Chinese to make it more accessible to Chinese physicians and is responsible for preparing summaries of high-impact medical developments, covering industry news and conferences and creating video programs featuring KOLs. Leveraging our strong brand recognition in the medical community, we are able to collaborate with key providers of professional medical information.

UGC

Our *Medlive* platform provide forums that enable interactions amongst our physician community across our products to further reinforce the engagement on our platform. Registered physicians are able to post UGC, such as practice tips and clinical case reports, on physician forums on our *Medlive* platform website and mobile applications. They may also participate in discussions, contribute to our *Disease Knowledge Database*, as well as share reactions and thoughts to content on our platform in different formats, such as writing articles and producing video programs. Our WeChat official accounts and specialty-based WeChat mini-programs also serve as forums for our followers to post UGC. The UGC on our *Medlive* platform often contains professional insights that are highly valuable and relevant to other physicians. Screenshots below illustrate UGC posting on our specialty-based WeChat mini-programs and its uploading process.



Pursuant to the terms and conditions of our platform, the intellectual property rights to the UGC posted on our platform belong to the author of such UGC.

Content Standards

We have adopted internal policies and practices relating to content standards designed to foster our relationships with physicians and other healthcare professionals. We endeavor to draw medical information from reliable reputable sources for our medical knowledge content. We select medical information primarily based on clinical utility and scientific value. We also consider the levels of evidence used in accordance with the professional standards for evidence-based medical research, comprehensiveness, conciseness and timeliness. We require customized content to be evidence-based and do not publish inaccurate, biased or malicious content.

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Our policies set out detailed screening guidelines for customized content and PGC, including independent assessments of the methodologies and evidence used in the content and observance of professional standards. For example, we require customized content to focus on academic discussions and include reference citations or endorsement from KOLs to support the information contained therein, and we do not allow marketing statements such as guaranteed treatment effects. These documentation and standard requirements enable us to review and verify the information contained in the content independently.

We primarily rely on our content team, which included 62 full-time medical experts as of the Latest Practicable Date, to screen and review customized content and PGC in accordance with our guidelines, and our content team will examine various aspects of the content, such as propriety, accuracy, completeness, and quality (including objectivity, utility, and integrity). We have set up editorial teams by specialty, with each team having at least three editors. Each piece of customized content and PGC is first cross reviewed by other members of an editorial team and approved by the chief editor of the team before we publish it on our platform. The editorial team will invite the chief medical editor of our platform and our head of platform operations to jointly review the content if the team's internal review cannot determine the quality and originality of the content. If uncertainty remains after the joint review, we invite KOLs in the field to make a final decision.

In addition, we screen UGC for potential copyright infringement and other violations of platform rules. We place strong emphasis on content screening and monitoring to ensure that the UGC on our platform does not contain any content that may jeopardize the quality of our content library and that the publication and distribution of the UGC fully complies with the applicable laws and regulations. We require our users to represent that their content does not violate applicable laws and regulations, or infringe on any third-party's legal rights before posting it on our platform.

All UGC, including commentary content, is first screened by an automated filtering system offered by a third-party vendor, which identifies and flags suspicious content for manual review and further action by our platform operation and customer service team based on a regularly updated repository of keywords, according to the latest laws and regulations in China. Our manual screening procedure is multi-layered, with each piece of flagged content subject to review and cross-review by different staff in our platform operation and customer service team. We also encourage our users to help us with our content screening and monitoring efforts. To the extent any problematic content has been posted on our platform, we promptly remove such content as soon as we identify it, including when we are notified or made aware by copyright owners.

We provide medical knowledge content primarily to satisfy physicians' needs for continuing medical education and clinical decision support, and limit the distribution of customized content to registered physician users. We include disclaimers on our platform and caution our users that

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content on our platform is for information purposes only and is not intended to serve as a source for medical advice or the basis of any clinical decision, and that we cannot guarantee the accuracy or the completeness of the content on our platform. As such, we do not believe we should be liable for any potential claims of personal injury or other harm arising from any use or misuse of or any inaccuracies in the content we publish or provide and therefore do not carry insurance for any such potential claims. However, although not experienced by us in the past, we may be subject to claims brought against us by users if they suffer any damages caused by such inaccuracies or such use or misuse of the information on our platform, which may be time-consuming and divert the attention of our management. See “Risk Factors — We may be held liable for information displayed on, retrieved from or linked to our platform or created by us, which may adversely affect our business and results of operations.” We primarily rely on our internal policies and practices relating to content standards to control the quality of the content we publish or provide.

OUR TECHNOLOGY

Our Core Technologies

Our core technologies include AI and big data, knowledge graph and natural language processing.

AI and Big Data

We utilize AI and big data to distribute content to target physicians accurately, which enables us to both enhance user experience and capture significant monetization opportunities. Leveraging our large physician user base and high user engagement on our platform, we have developed a database of physician background and behavior data. Our user tagging system precisely analyzes such data and develop insights as to user preferences. We deliver personalized and curated content to physicians and help them discover desired content quickly. We are continually refining our content recommendation algorithms to improve the relevance of content we recommend to physicians. We also use our big data analytics capabilities to help pharmaceutical companies accurately reach target physicians.

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The following table summarizes the application of AI and big data analytics in our solutions.

<u>Solution Categories</u>	<u>Application of AI and Big Data Analytics</u>
Precision marketing and corporate solutions	We have built a comprehensive labeling system leveraging our medical knowledge graph. We apply machine learning algorithms to automate the process of finding patterns and assigning tags in the labeling system to customized content. Using AI and big data technologies, we conduct deep learning on physician users' profiles, such as specialty, reading preference and app usage habits with a large database of physician background and behavior data accumulated through decades of interactions with physicians. Customized content is distributed to physicians based on the correlations established by data analytics and machine learning algorithms between their profiles and tags assigned to content. Such AI-enabled content tagging and recommendation mechanism significantly improves the accuracy and efficiency of our content delivery as well as user experience, achieving more precise marketing.
Medical knowledge solutions	We apply machine learning algorithms to automate the process of finding patterns and assigning tags in our labeling system to medical knowledge content. We deliver personalized and curated content to physicians based on the correlations established by data analytics and machine learning algorithms between their profiles and tags assigned to content and help physicians discover desired content quickly.
Intelligent patient management solutions	We have built a database of standard Q&A pairs leveraging our medical knowledge graph. We utilize deep learning to train our algorithms for natural language processing with large sets of text annotated based on parts of speech, meaning and sentiment, which helps us better understand patients' questions. Patients' questions are answered by AI-enabled, automated chatbot based on correlations established by advanced machine learning algorithms between the questions and the standard Q&A pairs in our database. This reduces patient education costs and improves user experience.

Knowledge Graph

Our knowledge graph is a knowledge base that uses a graph-structured data model to store and organize content. We build our knowledge graph by extracting semi-structured and unstructured data from our content library and classifying such data into different entities and relationships. Our knowledge graph transforms immense multi-element and multi-modal data into a holistic semantic network containing hundreds of thousands of nodes and hundreds of thousands of relationships. As a result, our content library is easily searchable. We identify and aggregate content relevant to a search query and rank such content based on relevance, thereby reducing search time and enhancing user experience.

Natural Language Processing

We have developed advanced translation capabilities using natural language processing technologies. For example, we are able to mine bilingual sentence pairs through natural language processing, which helps us accurately translate complex medical terms and phrases. In addition, natural language processing improves our content understanding and recommendation algorithms to optimize the personalized recommendation results.

DATA PROTECTION AND PRIVACY

We are committed to complying with data privacy laws and protecting the security of user data. We collect and store data when providing our solutions with prior consent from our users and other platform participants in accordance with applicable laws and regulations.

- ***Precision Marketing Solutions.*** In offering precision marketing solutions, we collect, process and use physician users' behavior data with respect to the customized content we deliver for our healthcare customers, such as time spent by physician users on a specific piece of customized content. We collect such data directly from our physician users, store such data in our data centers and do not share such data with any third party. As authorized by our physician users when registering on our platform, such data is collected, used and processed for the purpose of developing insights into their background, engagements and preferences, optimizing our customized content and improving our ability to precisely deliver relevant content to physician users. We do not use such data for any other purpose.
- ***Corporate solutions.*** We do not collect data in offering EDC system, CDMS and RWS support solutions. We only provide SaaS services to our customers, which can be used by our customers to collect, manage and process clinical data and to conduct statistical analysis. We are not involved in disease diagnosis, treatment, clinical trials, research or

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any other clinical practice, and are not responsible for collecting, analyzing or distributing clinical data or the accuracy thereof. After our hospital customers or the hospitals with whom our customers collaborate collect clinical data, such as patients' medical records, with patients' prior consents, we store such data in our data centers pursuant to the agreements with our customers, and these data are processed and analyzed by our customers using our solutions. We do not share such data with any third party or use such data for our business. In offering patient recruitment service, we invite our physician users to recommend suitable patients, and our physician users do so by providing suitable patients' names, contact information and the names of the disease diagnosed, which we forward to clinical trial sites. We do not process or store such data and do not share such data with any other third party. Pursuant to the agreements between patients and our physician users, such data is collected and used for the purpose of patient recruitment for clinical research. We do not use such data for any other purpose. In offering digital market research solutions through *eSurvey*, we invite our physician users to participate in surveys to gauge their attitudes towards our healthcare customers' products. We collect, process, use and store survey participants' responses to our surveys with their consent. We prepare survey results and analysis based on such responses for our healthcare customers. We do not use data related to such responses for any other purpose. We do not collect any personal data of survey participants during surveys or include any such personal data in the survey results and analysis we deliver to our healthcare customers. Pursuant to the agreements with our customers, we will be liable to our customers in the event of data loss due to our failure to perform obligations in connection with storing and/or transmitting data. We agree with our customers that we do not use data collected by them and will be liable for any breach of such agreement. We do not believe we should be liable to any third-parties, including our customers, for any data loss or misuse caused by our customers.

- ***Medical knowledge solutions.*** In offering medical knowledge solutions, we collect, process and use users' background data and behavior data with respect to the medical knowledge content we offer on our platform, such as users' time spent, reading preference and keywords searched. We collect such data directly from our users, store such data in our data centers and do not share such data with any third party. As authorized by the users when registering on our platform, such data is collected and used for the purpose of developing insights into users' behaviors, engagements and preferences and optimizing our content development and distribution capabilities. We do not use such data for any other purpose.
- ***Intelligent patient management solutions.*** In offering intelligent patient management solutions through our Internet hospital, we collect patients' background data, medical records, consultation records with our external physicians as well as diagnosis results.

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We store such data in our data centers and do not share such data with any third party. As authorized by patients when agreeing to use our intelligent patient management solutions, such data is collected and used for the purpose of online diagnosis, consultation and prescription. We do not use such data for any other purpose. We do not collect data in offering patient education services. We only help partner non-profit organizations develop websites, WeChat mini-programs and WeChat official accounts, which can be used by our partner non-profit organizations to collect, process and use patients' background data, including names, ages, regions and the name of the disease diagnosed for the purpose of delivering relevant patient education content to patient users. After our partner non-profit organizations collect such data with patients' prior consents, we store such data in our data centers pursuant to the agreements with partner non-profit organizations. We do not share such data with any third party or use such data for our business.

Our data usage and privacy policy, which is provided to every user of our website, mobile applications, desktop applications, WeChat mini-programs and WeChat official accounts, describes our data practices. Specifically, we undertake to manage and use the data collected from users in accordance with applicable laws and make reasonable efforts to prevent the unauthorized use, loss, or leak of user data and will not disclose sensitive user data to any third party without users' approval except under legal requirement.

Our data protection and privacy policies are focused on ensuring that: (i) our collection of personal data is conducted in accordance with applicable laws and regulations and (ii) personal data we collect is reasonable for the purposes for which they are collected.

We maintain strict control over access to personal data and strict assessment and approval procedures to prohibit invalid or illegitimate uses. We limit any access based on necessity and maintain records of data access. Our policies require products and services that involve access to or processing of personal data to be subject to assessment and approval procedures and monitor employee access to user data. We require all our employees to comply with our internal policies and protect privacy and personal information, and we strictly prohibit unauthorized or improper collection or use of such data or personal information. We provide data privacy training to authorized employees and require them to report any information security breach. We have the right to dismiss any employee if they illegally misuse or leak data or cause any damage to us or our users and may also pursue further legal proceedings against them.

We collect and use personal data for the stated purpose as authorized by the user, in connection with compliance and risk management and as otherwise required by applicable laws and regulations. We do not share with, transfer or disclose personal data to any third-parties except for certain limited circumstances, including when it is expressly authorized by our users, necessary

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to fulfill our main services to our users, or in compliance with the applicable laws and regulations. In circumstances where we share users' data with third-parties, such as our business partners, our policies ensure that our users' data is adequately protected. We maintain a strict vetting process before sharing any data with third-parties to ensure the integrity of such third parties. We de-sensitize user data by removing personally identifiable information and enter into confidentiality agreements with our business partners. We require our business partners to strictly follow the terms of authorization and the scope of usage set forth in the agreements between us and our users when processing and analyzing their data.

We use a variety of technologies to protect the data with which we are entrusted in providing all of our solutions. For example, we utilize a system of firewalls and also maintain a perimeter network to segregate our internal databases and operating systems from our external-facing services and intercept unauthorized access. We create a closed platform environment for our customers that is disconnected from the external Internet by using firewalls and whitelists to manage the entry and exit of the platform. This ensures the security of files and traffic into the private cloud deployed by our customers by filtering out malicious file requests and behavior. Authorization is required for users to access data on the platform. In particular, our systems require customers of our EDC system, CDMS and RWS support solutions to change passwords on a regular basis. We de-sensitize user data by removing personally identifiable information, when such information is not relevant to our business. We collect users' background data during the registration process and encrypt personal identifiers when we store such data. Once a user is registered on our platform, we assign such user a unique user ID. When offering precision marketing solutions and medical knowledge solutions, we only use user IDs and associated behavior data, which do not contain any personal identifiers. We de-sensitize clinical data and use code names for patient identity management when we store such data in connection with providing EDC system, CDMS and RWS support solutions. We do not store patients' data in offering patient recruitment service. We de-sensitize survey participants' responses and use user ID for survey participant identity management when we store such data in connection with providing our digital market research solutions. We de-sensitize patients' background data, medical records as well as diagnosis results and use user ID for patient identity management when we store such data in connection with providing our intelligent patient management solutions through our Internet hospital. We de-sensitize patients' background data and the name of the disease diagnosed and use user ID for patient identity management when we store such data in connection with providing our patient education services. Our encryption technologies enable us to detect, encrypt or remove personal identifiers, including name, telephone number, identity card number and any other information that can identify a user pursuant to the applicable PRC laws and regulations. We also store user data in encrypted format. In addition, we encrypt our data transmission, especially user data transmission, using sophisticated security protocols and algorithms to ensure confidentiality. We have built an information security management system based on the international framework of ISO27001 to manage and protect our information from a variety of aspects, such as security policy

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and technical control. Our network and application systems use a defense-in-depth security system and are secured at multiple layers, including network segmentation, strict access control and secure communication protocols between the applications and servers. To prevent unauthorized access to our system, we have implemented network boundary access controls and authorization for remote access.

We have contracted with multiple Internet data center providers in mainland China to ensure the stable operation of our business. Our systems infrastructure is hosted in redundant data centers in three cities of mainland China, including one local data center and two remote data centers. We also have a disaster recovery plan with comprehensive backups of all our operating data conducted every day locally and in remote data centers to minimize the risk of data loss or leakage. We conduct frequent reviews of our back-up systems and regular data recovery testing to ensure that they function properly and are well maintained. In addition, we use third-party cybersecurity company to conduct regular penetration test to identify weaknesses in our system and evaluate its security. Whenever an issue is discovered, we take prompt actions to upgrade our system and mitigate any potential problems that may undermine the security of our system. We believe our policies and practice with respect to data privacy and security are in compliance with applicable laws and with prevalent industry practice. During the Track Record Period and up to the Latest Practicable Date, we have not received any claim from any third party against us on the ground of infringement of such party's right to data protection as provided by the PRC Civil Code Law or any applicable laws and regulations in the PRC. As confirmed by our PRC Legal Adviser, according to an interview with the Internet Security Supervision Department of Beijing Public Security Bureau Chaoyang Branch (北京市公安局朝陽分局網絡安全保衛大隊), during the same period, (i) we were in compliance with the applicable PRC data protection and privacy laws and regulations in material respects; and (ii) we were not subject to any administrative penalties due to violation of applicable data protection and privacy laws and regulations in China. Our PRC Legal Adviser has confirmed that the Internet Security Supervision Department of Beijing Public Security Bureau Chaoyang Branch is the competent authority to provide such confirmation.

SALES AND MARKETING

We primarily market our precision marketing and corporate solutions to pharmaceutical and medical device companies through our sales force. We have an experienced and highly trained team of professional business development representatives and support staff focused on securing business from both new and existing customers. To maintain existing customer relationships, we assign each pharmaceutical company a project manager to cover the relevant drug products. Customer satisfaction has brought us word-of-mouth referrals and additional purchases. Our sales team also actively communicates with large pharmaceutical companies who are not currently our customers and regularly responds to requests for potential collaborations. We also work with pharmaceutical companies' advertising agencies to place their customized content.

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In addition to pharmaceutical companies, our research solutions are primarily marketed to hospitals. We market our solutions through multiple channels on our platform to physicians and their hospitals.

Our large scale and compelling value propositions have enabled us to attract large numbers of physicians and healthcare professionals to our platform through word-of-mouth referrals. We also market our platform through popular search engines.

We take into account a variety of factors in determining our pricing strategies, such as market demand, anticipated market trends and the prices of our competitors' products. We believe our pricing strategies are in line with the market trends. Our precision digital detailing satisfies pharmaceutical and medical device companies' needs for targeted marketing campaigns based on criteria such as physician specialty and geography across multiple digital channels. According to the Frost & Sullivan Report, other digital healthcare marketing providers in China do not have the level of precision delivery capability that we have and therefore cannot offer comparable marketing services. The pricing model for our precision digital detailing, which is primarily cost-per-click by targeted physicians as agreed with our customers, best reflects the value our service offers and is different from what other digital healthcare marketing providers use to price their services, which is primarily cost per advertisement placed on social media sites, such as WeChat, or platform websites maintained by such other providers. Despite that our pricing model for our precision digital detailing services is different from others, our pricing model has been accepted by pharmaceutical and medical device companies, as often our service is chosen through a competitive bidding process, which our competitors with different pricing models participated. In addition, precision digital detailing is a part of our precision marketing and corporate solutions, which are integrated solutions designed to address different needs of pharmaceutical and medical device companies at all stages of the value chain from drug discovery to real-world usage. According to the Frost & Sullivan Report, no other digital healthcare marketing providers in China can offer such comprehensive set of services. This also gives us a competitive advantage in winning new business and driving continued market acceptance of our pricing model.

The pricing model for our other services, including marketing consulting, digital content creation and services under corporate solutions, is primarily based on time spent on a particular project. According to the Frost & Sullivan Report, such pricing model is in line with that used by other providers offering similar services, and our fee rates are comparable to the prevailing market rates. During the Track Record Period, we did not have any material loss-making projects on an individual or aggregate basis.

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CUSTOMERS

Our customers primarily include (i) pharmaceutical companies, medical device companies, hospitals, research institutions and CROs for our precision marketing and corporate solutions, (ii) physicians and other users, including other healthcare professionals, for our medical knowledge solutions and (iii) patients, pharmaceutical companies and non-profit organizations for our intelligent patient management solutions.

Our business recorded high customer retention during the Track Record Period. 90% of healthcare customers who purchased our precision marketing and corporate solutions in 2018 continued to do so in 2019; 84% of healthcare customers who purchased our precision marketing and corporate solutions in 2019 continued to do so in 2020. Revenue from providing precision marketing and corporate solutions to healthcare customers who did not purchase such solutions in 2020 was RMB2.2 million and RMB2.0 million in 2018 and 2019, respectively. Revenue from providing precision marketing and corporate solutions to healthcare customers who did not purchase such solutions in 2019 and 2020 was RMB0.4 million in 2018. In the years ended December 31, 2018, 2019 and 2020, our average revenue per healthcare customer, which is calculated by dividing the total revenue generated from healthcare customers for purchasing our precision marketing and corporate solutions in the relevant year by the corresponding number of healthcare customers who made such purchases, was RMB1.9 million, RMB1.8 million and RMB2.4 million, respectively. The range of revenue we generated from a single healthcare customer for purchasing our precision marketing and corporate solutions was RMB91 thousand to RMB10.5 million in 2018, RMB91 thousand to RMB13.6 million in 2019 and RMB94 thousand to RMB31.3 million in 2020. During the Track Record Period, our customer base included multi-national and China-based pharmaceutical and medical device companies. The demand for our solutions is affected by our healthcare customers' business needs, timing and size of promotional campaigns for specific products, marketing strategies and budget cycles. Differences in these aspects led to the wide ranges of revenue generated from our healthcare customers during the Track Record Period. Revenue from our largest customer for precision marketing and corporate solutions in 2020 increased significantly compared to revenue from such customer in 2019, which resulted in a significant increase in the upper end of the revenue range from our healthcare customers in 2020 compared to that in 2019. The increase in revenue from such customer is attributable to (i) an expansion of its marketing campaigns, including larger group of targeted physicians and additional delivery channels, and (ii) an increased number of healthcare products marketed using our solutions. Such customer increased its spending with us due to our proven ability to deliver outsized return on its marketing investment.

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In the years ended December 31, 2018, 2019 and 2020, revenues from our top five customers accounted for 41.2%, 39.7% and 39.7% of our total revenues for the respective periods, and revenues from our largest customer accounted for 12.7%, 12.2% and 14.7% of our total revenues for the respective periods.

During the Track Record Period, all of our five largest customers were independent third parties of the Group. None of our Directors, their close associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) has any interest in any of our five largest customers during the Track Record Period that is required to be disclosed under the Listing Rules.

The table below sets out the details of our top five customers during the Track Record Period:

For the year ended December 31, 2018

Customer	Revenue amount (RMB in thousands)	Percentage of total revenue (%)	Year of commencement of business relationship with us	Principal business	Background	Solutions provided by us
Customer A . . .	10,622.4	12.7	2014	Pharmaceutical company	PRC subsidiaries of a multi-national biopharmaceutical company listed on the Nasdaq Global Select Market and the Euronext Stock Exchange ⁽¹⁾	Provision of precision marketing and corporate solutions and medical knowledge solutions
Customer B . . .	7,649.8	9.2	2014	Healthcare company	PRC subsidiaries of a multi-national healthcare company that develops pharmaceuticals, vaccines, and consumer health products and that is listed on the London Stock Exchange and the New York Stock Exchange ⁽²⁾	Provision of precision marketing and corporate solutions
Customer C . . .	6,322.5	7.6	2014	Healthcare company	PRC subsidiaries of a multi-national healthcare company that develops medical devices, pharmaceuticals, and consumer health products and that is listed on the New York Stock Exchange ⁽³⁾	Provision of precision marketing and corporate solutions, medical knowledge solutions and intelligent patient management solutions
Customer D . . .	5,261.9	6.3	2014	Pharmaceutical company	PRC subsidiaries of a multi-national pharmaceutical company listed on the New York Stock Exchange ⁽⁴⁾	Provision of precision marketing and corporate solutions

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Customer	Revenue amount (RMB in thousands)	Percentage of total revenue (%)	Year of commencement of business relationship with us	Principal business	Background	Solutions provided by us
Customer E . . .	4,515.3	5.4	2015	Pharmaceutical company	PRC subsidiaries of a multi-national biopharmaceutical company listed on the New York Stock Exchange ⁽⁵⁾	Provision of precision marketing and corporate solutions

We marketed five drugs for Customer A in 2018, including one cardiology drug, one rare disease drug, one neurology drug, one endocrine drug and one oncology drug. We developed customized content for Customer A's drugs, which was delivered through our *eMR* to targeted physicians selected by Customer A. Customer A also commissioned customized electronic surveys using our *eSurvey* to gauge physicians' attitudes towards Customer A's drugs.

We marketed seven drugs for Customer B in 2018, including two hepatoprotective drugs, three neurology drugs, one respiratory drug and one endocrine drug. We developed customized content for Customer B's drugs, which was delivered through our *eMR* to targeted physicians selected by Customer B.

We marketed 12 drugs for Customer C in 2018, including four psychiatric drugs, two neurology drugs, three hematology drugs, one oncology drug, one otorhinolaryngology drug and one antirheumatic drug. We developed customized content for Customer C's products, which was delivered through our *eMR* to targeted physicians selected by Customer C. Customer C also used our online meeting service to interact with targeted physicians and patient education services to educate patients about their conditions and treatment regimens.

We marketed six drugs for Customer D in 2018, including two psychiatric drugs, two endocrine drugs, one oncology drug and one genito-urinary drug. We developed customized content for Customer D's drugs, which was delivered through our *eMR* to targeted physicians selected by Customer D. Customer D also commissioned customized electronic surveys using our *eSurvey* to gauge physicians' attitudes towards Customer D's drugs.

We marketed five drugs for Customer E in 2018, including three hepatoprotective drugs, one oncology drug and one hematology drug. We developed customized content for Customer E's drugs, which was delivered through our *eMR* to targeted physicians selected by Customer E. Customer E also commissioned customized electronic surveys using our *eSurvey* to gauge physicians' attitudes towards Customer E's drugs.

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For the year ended December 31, 2019

Customer	Revenue amount (RMB in thousands)	Percentage of total revenue (%)	Year of commencement of business relationship with us	Principal business	Background	Solutions provided by us
Customer A . . .	14,794.7	12.2	2014	Pharmaceutical company	PRC subsidiaries of a multi-national biopharmaceutical company listed on the Nasdaq Global Select Market and the Euronext Stock Exchange	Provision of precision marketing and corporate solutions, medical knowledge solutions and intelligent patient management solutions
Customer C . . .	13,566.1	11.2	2014	Healthcare company	PRC subsidiaries of a multi-national healthcare company that develops medical devices, pharmaceuticals, and consumer health products and that is listed on the New York Stock Exchange	Provision of precision marketing and corporate solutions and intelligent patient management solutions
Customer B . . .	7,794.6	6.4	2014	Healthcare company	PRC subsidiaries of a multi-national healthcare company that develops pharmaceuticals, vaccines, and consumer health products and that is listed on the London Stock Exchange and the New York Stock Exchange	Provision of precision marketing and corporate solutions and intelligent patient management solutions
Customer D . . .	6,894.4	5.7	2014	Pharmaceutical company	PRC subsidiaries of a multi-national pharmaceutical company listed on the New York Stock Exchange	Provision of precision marketing and corporate solutions
Customer F . . .	5,210.3	4.3	2014	Pharmaceutical and life science company	PRC subsidiaries of a multi-national pharmaceutical and life science company that develops pharmaceuticals, consumer health products, and crop science products and that is listed on the Frankfurt Stock Exchange ⁽⁶⁾	Provision of precision marketing and corporate solutions and medical knowledge solutions

We marketed nine drugs for Customer A in 2019, including two cardiology drugs, one neurology drug, two endocrine drugs, one rare disease drug, one orthopedic drug, one pediatric drug and one hematology drug. We developed customized content for Customer A's drugs, which was delivered through our *eMR* to targeted physicians selected by Customer A. Customer A also commissioned customized electronic surveys using our *eSurvey* to gauge physicians' attitudes towards Customer A's drugs. In addition, Customer A used our online meeting service to interact with targeted physicians and patient education services to educate patients about their conditions and treatment regimens.

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We marketed 15 drugs, including three hematology drugs, five psychiatric drugs, one antirheumatic drug, two neurology drugs, one gastrointestinal drug, one oncology drug and two dermatological drugs, and one surgical medical device for Customer C in 2019. We developed customized content for Customer C's products, which was delivered through our *eMR* to targeted physicians selected by Customer C. Customer C also used our online meeting service to interact with targeted physicians and patient education services to educate patients about their conditions and treatment regimens. In addition, Customer C used our clinical research SaaS services.

We marketed seven drugs for Customer B in 2019, including one hepatoprotective drug, two neurology drugs, one endocrine drug, two respiratory drugs and one antirheumatic drug. We developed customized content for Customer B's drugs, which was delivered through our *eMR* to targeted physicians selected by Customer B. Customer B also used our online meeting service to interact with targeted physicians and patient education services to educate patients about their conditions and treatment regimens.

We marketed 11 drugs for Customer D in 2019, including three endocrine drugs, one genito-urinary drug, three psychiatric drugs, two oncology drugs, one dermatological drug and one antirheumatic drug. We developed customized content for Customer D's drugs, which was delivered through our *eMR* to targeted physicians selected by Customer D.

We marketed six drugs for Customer F in 2019, including two cardiology drugs, two radiology contrast media, one endocrine drug and one respiratory drug. We developed customized content for Customer F's drugs, which was delivered through our *eMR* to targeted physicians selected by Customer F. Customer F also commissioned customized electronic surveys using our *eSurvey* to gauge physicians' attitudes towards Customer F's drugs. In addition, Customer F used our online meeting service to interact with targeted physicians.

For the year ended December 31, 2020

Customer	Revenue amount (RMB in thousands)	Percentage of total revenue (%)	Year of commencement of business relationship with us	Principal business	Background	Solutions provided by us
Customer C . . .	31,424.3	14.7	2014	Healthcare company	PRC subsidiaries of a multi-national healthcare company that develops medical devices, pharmaceuticals, and consumer health products and that is listed on the New York Stock Exchange	Provision of precision marketing and corporate solutions, medical knowledge solutions and intelligent patient management solutions

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Customer	Revenue amount (RMB in thousands)	Percentage of total revenue (%)	Year of commencement of business relationship with us	Principal business	Background	Solutions provided by us
Customer G . . .	15,187.7	7.1	2014	Pharmaceutical company	A PRC subsidiary of a multi-national pharmaceutical company headquartered in Germany ⁽⁷⁾	Provision of precision marketing and corporate solutions and medical knowledge solutions
Customer A . . .	14,907.5	7.0	2014	Pharmaceutical company	PRC subsidiaries of a multi-national biopharmaceutical company listed on the Nasdaq Global Select Market and the Euronext Stock Exchange	Provision of precision marketing and corporate solutions and medical knowledge solutions
Customer H . . .	11,583.9	5.4	2014	Healthcare company	PRC subsidiaries of a multi-national healthcare company that develops innovative medicines, generics medicines, and biosimilars and that is listed on the SIX Swiss Exchange and the New York Stock Exchange ⁽⁸⁾	Provision of precision marketing and corporate solutions, medical knowledge solutions and intelligent patient management solutions
Customer I . . .	11,566.8	5.4	2013	Pharmaceutical company	A PRC subsidiary of a multi-national pharmaceutical company listed on the New York Stock Exchange ⁽⁹⁾	Provision of precision marketing and corporate solutions

Notes:

- (1) According to the annual report of the listed parent company for the fiscal year ended December 31, 2020, the net sales of such multi-national biopharmaceutical company amounted to over US\$40 billion on a consolidated basis in 2020.
- (2) According to the annual report of the listed parent company for the fiscal year ended December 31, 2020, the turnover of such multi-national healthcare company amounted to over US\$45 billion on a consolidated basis in 2020.
- (3) According to the annual report of the listed parent company for the fiscal year ended January 3, 2021, the sales to customers of such multi-national healthcare company amounted to over US\$80 billion on a consolidated basis in the fiscal year ended January 3, 2021.
- (4) According to the annual report of the listed parent company for the fiscal year ended December 31, 2020, the revenue of such multi-national pharmaceutical company amounted to over US\$20 billion on a consolidated basis in 2020.
- (5) According to the annual report of the listed parent company for the fiscal year ended December 31, 2020, the revenue of such multi-national biopharmaceutical company amounted to over US\$40 billion on a consolidated basis in 2020.

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- (6) According to the annual report of the listed parent company for the fiscal year ended December 31, 2020, the net sales of such multi-national pharmaceutical and life science company amounted to over US\$45 billion on a consolidated basis in 2020.
- (7) According to the financial highlights published on the website of the German parent company, the net sales of such multi-national pharmaceutical company amounted to over US\$20 billion on a consolidated basis in 2020.
- (8) According to the annual report of the listed parent company for the fiscal year ended December 31, 2020, the net sales from continuing operations of such multi-national healthcare company amounted to over US\$45 billion on a consolidated basis in 2020.
- (9) According to the annual report of the listed parent company for the fiscal year ended December 31, 2020, the sales of such multi-national pharmaceutical company amounted to approximately US\$20 billion on a consolidated basis in 2020.

We marketed 18 drugs, including three hematology drugs, four psychiatric drugs, one antirheumatic drug, two oncology drugs, one gastrointestinal drug, two pediatric drugs, one neurology drug, three dermatological drugs and one otorhinolaryngology drug, and one surgical medical device for Customer C in 2020. We developed customized content for Customer C's drugs, which was delivered through our *eMR* and *eBroadcasting* to targeted physicians selected by Customer C. Customer C also used our online meeting service to interact with targeted physicians and patient education services to educate patients about their conditions and treatment regimens.

We marketed four drugs for Customer G in 2020, including one cardiology drug, two endocrine drugs and one oncology drug. We developed customized content for Customer G's drugs, which was delivered through our *eMR* to targeted physicians selected by Customer G.

We marketed 13 drugs for Customer A in 2020, including three cardiology drugs, two rare disease drugs, one pediatric drug, one endocrine drug, one dermatological drug, two neurology drugs and three hematology drugs. We developed customized content for Customer A's drugs, which was delivered through our *eMR* and *eBroadcasting* to targeted physicians selected by Customer A. Customer A also commissioned customized electronic surveys using our *eSurvey* to gauge physicians' attitudes towards Customer A's drugs. In addition, Customer A used our online meeting service to interact with targeted physicians.

We marketed nine drugs for Customer H in 2020, including one cardiology drug, one oncology drug, four hematology drugs, one endocrine drug, one neurology drug and one immunosuppressive drug. We developed customized content for Customer H's drugs, which was delivered through our *eMR* and *eBroadcasting* to targeted physicians selected by Customer H. Customer H also used our online meeting service to interact with targeted physicians and patient education services to educate patients about their conditions and treatment regimens. In addition, Customer H used our clinical research SaaS services and enrolled patients to its clinical trials through our patient recruitment service.

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We marketed seven drugs for Customer I in 2020, including four endocrine drugs, two oncology drugs, and one cardiology drug. We developed customized content for Customer I's drugs, which was delivered through our *eMR* and *eBroadcasting* to targeted physicians selected by Customer I. Customer I also commissioned customized electronic surveys using our *eSurvey* to gauge physicians' attitudes towards Customer I's drugs. In addition, Customer I used our online meeting service to interact with targeted physicians.

SUPPLIERS

Our top suppliers are primarily providers of information technology services, telecommunication services, customer services, product procurement services, property rental services and others. In the years ended December 31, 2018, 2019 and 2020, purchases from our largest five suppliers in aggregate accounted for 31.9%, 23.3%, and 28.7% of our total purchases for the respective periods, and purchases from our largest supplier accounted for 8.9%, 6.4% and 17.6% of our total purchases for the respective periods. Except for M3 Group, all of these suppliers are located in China. We typically advance rent payments prior to the beginning of a quarter on a quarterly basis. For product procurement, we typically advance payments to our major supplier. For other services, we typically make payments within 30 days after receipt of invoice.

Except for Jinye Tiansheng and M3 Group, all of our five largest suppliers are independent third parties of the Group during the Track Record Period. Except for (i) Ms. Tian Liping, (ii) Mr. Tian Lijun, (iii) Ms. Liu Lingdi, the spouse of Mr. Tian Lixin, (iv) M3, and (v) Mr. Eiji Tsuchiya, Ms. Zhou Xin and Dr. Li Zhuolin, each of whom owned an insignificant amount of equity interest in, or stock options granted by, M3 as of the Latest Practicable Date, none of our Directors, their close associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) has any interest in any of our five largest suppliers during the Track Record Period that is required to be disclosed under the Listing Rules.

The table below sets out the details of our top five suppliers during the Track Record Period:

For the year ended December 31, 2018

Supplier	Purchase amount (RMB in thousands)	Percentage of total purchase (%)	Year of commencement of business relationship with us	Principal business	Goods/services provides to us
Supplier A . . .	2,426.7	8.9	2016	Cultural promotion service and asset management	Property rental service
Supplier B . . .	2,207.5	8.1	2017	Information technology services	Telecommunication services
Supplier C ⁽¹⁾ . .	1,544.5	5.7	2017	Information technology services	Product procurement

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Supplier	Purchase amount (RMB in thousands)	Percentage of total purchase (%)	Year of commencement of business relationship with us	Principal business	Goods/services provides to us
Supplier D . . .	1,341.0	4.9	2017	Cultural communication services	Video production service
Jinye Tiansheng . .	1,152.2	4.2	2017	Customer support services	Customer services

For the year ended December 31, 2019

Supplier	Purchase amount (RMB in thousands)	Percentage of total purchase (%)	Year of commencement of business relationship with us	Principal business	Goods/services provided to us
Supplier A . . .	2,387.8	6.4	2016	Cultural promotion service and asset management	Property rental service
Supplier B . . .	2,327.4	6.3	2017	Information technology services	Telecommunication services
Jinye Tiansheng . .	1,461.8	3.9	2017	Customer support services	Customer services
Supplier C . . .	1,400.2	3.8	2017	Information technology services	Product procurement
M3 Group ⁽²⁾ . .	1,085.0	2.9	2014	Medical-related services through Internet	Technology and software license

For the year ended December 31, 2020

Supplier	Purchase amount (RMB in thousands)	Percentage of total purchase (%)	Year of commencement of business relationship with us	Principal business	Goods/services provided to us
Supplier C . . .	10,409.5 ⁽³⁾	17.6	2017	Information technology services	Product procurement
Supplier A . . .	2,188.8	3.7	2016	Cultural promotion service and asset management	Property rental service
Supplier E . . .	1,792.5	3.0	2020	Internet technology services	Telecommunication services
Jinye Tiansheng . .	1,375.0	2.3	2017	Customer support services	Customer services
M3 Group . . .	1,210.6	2.0	2014	Medical-related services through Internet	Technology and software license

Notes:

- (1) Supplier C refers to the PRC subsidiaries of an e-commerce company listed on the Nasdaq Global Select Market and the Hong Kong Stock Exchange. According to the annual report of the listed parent company for the fiscal year ended December 31, 2020, the revenue of such e-commerce company amounted to over RMB700 billion on a consolidated basis in 2020.

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- (2) According to the consolidated financial results released by M3, the net sales of M3 Group amounted to over JPY150 billion for the fiscal year ended March 31, 2021.
- (3) Purchases from Supplier C increased significantly in 2020, which were promotional merchandise, due to an increased level of promotion activities to drive user growth and engagement.

COMPETITION

The markets for our solutions are highly competitive. These markets are characterized by frequent technological advances and product upgrades that have contributed to the digitalization of healthcare services. We face competition from other healthcare platforms that develop and commercialize digital healthcare marketing services, clinical research services, medical content services and/or patient management services. We compete with other healthcare platforms for physician users and healthcare customers and we strive to keep our solution offerings competitive so we can maintain and grow the number and engagement of physician users and healthcare customers:

- **Physician users.** We compete to attract, engage and retain physician users based on the quality and breadth of professional medical information and tools available on our platform, as well as the overall user experience of our products and services.
- **Healthcare customers.** We compete to attract and retain pharmaceutical and medical device companies based on the scale and the engagement of physician users on our platform, as well as our technology capability and data insights.

We also face competition from traditional players that offer healthcare marketing services and/or contract research services. Medical representatives that are engaged by pharmaceutical and medical device companies to conduct in-person detailing represent a major portion of the traditional players for healthcare marketing services. Other traditional players for healthcare marketing services include conference vendors that help organize offline academic conferences, and to a lesser extent, contract sales organizations or third-party agencies that help promote and distribute healthcare products on behalf of pharmaceutical and medical device companies. Traditional players for contract research services include offline outsourcing service providers. We may also in the future face competition from new entrants that will increase the level of competition. For example, more established technology companies that possess substantial financial resources, sophisticated technological capabilities and broad distribution channels may develop solutions that directly compete with ours.

We are the largest online professional physician platform in China in terms of registered physician users as of December 31, 2020, according to the Frost & Sullivan Report. We also ranked first among physician platform-based digital healthcare marketing service providers in

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China in terms of revenue in 2020, with a 21.4% market share, according to the Frost & Sullivan Report. Principal competitive factors important to us include large physician network, precision delivery capability, user engagement, integrated marketing solutions and advanced technologies. For additional details regarding the competitive landscape of the industry in which we operate, see “Industry Overview.”

For risks relating to our competitiveness in the industry, please see “Risk Factors — Risks Relating to Our Business and Industry — If we are unable to compete effectively, our business, results of operations and financial condition may be materially and adversely affected.”

AWARDS AND RECOGNITION

During the Track Record Period, we received recognition for the quality and popularity of our solutions, including most noticeably the recent 2019 Health New Media Top 20 Award by the Chinese Medical Doctor Association for our *Medlive* platform and MedDigital Solution Award by the Chinese Medical Affairs Conference for our precision marketing solutions.

OUR SOCIAL RESPONSIBILITIES

We aim to make a difference in people’s lives by improving the healthcare system with our solutions. We are committed to contributing to positive societal impact aligned with the United Nations Sustainable Development Goals, particularly those related to good health and well-being and quality education. Our achievements and initiatives in the area of corporate social responsibility include the following:

Good Health and Well-being

We seek to increase health and well-being for people at all ages by supporting clinical decisions by physicians and educating patients about their conditions. We believe our solutions help improve the accuracy of diagnosis, raise awareness of health issues and motivate lifestyle changes.

Quality Education

We strive to promote inclusive and equitable quality education and lifelong learning opportunities for medical students, physicians and other healthcare professionals. We believe our solutions help medical students, physicians and other healthcare professionals improve their clinical knowledge and skills.

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COVID-19 Responses

We took a proactive societal role to combat the COVID-19 pandemic. We purchased personal protective equipment, including protective masks, helmets, gloves, goggles and clothing, from overseas and donated to hospitals and physicians at the beginning of the pandemic. We also organized over 500 online Q&A sessions hosted by medical experts for patients, as hospital services were temporarily suspended for certain diseases during the pandemic.

Our ESG Policy

Our business does not face material environmental, social and corporate governance (“ESG”) risks or opportunities, including environmental, social and climate-related risks or opportunities, which could cause potential material impact on our business, strategy and financial performance. We primarily generate revenues from operating an online professional physician platform in China, which is not an industry sector that has material ESG exposure. Our business does not involve (i) material environmental risks such as inherent exposure to carbon emission, land and water use, manufacturing footprint and packaging, or (ii) material social risks such as health and safety risks.

Nevertheless, we have adopted a set of policy on environmental, social and corporate governance (“ESG Policy”), which sets forth our corporate social responsibility objectives and provides guidance on practicing corporate social responsibility in our daily operations. Our board of directors has the collective and overall responsibility for establishing, adopting and reviewing our policies for environmental, social and corporate governance related matters, and evaluating, determining and addressing the relevant risks. The audit committee of our board of directors is tasked with amending and evaluating the implementation of our ESG Policy, and our general administration department is responsible for the implementation of our ESG Policy.

Under our ESG Policy, we aim to build a sustainable community with our employees, business partners, users and other participants of our platform. We endeavor to reduce negative impacts on the environment through our commitment to energy saving and sustainable development. We also focus on embracing diversity within our Company and equal and respectful treatment of all of our employees including employees with disabilities in their hiring, training, wellness and professional and personal development. We will continue to promote work-life balance and create a positive workplace for all of our employees. We strive to establish a sound talent cultivation mechanism and create an online-offline combined training platform.

We align our editorial policies and content standards with our ESG policy. Pursuant to our editorial policies and content standards, customized content and all forms of marketing communications on our platform should be prepared with a due sense of social responsibility. We believe customized content should be legal, decent, honest and truthful. Moreover, customized

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content should conform to the principles of fair competition, as generally accepted in business. We have the sole discretion for determining the types of customized content that we accept and ensure that all customized content that appears on our platform is displayed in compliance with the principles and standards above. Our policies require, among other things, that customized content is evidence-based and under no circumstances is inaccurate, biased or malicious content allowed to be published.

We recognize and maintain a distinct separation between customized content, which is sponsored by pharmaceutical and medical device companies, and medical knowledge content, which is non-sponsored, editorial content. We take meaningful steps to ensure that our users can easily distinguish between customized content and medical knowledge content.

We do not incentivize KOLs we collaborate with or our content team to generate paid clicks for customized content in order to minimize any conflicts of interest. KOLs and members of our content team do not receive commissions on the number of paid clicks. We pay expert consultation fee to KOLs we collaborate with to develop content as reasonable compensation for their time spent, which is a fixed fee not tied to the performance of the content developed. Operating metrics related to customized content, such as number of paid clicks, are not contributing factors when evaluating the compensation for the members of our content team.

Our ESG Policy sets forth measures to reduce our carbon footprint such as reducing the energy consumption through:

- encouraging our employees to commute by public transport and arranging shuttle buses for our employees to conveniently access public transport from our office premises;
- installing energy efficient lighting and asking our employees to switch off lighting after working hours;
- encouraging our employees to avoid printing hard copies and requiring double-sided printing whenever possible;
- encouraging teleconferences as opposed to physical meetings to reduce travel;
- asking our employees to be mindful of the environment when using office supplies and encouraging them to reuse office supplies; and
- reducing the usage of air conditioning, including requirements on lowest temperature.

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HEALTH, SAFETY AND ENVIRONMENTAL MATTERS

We do not believe that we are subject to any significant health, work safety or environmental risks. To ensure compliance with applicable laws and regulations, from time to time, our human resources department would, if necessary and after consultation with our legal advisers, adjust our human resources policies to accommodate material changes to relevant labor and work safety laws and regulations.

During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any fines or other penalties due to non-compliance in relation to health, work safety or environmental regulations and have not been involved in any accident, or claim for personal or property damage made by our employees which had materially and adversely affected our financial condition or business operations.

INTELLECTUAL PROPERTY

Intellectual property is fundamental to our success and competitiveness, and we devote significant time and resources to their development and protection. As of the Latest Practicable Date, we had been issued 38 software copyrights, 21 registered trademarks and two pending trademark applications in China. As of the Latest Practicable Date, we had also registered 34 domain names in China, including, among others, kingyee.com.cn.

We rely upon a combination of patent, trade secret, copyright and trademark laws, license agreements, confidentiality procedures, nondisclosure agreements with employees, customers and others, and technical measures to protect intellectual property used in our businesses. In addition, our employees must enter into a standard employment contract which includes a clause acknowledging that all inventions, trade secrets, developments and other processes generated by them during their employment with us are our properties, and assigning to us any ownership rights that they may claim in those works.

We also rely on a variety of intellectual property rights licensed from third parties, including Internet server software, databases and healthcare information used on our websites and elsewhere on our platform. These third-party licenses may not continue to be available to us on commercially reasonable terms. Our loss of or inability to maintain or obtain upgrades to any of these licenses could significantly harm us. In addition, because we license information from third parties, we may be exposed to copyright infringement actions if those parties are subject to claims regarding the origin and ownership of that information. Furthermore, despite our precautions, third parties may obtain and use intellectual property that we own or license without our consent. During the Track Record Period and up to the Latest Practicable Date, we did not find any material disputes or any other pending material legal proceedings of intellectual property rights with third parties.

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However, future unauthorized use of our intellectual property by third parties and the expenses incurred in protecting our intellectual property rights from such unauthorized use may adversely affect our business and results of operations. See “Risk Factors — Risks Relating to Our Business and Industry — We may not be able to prevent unauthorized use of our intellectual property, which could harm our business and competitive position.”

Please see “Appendix IV — Statutory and General Information — B. Further Information about Our Business — 2. Intellectual property rights of the Group” for details of our material intellectual property rights.

We have adopted policies and procedures to prevent copyright infringement and ensure our operations are in compliance with copyright related laws and regulations. We require all our employees to comply with our policies, and we strictly prohibit unauthorized use of copyrighted content. We provide trainings and clear guidelines to our employees to help them understand the scope of copyrighted works. We license copyright-protected content from the copyright owners prior to using such content on our platform, and ensure the licensed content is used within the authorized scope. We encourage employees to educate their peers on copyright compliance and report any potential copyright infringement.

We have a multi-layered copyright compliance mechanism in place. Managers of each of our solution products are responsible for ensuring content posted through such product is in compliance with the applicable laws and regulations.

Our content team is responsible for reviewing and screening customized content and PGC. We have set up editorial teams by specialty, with each team having at least three editors. Each piece of customized content and PGC is first cross reviewed by other members of an editorial team and approved by the chief editor of the team before we post it on our platform. The editorial team will invite the chief medical editor of our platform and our head of platform operations to jointly review the content if the team’s internal review cannot determine the quality and originality of the content. If uncertainty remains after the joint review, we invite KOLs in the field to make a final decision.

We screen UGC for potential copyright infringement and other violations of platform rules. We require our users to represent that their content does not violate applicable laws and regulations, or infringe on any third-party’s legal rights before posting it on our platform. All UGC, including commentary content, is first screened by an automated filtering system which identifies and flags suspicious content for manual review and further action by our platform operation and customer service team based on a regularly updated repository of keywords, according to the latest laws and regulations in China. Our manual screening procedure is multi-layered, with each piece of flagged content subject to review and cross-review by different

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staff in our platform operation and customer service team. Once UGC is approved and posted on our platform, our content editors re-examine such content periodically and promptly remove such content if we discover it infringes any third-party copyrights.

We also encourage our users to help us with our content screening and monitoring efforts. To the extent any problematic content has been posted on our platform, we promptly remove such content as soon as we identify it, including when we are notified or made aware by copyright owners. If we discover a user who has repeatedly violated the user agreement, applicable laws and regulations or infringed on any third-party copyrights, we will block such user's future uploads of content to our platform or terminate such user's account.

INSURANCE

We consider our insurance coverage to be adequate as we have in place all the mandatory insurance policies required by Chinese laws and regulations and in accordance with the commercial practices in our industry. Our employee-related insurance consists of pension insurance, maternity insurance, unemployment insurance, work-related injury insurance, medical insurance and housing funds, as required by Chinese laws and regulations. We also purchase supplemental accident insurance for our employees.

We also carry professional liability insurance in relation to our Internet hospital services. We do not carry insurance for other solutions. In addition, we do not maintain business interruption insurance or general third-party liability insurance, nor do we maintain product liability insurance or key-man insurance. See "Risk Factors — Risks Relating to Our Business and Industry — We have limited business insurance coverage, which could expose us to significant costs and business disruption." During the Track Record Period, we did not make any material insurance claims in relation to our business. The following table summarizes our liability exposure to third parties in addition to our contractual obligations to our customers and the insurance coverage by our solution category:

<u>Solution Category</u>	<u>Liability</u>	<u>Insurance</u>
Precision marketing and corporate solutions:		
Precision marketing solutions	Our PRC Legal Adviser is of the view that we should not be liable for any damages caused by inaccuracies or use or misuse of the customized content by physicians on the basis that the intellectual property rights of all work products produced under our agreements typically belong to our customers and we include disclaimers on our platform and caution our users that the content is for information purposes only and is not intended to serve as a source for medical advice or the basis of any clinical decision, and that we cannot guarantee the accuracy or the completeness of the content.	N/A

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Solution Category	Liability	Insurance
Corporate solutions . . .	<p>Our PRC Legal Adviser is of the view that we should not be liable for any potential claims of personal injury or other harm caused by our customers in connection with their clinical practice.</p> <p>Our PRC Legal Adviser is of the view that we should not be liable for any potential claims of personal data breaches in connection with providing <i>eSurvey</i> digital market research solutions on the basis that we are in compliance with the applicable PRC data protection and privacy laws and we do not collect any personal data of survey participants during surveys or include any such personal data in the survey results and analysis we deliver to our healthcare customers.</p>	N/A
Medical knowledge solutions	<p>Copyrights infringement or misappropriation claims by third parties, including competing online medical information platforms, relating to the medical knowledge information posted on our platform.</p> <p>Potential claims against us by users for any damages caused by inaccuracies or use or misuse of the information on our platform</p>	N/A
Intelligent patient management solutions	Medical liability claims for physician misconduct or medical malpractice in connection with providing online consultation and prescription services on our Internet hospital	Professional liability insurance for our Internet hospital and the external physicians with whom we collaborate in relation to the provision of Internet hospital services by such external physicians on our platform

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Solution Category	Liability	Insurance
	<p>Our PRC Legal Adviser is of the view that we should not be liable for any medical liability claims in connection with providing patient education services on the basis that such services do not involve any activities related to online consultation, Internet hospital services or remote medical services. Our PRC Legal Adviser is of the view that we should not be liable for any damages caused by inaccuracies or use or misuse of the patient education content on the basis that (i) such content is published by our partner non-profit organizations and we are not the publisher of such content, (ii) such content has been reviewed by our partner non-profit organizations before being published, and (iii) our agreements with partner non-profit organizations do not require us to indemnify them for any damages caused by inaccuracies or use or misuse of the patient education content.</p>	

EMPLOYEES

As of December 31, 2018, 2019 and 2020, we had a total of 239, 277 and 327 employees, respectively. As of the Latest Practicable Date, we had a total of 365 employees. The table below sets out employees by function as of the Latest Practicable Date.

Functions	Number of employees	% of total employees
Content management	92	25.2
Platform operation and customer service	99	27.1
Research and development	106	29.0
General and administration	34	9.3
Sales and marketing	34	9.3
Total	365	100.0

As of the Latest Practicable Date, all of our employees are based in China. Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our retention strategy, we offer employees competitive salaries, performance-based cash bonuses and other incentives.

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We primarily recruit our employees through recruitment agencies and online channels including our corporate website and social networking platforms. We have adopted comprehensive training program, pursuant to which employees regularly receive training from management, technology, regulatory and other internal speakers or external consultants. All our employees are eligible to attend relevant internal trainings and they may also attend external trainings upon their supervisors' approvals.

As required under PRC regulations, we participate in housing fund and various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury and unemployment benefit plans, under which we make contributions at specified percentages of the salaries of our employees. We also purchase supplemental accident insurance for our employees. Bonuses are generally discretionary and based in part on employee performance and in part on the overall performance of our business. We plan to grant share-based incentive awards to our employees in the future to incentivize their contributions to our growth and development.

We enter into standard labor contracts and confidentiality agreements that contain non-compete restrictions with our employees.

None of our employees are currently represented by labor unions. We believe that we maintain a good working relationship with our employees and we did not experience any significant labor disputes or any difficulty in recruiting staff for our operations.

PROPERTIES

We do not own any properties. Our headquarters are located in Beijing, China, where we lease and occupy our office space with an aggregate floor area of approximately 1,920 square meters as of the Latest Practicable Date. A substantial majority of our employees are based in Beijing. As of the Latest Practicable Date, we also lease and occupy office space in Shanghai, Shijiazhuang and Yinchuan with an aggregate floor area of approximately 927 square meters.

These leases have expiration dates ranging from December 2021 to November 2025. Leases covering an aggregate floor area of approximately 1,920 square meters for our headquarters will expire in November 2025. We will renew our lease for a certain property only if such property: (i) is compliant with all environment, health and safety laws and regulations, (ii) is not subject to any dispute, lawsuit or other factors that may affect our use, (iii) offers quality property management service, and (iv) is located at a place with sufficient substitute properties in case we cannot renew our lease. To ensure a certain property satisfies all these requirements, we do a background check on whether the property or the landlord is subject to any investigation, dispute or lawsuit or has

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any enforcement record and routinely evaluate the service quality of the property management company. These properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules.

As of December 31, 2020, none of the properties leased by us had a carrying amount of 15% or more of our consolidated total assets. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap. 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which requires a valuation report with respect to all our interests in land or buildings.

LEGAL PROCEEDINGS AND COMPLIANCE

We are currently not a party to any material legal or administrative proceedings. We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management's time and attention.

During the Track Record Period and up to the Latest Practicable Date, we have had no incidents of non-compliance having a material adverse effect on our business, financial condition or results of operations.

Certain of our business practices during the Track Record Period may constitute noncompliance incidents. For example, historically, our contributions to social insurance and housing fund for our employees may be found inadequate under PRC law. We recorded RMB10.6 million as other payables and accruals in our financial statements to reflect our estimation of the total amount of historical shortfall as of December 31, 2020. Pursuant to relevant PRC laws and regulations, we may be ordered by the relevant government authorities to pay the historical shortfall amount within a prescribed period and the historical shortfall in social insurance contributions shall be subject to a late fee of 0.05% per day from the due date. If we fail to make a payment within the prescribed period, we may face an additional fine ranging between one to three times the historical shortfall in social insurance contributions. Pursuant to relevant PRC laws and regulations, if there is a failure to pay the full amount of housing provident fund as required, the housing provident fund management center 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 of the date of this prospectus, we have not received any notice of warning or been subject to any administrative penalties or other

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disciplinary actions from the relevant governmental authorities for our historical shortfall in social insurance and housing fund contribution. Our PRC Legal Adviser is of the opinion that the risk of us being subject to such fine is low provided that we make the payment within the prescribed period. See “Risk Factors — Risks Relating to Our Business and Industry — Failure to make adequate contributions to various government-sponsored employee benefits plans as required by PRC regulations may subject us to penalties” for more details. Based on the foregoing, our Directors are of the view that none of the noncompliance incidents as described above could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Pursuant to the Urgent Notice on Enforcing the Requirement of the General Meeting of the State Council and Stabilizing the Levy of Social Insurance Payment (關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知) promulgated on September 21, 2018 by the Ministry of Human Resources & Social Security, administrative enforcement authorities are prohibited from organizing and conducting centralized collection of enterprises’ historical social insurance arrears. We have begun to implement measures to rectify our non-compliance with social insurance and housing provident funds laws and regulations. We undertake to make timely payments for the deficient amount and overdue charges, as soon as requested by the competent government authorities.

RISK MANAGEMENT AND INTERNAL CONTROL

We have devoted ourselves to establishing and maintaining risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations, and we are dedicated to continuously improving these systems.

We have adopted and implemented comprehensive risk management policies in various aspects of our business operations such as financial reporting, information system, internal control, human resources and investment management.

Financial Reporting Risk Management

We have in place a set of accounting policies in connection with our financial reporting risk management, such as financial report management policies, budget management policies, financial statements preparation policies and financial department and staff management policies. We have various procedures in place to implement accounting policies, and our financial department reviews our management accounts based on such procedures. We also provide regular training to our financial department staff to ensure that they understand financial management and accounting policies and implement them in our daily operations.

Operational Risk Management

We value the quality and safety of the healthcare services provided on our platform. We strive to minimize medical risks arising from our Internet hospital operations and have not received any written notice or penalty for material non-compliance or violation of healthcare service quality and safety laws or regulations. We conduct evaluations of physicians to ensure that they have the relevant qualifications and licenses to join our Internet hospital. We require physicians on our Internet hospital to strictly adhere to the work scope and quality requirements specified in our terms of use in compliance with applicable legal and regulatory requirements.

We have adopted internal policies and practices relating to content standards. We select medical information primarily based on clinical utility and scientific value. We also consider the levels of evidence used in accordance with the professional standards for evidence-based medical research, comprehensiveness, conciseness and timeliness. We require customized content to be evidence-based and do not publish inaccurate, biased or malicious content. See “— Content on Our Platform — Content Standards” for further details.

Information System Risk Management

Sufficient maintenance, storage and protection of user data and other related information is critical to our success. We have implemented relevant internal procedures and controls to ensure that user data is protected and that leakage and loss of such data is avoided. Our information technology system security department are responsible for ensuring the security of our information technology infrastructure and ensuring that the usage, maintenance and protection of user data are in compliance with our internal rules and the applicable laws and regulations. We provide regular trainings to our information technology teams. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material information leakage or loss of user data. See “— Our Technology” and “— Data Protection and Privacy” for further details.

Internal Control Risk Management

We have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations. In accordance with these procedures, our in-house legal department performs the basic function of reviewing and updating the form of contracts we enter into with our customers and suppliers. Our legal department examines the contract terms and reviews all relevant documents for our business operations, including licenses and permits obtained by the counterparties to perform their obligations our business contracts and all the necessary underlying due diligence materials, before we enter into any contract or business arrangements.

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Our in-house legal department is responsible for obtaining any requisite governmental pre-approvals or consents, including preparing and submitting all necessary documents for filing with relevant government authorities within the prescribed regulatory timelines.

We continually review the implementation of our risk management policies and measures to ensure our policies and implementation are effective and sufficient.

Human Resources Risk Management

We provide regular and specialized training tailored to the needs of our employees in different departments. Our human resource department regularly organizes internal training sessions conducted by senior employees or outside consultants on topics of interest. Our human resource department schedules online trainings, reviews the information of the trainings, follows up with employees to evaluate the impact of such training and rewards lecturers for positive feedback. Through these trainings, we ensure that our staff's skill sets remain up-to-date, enabling them to better discover and meet consumers' needs.

We have in place an employee handbook approved by our management and distributed to all our employees, which contains internal rules and guidelines regarding best commercial practice, work ethics, fraud prevention mechanism, negligence and corruption. We provide employees with regular trainings and resources to explain the guidelines contained in the employee handbook.

We also have in place anti-corruption and anti-bribery policies to safeguard against any corruption within our Company. Our policies explain potential corruption conducts and our anti-corruption measures. We prohibit our employees from receiving or giving any form of bribes or kickbacks in dealing with third parties. We have included clear and strict guidelines against the acceptance of gifts, hospitality and other offers by interested third parties and the making of such offers by our employees to any third-parties. Our employees are required to sign an anti-corruption and anti-bribery undertaking. It is our policy that each department shall perform self-check on any violations in key processes and roles on a regular basis, and report to the internal control department any violation or trace of possible risk events, and our internal control department conducts internal control inspections regularly. We have anti-corruption and anti-bribery clauses in our business contracts, which allow us to terminate the contracts for any violation of such clauses by the counterparties. We require our suppliers and other third parties who cooperate with us to sign an anti-corruption and anti-bribery undertaking, and comply with relevant laws and regulations. We will report bribery and corruption activities to relevant authorities if we determine such activities to have violated applicable laws and regulations. We make our internal reporting channel open and available for our staff to report any corruption acts, and our staff can also make anonymous reports to our internal audit department. Our internal audit department is responsible for investigating the reported incidents and taking appropriate measures. We conduct sufficient

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risk-based due diligence before hiring any third party and ensure that the hiring procedure is implemented fully in accordance with the anti-bribery policy. We also have regular trainings for employees regarding anti-bribery policy to facilitate better implementation. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any anti-bribery incident by our employees in relation to all of our customers.

Investment Risk Management

Our investment strategy is to invest in or acquire businesses that are complementary to our business and aligned with our own growth strategies. We adopt investment plans in line with our business strategies with inputs from various business departments. We generally intend to hold our investments for the long term. In order to manage the potential risks associated with investments, we would generally require any potential investee companies to grant us customary minority investor protective rights.

Our investment department is responsible for investment project sourcing, screening, execution and post-investment risk management. The department sources investment projects in accordance with our investment strategy and preliminarily assesses the risks and potential of the investment projects. We employ different levels of approval and due diligence mechanisms corresponding to the specific circumstances involved in an investment project.

In addition, our investment department is responsible for monitoring the performance of each investment on a regular basis. The department is also responsible for preparing analysis reports and providing recommendations on measures to reduce any risks involved in each investment project and must report to the head of the department and then to our investment committee if there is any material change to the financial position of an investment.

CUSTOMER SERVICE

We are committed to delivering an exceptional level of service to our customers. We engage customer service specialists to handle all kinds of user queries and complaints regarding our products and services. Users can make queries and file complaints via various channels, such as email, telephone and social media.

LICENSES AND PERMITS

As of the Latest Practicable Date, as advised by our PRC Legal Adviser, we had obtained all requisite licenses, approvals and permits from relevant authorities that are material to our operations in China and such licenses, approvals and permits are valid and subsisting.

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The following table sets out a list of material licenses and permits currently held by us.

License/Permit	Holder	Grant Date	Expiration Date
Internet Content Provider License (電信與信息服務業務經營許可證)	Yimaihutong	December 19, 2018	December 19, 2023
Online Drug Information Offering License (互聯網藥品信息服務資格證書)	Yimaihutong	December 28, 2018	December 27, 2023
Permit for Cyber Culture Business Operations (網絡文化經營許可證)	Yimaihutong	May 14, 2020	May 13, 2023
Radio and TV Program Production and Business Operation License (廣播電視節目製作經營許可證)	Yimaihutong	September 27, 2020	September 27, 2022
Value-added Telecommunication Business License (增值電信業務經營許可證) . . .	Yimaihutong	April 27, 2017	December 13, 2021 ⁽¹⁾
License for Foreign-Related Investigation (涉外調查許可證)	Yimaihutong	May 22, 2020	May 21, 2023
Medical Institution Practicing License (醫療機構執業許可證)	Yinchuan Yimaitong	October 20, 2020	October 19, 2025

Notes:

- (1) Pursuant to the applicable PRC laws and regulations, the renewal application for Value-added Telecommunication Business License should be made to the issuing authority 90 days prior to its expiry. As such, we have not made a renewal application for such license. We currently do not anticipate material challenges to renew such license.