



麥迪衛康健康醫療管理科技股份有限公司  
MEDIWELCOME HEALTHCARE  
MANAGEMENT & TECHNOLOGY INC.

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2159

2021  
INTERIM REPORT



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## Corporate Information

### BOARD OF DIRECTORS

#### Executive Directors:

Mr. Shi Wei (*Chairman*)  
Mr. Yang Weimin  
Mr. Wang Liang (*Chief Executive Officer*)  
Mr. He Jiyong  
Mr. Wang Wei  
Mr. Sui Huijun

#### Non-executive Directors:

Ms. Zhang Yitao  
Mr. Liu Xia

#### Independent Non-executive Directors:

Mr. Song Ruilin  
Mr. Fei John Xiang  
Mr. David Zheng Wang  
Mr. Yang Xiaoxi

### AUDIT COMMITTEE

Mr. Yang Xiaoxi (*Chairman*)  
Mr. Song Ruilin  
Mr. Fei John Xiang

### REMUNERATION COMMITTEE

Mr. Fei John Xiang (*Chairman*)  
Mr. Song Ruilin  
Mr. David Zheng Wang

### NOMINATION COMMITTEE

Mr. Shi Wei (*Chairman*)  
Mr. Fei John Xiang  
Mr. David Zheng Wang

### JOINT COMPANY SECRETARIES

Ms. Zhao Luyang  
Ms. Leung Wai Ling, Wylie

### AUTHORIZED REPRESENTATIVES

Mr. Shi Wei  
Ms. Leung Wai Ling, Wylie

### REGISTERED OFFICE

Floor 4, Willow House  
Cricket Square  
Grand Cayman KY1-9010  
Cayman Islands

### HEADQUARTERS

10/F–12/F, Parkview Place  
2 East 4th Ring Road, Chaoyang District  
Beijing, PRC

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2204, 22/F  
Fu Fai Commercial Centre  
27 Hillier Street  
Hong Kong

### CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Campbells Corporate Services Limited  
Floor 4, Willow House, Cricket Square  
Grand Cayman KY1-9010  
Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited  
Shops 1712–1716  
17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

### AUDITOR

Moore Stephens CPA Limited  
*Certified Public Accountants and Registered Public Interest Entity Auditor*  
801–806 Silvercord, Tower 1  
30 Canton Road  
Tsimshatsui  
Kowloon  
Hong Kong

### LEGAL ADVISER

*As to Hong Kong Law:*  
Sidley Austin  
Level 39  
Two International Finance Centre  
8 Finance Street  
Central, Hong Kong

### COMPLIANCE ADVISER

Shanxi Securities International Capital Limited  
Unit A 29/F, Tower 1  
Admiralty Center  
18 Harcourt Road  
Admiralty  
Hong Kong

### PRINCIPAL BANK

Bank of Communications Yuhui East Road Branch  
1/F, Yayun Garden  
12 Xiaoying Road  
Chaoyang District  
Beijing  
PRC

### STOCK CODE

2159

### WEBSITE

[www.mediwelcome.com](http://www.mediwelcome.com)



## Business Highlights

The figures below are the results for the six months ended 30 June 2021:



Mediwelcome Healthcare Management & Technology Inc. (麥迪衛康健康醫療管理科技股份有限公司) (“**Mediwelcome**” or the “**Company**”) maintained a positive growth momentum during the six months ended 30 June 2021 (the “**Reporting Period**”). The total revenue of the Company and its subsidiaries (collectively, the “**Group**”) reached approximately RMB339.8 million, representing an increase of approximately 145.0% as compared to the corresponding period in 2020.

### CONTINUOUS EXPANSION OF CHRONIC DISEASES BUSINESS

Building on its existing business in chronic diseases health management, Mediwelcome continues to deepen its efforts to help more outstanding pharmaceutical companies, both domestic and foreign, to gain edges in market competition. In addition to the existing partners, Mediwelcome established business partnerships with five domestic and foreign pharmaceutical companies in the first half of 2021. The expansion into new medical fields also injected new impetus for Mediwelcome’s efficient growth. On top of the existing cardiovascular and cerebrovascular services, Mediwelcome keeps extending into new areas such as radiology, medical imaging, rare diseases and oncology, thereby diversifying its business development. As for business models, Mediwelcome has upgraded from an in-hospital one into the current out-of-hospital retail terminal service model, which has significantly broadened the overall coverage of Mediwelcome’s business. At the same time, by establishing partnerships with four non-governmental organizations (“**NGOs**”), Mediwelcome keeps contributing to the development of the chronic diseases field through its engagement in public welfare. Mediwelcome has refined its years of experience in serving foreign pharmaceutical companies and helped many domestic companies achieve leapfrog development and support domestic pharmaceutical companies to rise and take off.

### GROUND-BREAKING ACHIEVEMENTS IN INTERNET HEALTHCARE

Internet healthcare services are one of the key business segments of the Group. Leveraging on its resources advantages accumulated throughout the years from its service system, the Group is committed to building a service platform for internet healthcare that is deeply vertical so as to provide professional and differentiated platform services to both physicians and patients. Through the WeChat public account, Mediwelcome Doctor+ (麥迪衛康醫加), which is used by patients, and a mobile application, Doctor+ for Doctors (醫加醫生端), which is used by physicians, physicians are able to transfer their patients from offline clinic to an exclusive online smart one, and patients are able to interact with their attending physicians, thus creating a highly sticky, efficient, accurate and dedicated interaction system for physicians and patients. As at 30 June 2021, there were 26,629 registered physician users on Doctor+ for Doctors (醫加醫生端) and 47,614 patient users on mobile platform, which is used by patients, representing an increase of 690.2% and 391.0% as compared to those of last year, respectively. As at 30 June 2021, the cumulative number of online patient consultations was 44,534, representing an increase of 577% as compared to that of last year.



## Business Review

### OUTLOOK

In order to cope with market development and policy changes, Mediwelcome will keep exploring to develop internet healthcare business and digitalization based on digital healthcare platforms to create an innovative digital healthcare business model. Based on the real-world data and its experience covering the entire journey of patients, Mediwelcome will further explore the unmet needs of stakeholders in the healthcare industry to define and establish a comprehensive healthcare service system covering disease prevention and screening, diagnosis and treatment, rehabilitation and healthcare management. It will contain multiple innovative healthcare management tools, products and customized services for patients before admission to the hospital, receiving in-ward treatment, and after discharged from the hospital, including but not limited to genetic testing, disease screening, auxiliary diagnosis and treatment, digital medical treatment, healthcare education prescription, disease rehabilitation, doctor assistant, insurance service, enterprise customer health management, etc.

Meanwhile, Mediwelcome will further optimize its internet medical service platform in deep vertical field by ongoing consolidation of its unique advantages and efficient integration of internal and external resources so as to provide digital solutions based on real-world medical scenarios for all stakeholders in the field, facilitate process optimization and update between physicians' consultation and patients' treatment, thus bringing changes to healthcare outcome of patients. Based on patient journey in the real-world, Mediwelcome will launch digital health management business for chronic disease patients in vertical field and a customized patient follow-up and management service model by virtue of the high-stickiness model of "Attending physicians-Private patient" created by professional medical resources and internet medical platform, which enables physicians to efficiently manage their own patients by using fragmented time, meets the requirements of medical and health institutions for patient follow-up management and accumulates disease management data from the real-world. By collaboration with industry-leading resources, the Group will also explore and develop digital medical products for chronic disease patients, and create a fully-integrated medical ecosystem covering disease prevention and screening, diagnosis and treatment, functional rehabilitation and health management. With medical expertise as the core, internet medical platform as the conduit, and digital technology as the grip, the Group strives to improve the efficiency of chronic disease diagnosis and treatment, as well as to bring changes to healthcare outcome of patients. For this purpose, the Group will introduce talents in areas of high-end technologies of internet medical system, development and operation management of digital products and medical and health markets with a view to jointly creating the innovative medical and health ecological system of Mediwelcome.

# Management Discussion and Analysis

## FINANCIAL REVIEW

### Revenue

During the Reporting Period, the Group primarily generated revenue from its integrated healthcare marketing solutions, consisting of (i) medical conference services; (ii) patient education and screening services; and (iii) marketing strategy and consulting services. In addition, the Group developed and generated revenue from contract research organization (“CRO”) services and internet hospital services.

The Group’s revenue increased by 145.0% from approximately RMB138.7 million for the six months ended 30 June 2020 to approximately RMB339.8 million for the six months ended 30 June 2021. The following table sets forth a breakdown of the Group’s revenue by service type for the periods indicated:

	For the six months ended 30 June			
	2021		2020	
	(RMB'000)		(RMB'000)	
Medical conference services	208,510	61.4%	75,087	54.1%
Patient education and screening services	74,321	21.9%	27,453	19.8%
Marketing strategy and consulting services	51,046	15.0%	33,151	23.9%
CRO services	4,092	1.2%	2,920	2.1%
Internet hospital services	1,827	0.5%	70	0.1%
Total	339,796	100.0%	138,681	100.0%

### Medical Conference Services

Medical conference services primarily represent the medical conventions and seminars that the Group organizes which are generally hosted by medical NGOs and sponsored by enterprises in the healthcare industry, which primarily include pharmaceutical companies. The Group has built various technology platforms to enhance its integrated healthcare marketing solutions. To strengthen the Group’s conference management capabilities, the Group has launched the Conference+ App (醫會+) for users, i.e. medical NGOs and pharmaceutical companies, to submit onsite conference requests and monitor conference implementation.

Revenue from medical conference services increased by 177.7% from approximately RMB75.1 million for the six months ended 30 June 2020 to approximately RMB208.5 million for the six months ended 30 June 2021, primarily due to the increase in the revenue generated from online medical seminars. After the outbreak of COVID-19, more medical NGOs and pharmaceutical companies have engaged the Group to organize online medical seminars and six new projects contributed a revenue of approximately RMB129.9 million during the Reporting Period.



## Management Discussion and Analysis

### *Patient Education and Screening Services*

Patient education and screening services of the Group allow patients to administer better self-care and disease control, which will lower the burden on the healthcare system in the long run. Revenue from patient education and screening services increased by 170.7% from approximately RMB27.5 million for the six months ended 30 June 2020 to approximately RMB74.3 million for the six months ended 30 June 2021 as the Group has successfully shifted most of its onsite patient education and screening services to its online platforms which can access more participants and increase the contract value of each project. During the Reporting Period, the Group recognized revenue of approximately RMB49.9 million for projects with online educational programs, which was 113.2% higher than the revenue of approximately RMB23.4 million in the corresponding period last year.

### *Marketing Strategy and Consulting Services*

The Group provides marketing strategy and consulting services to assist pharmaceutical companies in formulating and implementing effective business strategies in enhancing their brands and product awareness among physicians. Revenue from marketing strategy and consulting services increased by 54.0% from approximately RMB33.2 million for the six months ended 30 June 2020 to approximately RMB51.0 million for the six months ended 30 June 2021 due to the market expansion of the Group's top three customers. These three customers actively engaged the Group for marketing strategy and consulting services in order to expand their markets. The Group recognized revenue of approximately RMB15.9 million for the provision of such services to them during the Reporting Period.

### *CRO Services and Internet Hospital Services*

The Group offers CRO services primarily consist of patients recruitment and clinical data collection services, and internet hospital services which mainly provides online follow-up consultations to the physicians' existing patients and e-prescription service.

Revenue from CRO services increased by 40.1% from approximately RMB2.9 million for the six months ended 30 June 2020 to approximately RMB4.1 million for the six months ended 30 June 2021 due to the Group's successful development and expansion of the CRO services which was newly launched in late 2019.

The Group has developed the mobile platforms, Mediwelcome Doctor+ (麥迪衛康醫加) and Doctor+ for Doctor (醫加醫生端), to provide internet hospital services. Currently, physicians' existing patients can schedule online follow-up consultations, obtain e-prescriptions and purchase medicine through the platform. Revenue from internet hospital services increased by 2,510% from approximately RMB0.1 million for the six months ended 30 June 2020 to approximately RMB1.8 million for the six months ended 30 June 2021, representing the significant increase in the number of active patient users purchasing prescribed medicine through the Group's internet hospital platform. The active patient number increased from 3,194 as at 30 June 2020 to 6,918 as at 30 June 2021.

### **Cost of sales**

The Group's cost of sales which mainly represent speaker fee paid to physicians, venue costs and staff costs increased by 175.0% from approximately RMB110.5 million for the six months ended 30 June 2020 to approximately RMB304.0 million for the six months ended 30 June 2021, which was generally in line with the increase in the Group's revenue.

# Management Discussion and Analysis

## Gross profit and gross profit margin

As a result of the foregoing, the Group's overall gross profit increased by approximately RMB7.7 million from approximately RMB28.1 million for the six months ended 30 June 2020 to approximately RMB35.8 million for the six months ended 30 June 2021, which was generally in line with the increase in the Group's revenue. The Group's overall gross profit margin decreased from 20.3% for the six months ended 30 June 2020 to 10.5% for the six months ended 30 June 2021, primarily due to (i) the increase in online medical seminars and online patient education which have lower profit margin as compared to other service types; and (ii) attractive pricing strategy to obtain more sizeable and well reputation customers, including famous pharmaceutical companies, medical associations and foundations in order to gain market share.

## Other income, gains and losses

Other income, gains and losses mainly consist of government grants, bank interest income and value-added tax refund. The Group's other income, gains and losses increased by 610.0% from approximately RMB1.0 million for the six months ended 30 June 2020 to approximately RMB7.2 million for the six months ended 30 June 2021, primarily attributable to the government subsidy of approximately RMB5.0 million in connection with the successful listing of the Company and the increase in value-added tax refund.

## Selling expenses

Selling expenses mainly consist of transportation expenses, salaries, share-based compensation expenses, performance bonuses and employee benefits expenses for the sales and marketing and business development expenses. The Group's selling expenses increased by 76.9% from approximately RMB5.8 million for the six months ended 30 June 2020 to approximately RMB10.2 million for the six months ended 30 June 2021, primarily due to (i) the recognition of share-based compensation expenses of approximately RMB1.4 million and; (ii) the increase in staff costs and travel and business development expenses in relation to the overall expansion of the Group's services.

## Administrative expenses

Administrative expenses mainly represent the salaries and benefits of the administrative and management staff, professional consulting fees, share-based compensation expenses, depreciation and other miscellaneous administrative expenses. The Group's administrative expenses increased by 68.4% from approximately RMB18.3 million for the six months ended 30 June 2020 to approximately RMB30.8 million for the six months ended 30 June 2021, primarily due to the recognition of share-based compensations of approximately RMB8.1 million and increase in travel and business expenses as a result of the overall expansion of the Group.

## Research and development expenses

The Group's research and development expenses decreased by 11.5% from approximately RMB7.2 million for the six months ended 30 June 2020 to approximately RMB6.4 million for the six months ended 30 June 2021, representing the decrease in the Group's research and development expenses primarily due to more resources and headcounts were incurred to develop the Group's internet hospital services during the six months ended 30 June 2020.



## Management Discussion and Analysis

### Listing expenses

The Group recorded listing expenses increased by 222.7% from approximately RMB3.5 million for the six months ended 30 June 2020 to approximately RMB11.3 million for the six months ended 30 June 2021, primarily attributable to (i) a significant portion of service fees of professional parties in connection with the listing were recognized upon the completion of the Company's listing; (ii) the increase in reimbursements of professional parties; and (iii) additional printing expenses were recognized in connection to the Company's listing.

### Finance costs

The Group's finance costs increased by 72.2% from approximately RMB0.4 million for the six months ended 30 June 2020 to approximately RMB0.6 million for the six months ended 30 June 2021, primarily attributable to the increase in interest expense on lease liabilities due to office expansion, which was in line with the Group's service line expansion strategy.

### Income tax (expense)/credit

The Group recorded income tax expense of approximately RMB1.8 million for the six months ended 30 June 2021 as compared with income tax credit of approximately RMB0.6 million for the six months ended 30 June 2020, primarily due to increase in operating profit from the entities of the Group in the People's Republic of China (the "PRC").

### Loss for the period

The Group's loss for the period increased by 305.8% from approximately RMB4.0 million for the six months ended 30 June 2020 to approximately RMB16.3 million for the six months ended 30 June 2021 due to the net effects of (i) sales increase driven by online medical seminars and online patient education; (ii) the increase in listing expenses; and (iii) the recognition of share-based compensation expenses as a result of the grant of 15,170,000 restricted share units ("RSUs") under the restricted share unit scheme ("RSU Scheme") on 25 June 2021.

### Other comprehensive income

The Group recorded other comprehensive income of approximately RMB25.4 million for the six months ended 30 June 2021, representing an increase of 405.9% as compared with other comprehensive income of approximately RMB5.0 million for the six months ended 30 June 2020, primarily due to the increase in unrealized fair value gains on the Group's investment in unlisted equity securities.

### Trade receivables

Trade receivables represent outstanding amounts due from customers for services that the Group has provided in the ordinary course of business. The Group's trade receivables decreased from approximately RMB78.4 million as at 31 December 2020 to approximately RMB67.3 million as at 30 June 2021 due to better control on settlement of customer trade balances.

## Management Discussion and Analysis

### Trade payables

Trade payables mainly represent the balances due to suppliers for the procurement of goods and services used for the Group's service offerings, such as travel and lodging services, presentation materials, venue set-up, rental services and video production services. The Group's trade payables decreased from approximately RMB26.2 million as at 31 December 2020 to approximately RMB20.2 million as at 30 June 2021 as the Group has been shifting its business to online platforms, resulting in the decrease in amounts payable to third party suppliers.

### Financial assets at fair value through profit or loss

The Group's financial assets at fair value through profit or loss mainly represent financial products that the Group purchased. These financial products were primarily low risk structured fixed deposit from reputable PRC commercial banks with maximum three-month maturity, the principal of which was invested in low risk debt instruments, while the interest was invested in derivatives market. The financial products the Group held as at 30 June 2021 had an expected rate of return of 2.42% to 4.00% per annum depending on the returns of the derivatives.

As at 30 June 2021, the fair value of the Group's financial assets at fair value through profit or loss was approximately RMB41.0 million, details of which are summarised below:

Issuer	Name of wealth management products	Fair value	Size as
		as at 30 June 2021 RMB'000	compared to the Company's total assets as at 30 June 2021
Bank of Beijing Co., Ltd.	Bank of Beijing Jihua Yuanjian Institutional Yitaojin Wealth Management Scheme (北京銀行京華遠見機構易淘金理財管理計劃)	14,000	3.5%
Bank of Communications Co., Ltd.	BoCom Yuntong Wealth Current Structured Deposit S Series (交通銀行蘊通財富結構性存款S款)	14,000	3.5%
China Merchants Bank Co., Ltd.	Ririxin 80008 (日日鑫80008號)	2,000	0.5%
China Zheshang Bank Co., Ltd.	Shengxinying B-1 (升鑫贏B-1號)	4,000	1.0%
China Guangfa Bank Co., Ltd.	Xingfulicai ("幸福理財"幸福添福系列人民幣理財計劃)	4,000	1.0%
Everbright Wealth Management Co., Ltd.	CEB Cash A (光銀現金A)	3,000	0.8%

The Group invested in these financial products during the six months ended 30 June 2021 with an aim to enhance its income by generating higher yield than cash deposits, while maintaining a stable liquidity at low level risk. The Group generally limits its investments in financial products to low-risk, short-term products from reputable PRC commercial banks.



# Management Discussion and Analysis

## LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

### Treasury policy

The Group's funding and treasury policies are designed to strengthen the internal control and management of the Group's overall financial position and to mitigate the Group's financial risks, and to better regulate the Company's financial behavior and improve the efficiency of the use of funds. The policies manage the use of the Group's funds in foreign investments and fund raising activities.

### Net current assets

As at 30 June 2021, the Group had net current assets of approximately RMB201.1 million, as compared with net current assets of approximately RMB117.2 million as at 31 December 2020.

### Bank balances and cash

The Group's bank balances and cash mainly consist of (i) bank deposits denominated in Renminbi and carried the People's Bank of China (中國人民銀行) benchmark interest rate throughout the Reporting Period; and (ii) cash on hand.

As at 30 June 2021, the Group had bank balances and cash of approximately RMB139.3 million, representing an increase of 56.6% from approximately RMB89.0 million as at 31 December 2020. The Group's principal sources of liquidity and capital resources are cash from operating activities. The Group monitors cash flows and cash balance on a regular basis and strive to maintain an optimal liquidity that can meet its working capital needs while supporting a healthy level of business scale and expansion.

### Indebtedness

The Group's indebtedness represents lease liabilities. As at 30 June 2021, the Group, as a lessee, had outstanding current and non-current lease liabilities of approximately RMB24.3 million as compared with approximately RMB25.4 million as at 31 December 2020. The lease liabilities represent payment for the right to use underlying assets, which is unsecured and unguaranteed.

As at 30 June 2021, the Group did not enter into any banking facility agreement and had no unutilized banking facilities. As a result, the Group's gearing ratio (calculated as total bank and other borrowings divided by total equity) as at 30 June 2021 was nil (31 December 2020: nil).

### Capital expenditures

As at 30 June 2021, capital expenditures of the Group significantly increased to approximately RMB23.2 million for the six months ended 30 June 2021 as compared with approximately RMB8.5 million for the six months ended 30 June 2020. These capital expenditures were related to (i) purchases of property, plant and equipment; and (ii) expenses for research and development activities capitalized as intangible assets. The Group is expected to incur expenses to develop computer and mobile software and platforms for its internet hospital services which may be capitalized. These expenses will be financed by net proceeds from the global offering of the Company (the "**Global Offering**") in the manner consistent with that as mentioned in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 31 December 2020 (the "**Prospectus**") and cash flow from operating activities.

# Management Discussion and Analysis

## Capital structure

The shares of the Company (“**Shares**”) were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 19 January 2021 (the “**Listing Date**”). There has been no change in the capital structure of the Group since then.

As at 30 June 2021, the total number of issued shares of the Company was 200,000,000.

## Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the functional currencies of the respective entities of the Group. The Group manages its foreign exchange risk by performing regular reviews of its net foreign exchange exposures. The Group did not hedge against any fluctuation in foreign currencies during the Reporting Period.

The Group operates mainly in the PRC with most of the transactions settled in Renminbi. Management of the Group considers that the Group’s business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities that are denominated in the currencies other than the respective functional currencies of the Group’s entities.

## Contingent liabilities

As at 30 June 2021, the Group did not have any material contingent liabilities (31 December 2020: nil).

## Pledge of assets

As at 30 June 2021, the Group did not pledge any of its assets (31 December 2020: nil).

## Human resources

As at 30 June 2021, the Group had 411 employees (30 June 2020: 402 employees) as a result of the increase in headcount due to the development of overall expansion of the Group’s services. For the six months ended 30 June 2021, the staff cost recognised as expenses of the Group amounted to approximately RMB39.7 million, representing an increase of 32.0% from approximately RMB30.0 million for the six months ended 30 June 2020. The increase was mainly attributable to the increase in proportion of employees with higher income, increase in headcounts, and approximately RMB9.7 million share-based compensations was recognized due to the grant of 15,170,000 RSUs during the Reporting Period.

The Group is committed to establishing a fair remuneration system and will conduct performance evaluation for its employees on an annual basis. Compensation for employees typically consists of a base salary and a performance-based bonus. The Group conducts training for new staff before they start work and provides periodic training for its employees based on their respective responsibilities.

Furthermore, the Company has conditionally adopted the RSU Scheme on 18 September 2019 and a share option scheme on 21 December 2020, details of which are set out in “Appendix IV — Statutory and General Information — D. Other information — 2. RSU Scheme” and “Appendix IV — Statutory and General Information — D. Other Information — 3. Share Option Scheme” in the Prospectus.



## Management Discussion and Analysis

### SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 16 November 2018, the Group entered into an agreement with the founding shareholders of Beijing Lingchuang Yigu Technology Development Co., Ltd.\* (北京領創醫谷科技發展有限責任公司, “**Lingchuang Yigu**”), independent third parties to the Group, for the injection of new capital to Lingchuang Yigu by the Group. Upon the completion of the capital contribution of RMB5,300,000 on 23 November 2018, the Group held 15% of equity interests of Lingchuang Yigu. Lingchuang Yigu is principally engaged in the production and sale of spinal endoscopes. The Group invested in Lingchuang Yigu as pain treatment is a rising segment of the healthcare industry and Lingchuang Yigu’s spinal endoscopes have relatively strong competitiveness in the market.

The fair value of the equity interests in Lingchuang Yigu as at 31 December 2020 was approximately RMB8.6 million, accounting for approximately 3.08% of total assets the Group of approximately RMB280 million as at 31 December 2020. The fair value of the equity interests in Lingchuang Yigu as at 30 June 2021 was approximately RMB21.1 million, accounting for approximately 5.31% of the total assets of the Group of approximately RMB398.2 million as at 30 June 2021.

During the Reporting Period, the change of fair value on the equity interests in Lingchuang Yigu, which was classified as fair value through other comprehensive income, was approximately RMB12.5 million (six months ended 30 June 2020: RMB1.9 million). No dividend income was received from the equity interests in Lingchuang Yigu during the Reporting Period (six months ended 30 June 2020: nil).

Save as disclosed herein, the Group had no significant investment, material acquisition or disposal of subsidiaries, associates and joint ventures during the Reporting Period.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

The Company’s shares were listed on the Main Board of the Stock Exchange on 19 January 2021. Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the Reporting Period.

### FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group intends to utilise the net proceeds raised from the listing according to the plans set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus. Save as disclosed in the Prospectus, the Group had no other future plans for material investments or capital assets as at 30 June 2021.

# Management Discussion and Analysis

## EVENTS AFTER REPORTING PERIOD

### Disposal of part of equity interests in Lingchuang Yigu

On 2 July 2021, the Group entered into a sale and purchase agreement with an independent third party to dispose 3.29% of the equity interests in Lingchuang Yigu at a consideration of RMB10 million in cash (the “**Disposal**”). The consideration was determined after arm’s length negotiation between the Group and the independent third party with reference to the latest business and development for future prospects of Lingchuang Yigu. The consideration was received on 13 July 2021. Upon completion of the Disposal, the Group holds a remaining of 6.95% of equity interest in Lingchuang Yigu. As at the date of this report, the Disposal has not yet been completed.

### Subscription of new registered capital of an equity instrument

On 4 August 2021, the Group entered into a capital increase agreement in relation to the subscription of new registered capital of Shanghai Bohuikang Biological Technology Co., Ltd.\* (上海柏慧康生物科技有限公司) at a consideration of RMB10 million in cash (the “**Subscription**”). Upon completion of the Subscription, the Group will hold a total of 19.4117% of equity interest in Shanghai Bohuikang Biological Technology Co., Ltd.\* (上海柏慧康生物科技有限公司). Details of the Subscription are set out in the announcement of the Company dated 4 August 2021.

Save as disclosed above, there were no significant events after 30 June 2021 and up to date of this report.

## FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES

The Group had not provided any financial assistance and guarantee to affiliated companies during the Reporting Period.

## FINANCIAL INSTRUMENTS FOR HEDGING PURPOSES

The Group did not use any financial instruments for hedging purposes during the Reporting Period.

\* For identification purpose only



## Management Discussion and Analysis

### USE OF PROCEEDS

In connection with the Global Offering, the Company allotted and issued 50,000,000 ordinary Shares with a par value of HK\$0.00001 each at a price of HK\$3.00 per ordinary Share on 19 January 2021. The Group's business objectives and planned use of proceeds as stated in the Prospectus were based on the best estimation of future market conditions made by the Group at the time of preparing the Prospectus. The proceeds were used according to the plans set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. The net proceeds from the Global Offering, after deduction of the underwriting fees, commissions and expenses, were approximately HK\$78.8 million. During the six months ended 30 June 2021, the net proceeds from the Global Offering had been applied as follows:

<b>Business objectives as stated in the Prospectus</b>	<b>Actual net proceeds (HK \$million)</b>	<b>Actual amount utilized during the Reporting Period</b>	<b>Remaining unutilized balance as at 30 June 2021 (HK \$million)</b>	<b>Expected timeline for utilized net proceeds</b>
To broaden the Group's customer base, disease area coverage and patient base	45.7	5.5	40.2	By 31 December 2023
To complement the Group's service capabilities through the development of its internet hospital services	19.7	2.0	17.7	By 31 December 2023
Working capital and general corporate purposes	9.5	1.8	7.7	By 31 December 2023
To develop the Group's CRO services, including recruiting a team of experienced personnel	3.9	0.2	3.7	By 31 December 2023
	78.8	9.5	69.3	

The unused net proceeds have been placed as interest-bearing deposits with licensed banks in Hong Kong and the PRC in accordance with the intention of the Board as disclosed in the Prospectus.

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
<b>Revenue</b>	3	<b>339,796</b>	138,681
Cost of sales		<b>(303,991)</b>	(110,549)
<b>Gross profit</b>		<b>35,805</b>	28,132
Other income, gains and losses	4	<b>7,207</b>	1,015
Selling expenses		<b>(10,187)</b>	(5,758)
Administrative expenses		<b>(30,835)</b>	(18,309)
Research and development expenses		<b>(6,382)</b>	(7,208)
Listing expenses		<b>(11,305)</b>	(3,503)
Finance costs	5	<b>(606)</b>	(352)
Reversal of impairment losses on trade receivables		<b>1,888</b>	1,415
<b>Loss before taxation</b>	6	<b>(14,415)</b>	(4,568)
Income tax (expense)/credit	7	<b>(1,847)</b>	561
<b>Loss for the period</b>		<b>(16,262)</b>	(4,007)
<b>Other comprehensive income</b>			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value changes in equity instruments at fair value through other comprehensive income ("FVTOCI")		<b>25,399</b>	5,021
<b>Total comprehensive income for the period</b>		<b>9,137</b>	1,014
<b>Loss for the period attributable to:</b>			
— Owners of the Company		<b>(15,794)</b>	(2,278)
— Non-controlling interests		<b>(468)</b>	(1,729)
		<b>(16,262)</b>	(4,007)
<b>Total comprehensive income/(loss) for the period attributable to:</b>			
— Owners of the Company		<b>9,605</b>	2,743
— Non-controlling interests		<b>(468)</b>	(1,729)
		<b>9,137</b>	1,014
<b>Losses per share</b>			
— Basic and diluted losses per share (RMB cents)	9	<b>(9.01)</b>	(1.75)



## Condensed Consolidated Statement of Financial Position

At 30 June 2021

		<b>30 June 2021</b>	31 December 2020
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	(Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	<b>6,874</b>	7,763
Right-of-use assets	10	<b>18,512</b>	21,723
Equity instruments at fair value through other comprehensive income	11a	<b>32,225</b>	16,826
Goodwill	12	<b>3,115</b>	3,115
Intangible assets	10	<b>41,263</b>	23,159
Deferred tax assets		<b>2,101</b>	2,098
Prepayments, deposits and other receivables	13	<b>2,708</b>	2,808
		<b>106,798</b>	77,492
<b>Current assets</b>			
Trade receivables	14	<b>67,251</b>	78,447
Contract costs		<b>27,074</b>	11,086
Prepayments, deposits and other receivables	13	<b>6,847</b>	8,165
Financial assets at fair value through profit or loss	11b	<b>41,000</b>	15,900
Bank balances and cash		<b>139,318</b>	88,990
		<b>281,490</b>	202,588
Assets classified as held for sale	15	<b>10,000</b>	–
Total current assets		<b>291,490</b>	202,588
<b>Total assets</b>		<b>398,288</b>	280,080

# Condensed Consolidated Statement of Financial Position

At 30 June 2021

	Notes	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables	16	20,171	26,153
Contract liabilities		46,999	28,713
Other payables and accruals	17	17,257	25,834
Lease liabilities		4,973	2,104
Tax payable		1,030	2,628
		<b>90,430</b>	85,432
<b>Net current assets</b>		<b>201,060</b>	117,156
<b>Total assets less current liabilities</b>		<b>307,858</b>	194,648
<b>Non-current liabilities</b>			
Deferred tax liabilities		868	329
Lease liabilities		19,306	23,323
		<b>20,174</b>	23,652
<b>Net assets</b>		<b>287,684</b>	170,996
<b>EQUITY</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	18	1	1
Reserves		278,330	161,174
		<b>278,331</b>	161,175
<b>Non-controlling interests</b>		<b>9,353</b>	9,821
<b>Total equity</b>		<b>287,684</b>	170,996



# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Attributable to owners of the Company												Non-controlling interests	Total
	Share capital	Share premium	Shares held for RSU Scheme		Shareholder contribution	Capital reserve	Statutory reserve	Fair value reserve	Other reserve	Share-based compensations	Retained earnings	Sub-total		
	RMB'000 (Note 18)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
<b>As at 1 January 2021 (Audited)</b>	1	-	-	-	-	37,878	14,604	4,651	54,216	-	49,825	161,175	9,821	170,996
Loss for the period	-	-	-	-	-	-	-	-	-	-	(15,794)	(15,794)	(468)	(16,262)
Other comprehensive income														
— Fair value changes in equity instruments at FVTOCI	-	-	-	-	-	-	-	25,399	-	-	-	25,399	-	25,399
<b>Total comprehensive income/(loss) for the period</b>	-	-	-	-	-	-	-	25,399	-	-	(15,794)	9,605	(468)	9,137
Appropriation to statutory reserve	-	-	-	-	-	-	1,578	-	-	-	(1,578)	-	-	-
Derecognition of a subsidiary	-	-	-	-	-	-	(572)	-	-	-	572	-	-	-
Issue of new shares through Global Offering (Note 18)	-*	97,802	-	-	-	-	-	-	-	-	-	97,802	-	97,802
Shares held for restricted share units scheme ("RSU Scheme") (Note 19)	-	-	-*	-*	-	-	-	-	-	-	-	-	-	-
Share-based compensation														
— Value of employee services (Notes 6 and 19)	-	-	-	-	-	-	-	-	-	9,707	-	9,707	-	9,707
— Vested and settled (Note 19)	-	9,457	-*	-	-	-	-	-	-	(9,415)	-	42	-	42
<b>As at 30 June 2021 (Unaudited)</b>	1	107,259	-*	-*	-	37,878	15,610	30,050	54,216	292	33,025	278,331	9,353	287,684

	Attributable to owners of the Company												Non-controlling interests	Total
	Share capital	Share premium	Shares held for RSU Scheme		Shareholder contribution	Capital reserve	Statutory reserve	Fair value reserve	Other reserve	Share-based compensations	Retained earnings	Sub-total		
	RMB'000 (Note 18)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
<b>As at 1 January 2020 (Audited)</b>	1	-	-	-	-	37,878	11,340	439	54,216	-	32,047	135,921	8,884	144,805
Loss for the period	-	-	-	-	-	-	-	-	-	-	(2,278)	(2,278)	(1,729)	(4,007)
Other comprehensive income														
Fair value changes in equity instruments at FVTOCI	-	-	-	-	-	-	-	5,021	-	-	-	5,021	-	5,021
<b>Total comprehensive income/(loss) for the period</b>	-	-	-	-	-	-	-	5,021	-	-	(2,278)	2,743	(1,729)	1,014
<b>As at 30 June 2020 (Audited)</b>	1	-	-	-	-	37,878	11,340	5,460	54,216	-	29,769	138,664	7,155	145,819

\* Less than RMB1,000

## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
<b>Net cash generated from operating activities</b>		<b>2,023</b>	2,927
<b>Investing activities</b>			
Purchases of property, plant and equipment	10	(789)	(3,450)
Acquisition of intangible assets	10	(22,387)	(5,013)
Purchases of financial assets at fair value through profit or loss	11b	(77,000)	(5,000)
Proceeds from disposal of financial assets at fair value through profit or loss	11b	52,190	5,676
Proceeds from disposal of property, plant and equipment		–	10
Interest received	4	243	150
<b>Net cash used in investing activities</b>		<b>(47,743)</b>	(7,627)
<b>Financing activities</b>			
Issue of new shares through Global Offering		97,802	–
Payment for principal portion of lease liabilities		(1,148)	(3,056)
Payment for interest portion of lease liabilities		(606)	(352)
<b>Net cash generated from/(used in) financing activities</b>		<b>96,048</b>	(3,408)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>50,328</b>	(8,108)
Cash and cash equivalents at beginning of the period		88,990	73,642
<b>Cash and cash equivalents at end of the period, representing bank balances and cash</b>		<b>139,318</b>	65,534



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 1. GENERAL INFORMATION AND BASIS OF PREPARATION

### 1.1 General information

Mediwelcome Healthcare Management & Technology Inc. (the “**Company**”) was incorporated under the laws of the Cayman Islands with limited liability on 21 February 2019. The registered office is located at Floor 4, Willow House, Cricket Square, Grand Cayman KY1-9010, Cayman Islands and its principal place of business in Hong Kong is located at Room 2204, 22/F, Fu Fai Commercial Centre, 27 Hillier Street, Hong Kong. The shares of the Company (“**Shares**”) have been listed (the “**Listing**”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 19 January 2021 (“**Listing Date**”).

The Company acts as an investment holding company. The Company and its subsidiaries are collectively referred to as the “**Group**”.

The Company is ultimately controlled by Mr. Shi Wei, Mr. Yang Weimin, Ms. Zhang Yitao and Mr. Wang Liang, who are also parties acting in concert, and as a result of contractual arrangements, collectively have the power to direct the relevant activities of the Group.

Items included in the condensed consolidated financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “**functional currency**”). The functional currency of the Company is Renminbi (“**RMB**”) since the Company’s primary subsidiaries were incorporated and are operating in the People’s Republic of China (the “**PRC**”) and these subsidiaries considered RMB as their functional currency. The condensed consolidated financial statements is presented in RMB, which is the Company’s functional and the Group’s presentation currency. All values are rounded to the nearest thousand except when otherwise indicated.

### 1.2 Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and equity instruments at fair value through other comprehensive income which are carried at fair value at subsequent reporting dates.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2020.

### Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2
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The Group has early applied the Amendment to HKFRS 16 “Covid-19-Related Rent Concessions” in prior year and the Amendment to HKFRS 16 “Covid-19-Related Rent Concessions beyond 30 June 2021” (the “**2021 Amendment**”) in the current interim period. The 2021 Amendment extends the availability of the practical expedient set out in paragraph 46A of HKFRS 16 to rent concessions on or before 30 June 2022.

The early application of the 2021 Amendment has had no impact to the opening accumulated losses at 1 January 2021 and the financial position and financial performance for the current interim period.



## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 3. REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker (“CODM”) reviews the “operating loss” as presented below and the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole. Therefore, the Group has only one reportable segment which mainly operates its businesses in the PRC and earns substantially all of the revenues from external customers attributed to the PRC. As at the end of the reporting period, substantially all of the non-current assets of the Group were located in the PRC. Therefore, no geographical segments are presented. No analysis of segment assets or segment liabilities is presented as they are not used by the CODM when making decisions about allocating resources and assessing performance of the Group.

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
The Group's loss before taxation	<b>(14,415)</b>	(4,568)
Add: Listing expenses	<b>11,305</b>	3,503
Less: Other income	<b>(7,207)</b>	(1,015)
<hr/>		
Operating loss presented to the CODM	<b>(10,317)</b>	(2,080)

Revenue by service type as follows:

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Medical conference services	<b>208,510</b>	75,087
Patient education and screening services	<b>74,321</b>	27,453
Marketing strategy and consulting services	<b>51,046</b>	33,151
Contract research organisation services	<b>4,092</b>	2,920
Internet hospital services	<b>1,827</b>	70
<hr/>		
Total revenue	<b>339,796</b>	138,681

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 3. REVENUE AND SEGMENT INFORMATION (Continued)

The timing of revenue recognition for the services are as follows:

	Six months ended 30 June	
	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Timing of revenue recognition		
At a point in time	<b>339,288</b>	138,593
Over time	<b>508</b>	88
<b>Total revenue</b>	<b>339,796</b>	138,681

The major customers which contributed more than 10% of the total revenue for the corresponding periods are listed as below:

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Audited)
Customer A <sup>1</sup>	–	16%
Customer B <sup>1</sup>	–	10%
Customer C <sup>1</sup>	–	10%
Customer D <sup>1</sup>	<b>24%</b>	–

<sup>1</sup> The customer did not contribute over 10% of the total revenue of the Group in the corresponding period.

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied or partially unsatisfied at the date of the reporting period.

	Six months ended 30 June	
	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Within one year	<b>374,813</b>	192,496



## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 4. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
Foreign exchange gain/(loss), net	112	(1)
Loss on disposal of property, plant and equipment (Note 10)	–	(120)
Bank interest income	243	150
Gain on fair value changes of financial assets at fair value through profit or loss ("FVTPL") (Note 20)	290	176
Government subsidy (Note)	5,080	133
Value added tax refund	1,441	431
Others	41	246
	<b>7,207</b>	1,015

Note: Amount represented subsidy on the Group's business development without any specific conditions attached to the subsidy.

### 5. FINANCE COSTS

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
Interest expense on lease liabilities	606	352

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 6. LOSS BEFORE TAXATION

	Six months ended 30 June	
	2021	2020
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Loss before taxation has been carried at after charging:		
Auditor's remuneration		
— audit services	—	—
— non-audit services	<b>1,021</b>	782
Depreciation of property, plant and equipment	<b>1,678</b>	1,406
Depreciation of right-of-use assets	<b>3,211</b>	3,000
Amortisation of intangible assets (included in cost of sales)	<b>4,283</b>	3,336
Short-term lease payments	<b>865</b>	1,006
Staff costs:		
— Fee and salaries (including directors' remuneration)	<b>23,997</b>	24,780
— Staff retirement benefit costs (including directors' retirement benefit scheme contributions)	<b>2,190</b>	398
— Social security costs, housing benefits and other employee benefits (including directors' social security costs, housing benefits and other benefits)	<b>3,760</b>	4,854
— Share-based compensation ( <i>Note 19</i> )	<b>9,707</b>	—
	<b>39,654</b>	30,032

## 7. INCOME TAX EXPENSE/(CREDIT)

	Six months ended 30 June	
	2021	2020
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Current tax	<b>1,311</b>	181
Over provision of taxation for previous years	—	(316)
	<b>1,311</b>	(135)
Deferred tax expense/(credit)	<b>536</b>	(426)
	<b>1,847</b>	(561)



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 7. INCOME TAX EXPENSE/(CREDIT) (Continued)

### (a) PRC enterprise income tax ("EIT")

EIT provision was made on the estimated assessable profits of entities within the Group incorporated in the PRC for both periods calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The EIT rate is 25% during both periods.

One of the entities comprising the Group was approved to be the High and New Technology Enterprise ("HNTE") on 2 December 2019 and is eligible to enjoy the preferential tax rate for HNTE of 15% from 2019 to 2022. The HNTE certificate needs to be renewed every three years so as to enable to enjoy the reduced tax rate of 15%.

The Group enjoyed additional 75% tax reduction based on the eligible research and development expenses for both periods.

For the six months ended 30 June 2021, six (six months ended 30 June 2020: two) of the entities comprising the Group were qualified as small and micro-sized enterprises (SMEs) for tax reduction. For the first RMB1 million of annual taxable income is eligible for 75% reduction and the income between RMB1 million and RMB3 million is eligible for 50% reduction at the applicable EIT tax rate of 20% for both periods.

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong for both periods.

### (b) PRC withholding tax ("WHT")

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% WHT. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%.

The Group does not have any plan to require its PRC subsidiaries to distribute their retained earnings and intends to retain them to operate and expand its business in the PRC. Accordingly, no deferred income tax liability on WHT was provided as at 30 June 2021 and 2020.

## 8. DIVIDEND

No dividends were paid, declared or proposed during the six months ended 30 June 2021. The directors of the Company have determined that no dividend will be paid in respect of the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 9. LOSSES PER SHARE

Basic losses per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares during the period.

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Loss attributable to owners of the Company	<b>(15,794)</b>	(2,278)
Weighted average number of ordinary shares in issue ( <i>in thousands</i> )	<b>175,198</b>	130,000
Losses per share for loss attributable to owners of the Company ( <i>RMB cents</i> )	<b>(9.01)</b>	(1.75)

Diluted losses per share is the same as the basic losses per share as those contingently vesting shares in relation to restricted share units ("RSUs") are not included in the computation of diluted losses per share for the six months ended 30 June 2021 since the non-market performance conditions of the RSUs were not satisfied as at the end of the reporting period, and the impact of dilution of the RSUs was anti-dilutive during the six months ended 30 June 2021 and 2020.

## 10. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS

During the current interim period, the Group incurred RMB789,000 (six months ended 30 June 2020: RMB3,450,000) on the acquisition of property, plant and equipment. During the current interim period, no disposal of property, plant and equipment from the Group (six months ended 30 June 2020: disposal of RMB130,000 of the property, plant and equipment for cash proceeds of RMB10,000, resulting in a loss on disposal of RMB120,000).

During the current interim period, no new lease agreements have been entered by the Group. The Group is required to make fixed monthly payments. No right-of-use assets (six months ended 30 June 2020: RMB25,157,000) and lease liabilities (six months ended 30 June 2020: RMB25,157,000) has been recognised by the Group.

During the current interim period, the Group incurred RMB22,387,000 (six months ended 30 June 2020: RMB5,013,000) on the acquisition of intangible assets.



## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 11A. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Unlisted equity securities		
— Beijing Cezhiyi Consulting Co., Ltd. (“ <b>Beijing Cezhiyi</b> ”)	<b>3,200</b>	2,807
— Shanghai Bohuikang Biological Technology Co., Ltd. (“ <b>Shanghai Bohuikang</b> ”)	<b>7,893</b>	5,406
— Beijing Lingchuang Yigu Technology Development Co., Ltd. (“ <b>Lingchuang Yigu</b> ”) (Note (a))	<b>21,132</b>	8,613
	<b>32,225</b>	16,826

Notes:

- (a) On 25 June 2021, as disclosed in note 15, 3.29% of equity interests of Lingchuang Yigu were transferred from equity instruments at fair value through other comprehensive income to assets classified as held for sale upon approval of board resolution in respect of disposal of part of the equity interests of Lingchuang Yigu. The carrying amount of the equity instrument on the date of transfer amounting to RMB10,000,000 were based on the fair value less costs to sell with reference to the consideration stated in the sale and purchase agreement dated 2 July 2021.
- (b) The above mentioned investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at fair value through other comprehensive income as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

### 11B. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Short term financial assets mandatorily measure at FVTPL		
— Financial products (Note)	<b>41,000</b>	15,900

Note: During the current interim period, the Group acquired some financial products at the aggregate consideration of RMB77,000,000 (six months ended 30 June 2020: RMB5,000,000). Some of the financial products have been disposed of at total proceeds of RMB52,190,000 (six months ended 30 June 2020: RMB5,676,000) for the six months ended 30 June 2021 and no gain or loss arising from the disposals. The financial products are structured fixed deposits with financial institutions with three-month maturities. The principal of the structured fixed deposits will be invested in debt instruments while the interest will be invested in derivative markets. The Group received variable return depending on the return of the derivative.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 12. GOODWILL

RMB'000

<b>1 January 2020 (audited), 31 December 2020 (audited) and 30 June 2021 (unaudited)</b>	<b>3,115</b>
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### Impairment tests for goodwill

As at 30 June 2021 and 31 December 2020, the goodwill includes (1) goodwill of RMB591,000 recognised from the acquisition of Beijing Haice Culture Co., Ltd. ("**Beijing Haice**") on 31 May 2017; (2) goodwill of RMB371,000 recognised from the acquisition of Beijing Baichuan Binhai Medical Information Technology Co., Ltd. ("**Beijing Baichuan**") on 30 September 2018; and (3) goodwill of RMB2,153,000 recognised from the acquisition of Beijing Weiliandong Internet Technology Co., Ltd. ("**Weiliandong**") on 25 March 2019.

### Beijing Haice

During current interim period, the management performed impairment review for the goodwill. The recoverable amount of the cash-generating unit has been determined by a value-in-use calculation, based on the cash flow forecast derived from the most recent financial budgets and estimated future cash flows covering a 5-year period as approved by management and using a pre-tax discount rate of 17% (31 December 2020: 17%). The revenue growth rate applied for the six months ended 30 June 2021 are 8%, 6%, 4%, 2% and 2% (31 December 2020: 8%, 6%, 4%, 2% and 2%) for each of the 5 years from 2021 to 2025 (31 December 2020: 2021 to 2025), respectively. The cash flows beyond the five-year period are extrapolated using a 3% growth rate. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes in gross margin. Management estimates discount rates that reflect current market assessments of the time value of money and the risks specific to the cash-generating unit. Changes in gross margin are based on past practices and expectations of future changes in the market.

### Beijing Baichuan

During current interim period, the management performed impairment review for the goodwill. The recoverable amount of the cash-generating unit has been determined by a value-in-use calculation, based on the cash flow forecast derived from the most recent financial budgets and estimated future cash flows covering a 5-year period as approved by management and using a pre-tax discount rate of 17% (31 December 2020: 17%). The revenue growth rate applied for the six months ended 30 June 2021 are 15%, 12%, 10%, 5% and 2% (31 December 2020: 15%, 12%, 10%, 5% and 2%) for each of the 5 years from 2021 to 2025 (31 December 2020: 2021 to 2025), respectively. The cash flows beyond the five-year period are extrapolated using a 3% growth rate. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes in gross margin. Management estimates discount rates that reflect current market assessments of the time value of money and the risks specific to the cash-generating unit. Changes in gross margin are based on past practices and expectations of future changes in the market.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 12. GOODWILL (Continued)

### Weiliandong

During current interim period, the management performed impairment review for the goodwill. The recoverable amount of the cash-generating unit has been determined by a value-in-use calculation, based on the cash flow forecast derived from the most recent financial budgets and estimated future cash flows covering a 5-year period as approved by management and using a pre-tax discount rate of 15% (31 December 2020: 15%). The revenue growth rate applied for the six months ended 30 June 2021 are 2%, 2%, 2%, 2% and 3% (31 December 2020: 2%, 2%, 2%, 2% and 3%) for each of the 5 years from 2021 to 2025 (31 December 2020: 2021 to 2025), respectively. The cash flows beyond the five-year period are extrapolated using a 3% growth rate. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes in gross margin. Management estimates discount rates that reflect current market assessments of the time value of money and the risks specific to the cash-generating unit. Changes in gross margin are based on past practices and expectations of future changes in the market.

In the opinion of the directors of the Company, any reasonably possible change in any of these assumptions would not cause its carrying amount to exceed its recoverable amount. The management determines that the cash-generating unit containing the goodwill has not suffered an impairment loss.

## 13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
<b>Included in non-current assets</b>		
Deposits and other receivables (Note (a))	<b>2,708</b>	2,808
<b>Included in current assets</b>		
Prepayments (Note (b))	<b>2,529</b>	2,484
Prepaid listing expenses	–	4,471
Other prepaid taxation (Note (c))	<b>1,574</b>	483
Other receivables (Note (d))	<b>2,744</b>	727
	<b>6,847</b>	8,165

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

Notes:

- (a) As at 30 June 2021 and 31 December 2020, deposits and other receivables mainly represent non-current portion of rental deposits.
- (b) As at 30 June 2021 and 31 December 2020, the balances mainly represent prepayments for petrol, short-term lease and management fee and legal retainer fee which will be utilised within 12 months from the end of the reporting period.
- (c) Other prepaid taxation mainly represents value-added tax and surcharges.
- (d) As at 30 June 2021, other receivables mainly represent advances to staff amounting RMB1,857,000 (31 December 2020: current portion of rental deposit of RMB620,000).

## 14. TRADE RECEIVABLES

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Receivables from third parties	<b>76,319</b>	89,403
Less: allowance for credit losses	<b>(9,068)</b>	(10,956)
	<b>67,251</b>	78,447

Note:

The Group normally allows a credit period of 90 days to its customers.

An aging analysis of trade receivables (after allowance for credit losses) based on invoice date is as follows:

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Within 90 days	<b>60,091</b>	68,466
91 days to 180 days	<b>2,542</b>	7,481
181 days to 365 days	<b>4,618</b>	2,500
	<b>67,251</b>	78,447



## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 14. TRADE RECEIVABLES (Continued)

An aging analysis of trade receivables (after allowance for credit losses) based on due date is as follows:

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Neither past due nor impaired	<b>60,091</b>	68,466
0–90 days past due	<b>2,542</b>	7,481
Over 90 days past due	<b>4,618</b>	2,500
	<b>67,251</b>	78,447

Trade receivables are classified as financial assets measured at amortised cost, their carrying amounts approximated their fair values due to their short maturities.

### 15. ASSETS CLASSIFIED AS HELD FOR SALE

On 25 June 2021, the board of directors passed a resolution to dispose part of the equity interests of Lingchuang Yigu and the directors of the Company are of the opinion that the sale of the equity interests of Lingchuang Yigu are highly probable. On 2 July 2021, the Group entered into a sale and purchase agreement with an independent third party to disposed of 3.29% of the equity interests of Lingchuang Yigu at a consideration of RMB10,000,000.

#### Equity instruments classified as held for sale

	<b>30 June 2021 RMB'000 (Unaudited)</b>
Equity instruments at fair value through other comprehensive income	<b>10,000</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 16. TRADE PAYABLES

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Payables to third parties	<b>20,171</b>	26,153

Trade payables and their aging analysis based on invoice date are as follows:

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Up to 90 days	<b>11,412</b>	24,359
91 days to 180 days	<b>3,565</b>	510
181 days to 360 days	<b>4,708</b>	871
Over 360 days	<b>486</b>	413
	<b>20,171</b>	26,153

## 17. OTHER PAYABLES AND ACCRUALS

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Reimbursement to staff	<b>427</b>	4,577
Accrued social security costs	<b>1,143</b>	913
Accrued listing expenses	<b>5,370</b>	7,057
Accrued services fee to auditor	<b>801</b>	1,094
Other tax payables (Note)	<b>5,693</b>	6,560
Salary payable	<b>3,498</b>	5,278
Others	<b>325</b>	355
	<b>17,257</b>	25,834

Note: As at 30 June 2021, other tax payables mainly represent PRC Value Added Tax payable of RMB5,225,000 (31 December 2020: RMB5,742,000) and PRC Individual Income Tax payable (withholding tax) of RMB328,000 (31 December 2020: RMB592,000).



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 18. SHARE CAPITAL

	Par value	Number of ordinary shares '000	Amount RMB'000
<b>Authorised:</b>			
<b>At 1 January 2020 (audited), 31 December 2020 (audited) and 30 June 2021 (unaudited)</b>	HK\$0.00001	38,000,000	334
<b>Issued and fully paid:</b>			
<b>At 1 January 2020 (audited) and 31 December 2020 (audited)</b>		150,000	1
Global Offering (Note)		50,000	—*
<b>At 30 June 2021 (unaudited)</b>		200,000	1

Note: On 19 January 2021, the Company issued a total of 50,000,000 new shares of HK\$0.00001 each at an issue price of HK\$3.00 per share pursuant to its prospectus dated 31 December 2020 (the "Global Offering"). The gross listing proceeds were HK\$150,000,000 (approximately RMB124,812,000).

\* Less than RMB1,000

## 19. EQUITY-SETTLED SHARE-BASED COMPENSATION

The Company has a share option scheme under which eligible persons, including directors of the Company may be granted options to subscribe for shares in the Company.

On 18 September 2019, the Company adopted the RSU Scheme. The purpose of the RSU Scheme is to attract and to retain quality personnel and other persons and to provide them with incentive to contribute to the business and operation of the Group.

Under the RSU Scheme, the directors of the Company may grant options to any directors, employees, consultants and any persons contribute to the Company, its subsidiaries or PRC operating entities to subscribe for shares of the Company. An option granted by the Company is exercisable at any time for a period determined by the grantees which should not be more than 10 years from 18 September 2019 upon vesting.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 19. EQUITY-SETTLED SHARE-BASED COMPENSATION (Continued)

The RSU Scheme will remain in force for a period of 10 years commencing from 18 September 2019.

On 25 June 2021, in exchange for employee services to the Group, 15,170,000 RSUs (equivalent to 15,170,000 ordinary shares of the Company) were granted to certain eligible persons selected by the board of directors. Under the terms of the grant letter, the RSUs shall be vested as to 34%, 23%, 38% and 5% on 25 June 2021, 31 December 2021, 31 December 2022 and 31 December 2023, respectively, of which certain designated grantees also required to fulfil certain service conditions and non-market performance conditions, except for the aforesaid first 34% of the RSUs.

As the Group received the benefits associated with the services of the eligible persons, the fair value of the employee services received in exchange for the grant of the equity instruments is recognised as an expense. The total amount to be expensed is determined by the fair value of the restricted shares granted less the subscription cost, if any, taking into consideration of forfeiture rate, and amortised over the different vesting periods of each grant with a credit recognised in equity as the equity-settled share based compensation reserve.

The fair values of the RSUs have been arrived with reference to a valuation carried out on grant date by Norton Appraisals Holdings Limited, an independent professional valuer not connected with the Group, using the Finterty Model. As at 25 June 2021, the fair value of the RSUs are ranged from HK\$1.82 to HK\$2.19.

Movement of the RSU Scheme for the six months ended 30 June 2021 and 2020 is as follows:

	Six months ended 30 June	
	2021 '000 (Unaudited)	2020 '000 (Audited)
At 1 January	–	–
Granted during the period	15,170	–
Vested and settled ( <i>Note</i> )	(5,154)	–
At 30 June	10,016	–

*Note:* On 25 June 2021, RSUs representing 5,154,030 underlying shares were vested, representing the first 34% of the underlying shares represented by the RSUs.



## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 20. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The table below analyses the Group's financial instruments carried at fair value or fair value less costs to sell as at 30 June 2021 and 31 December 2020 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets that are measured at fair value or fair value less costs to sell.

	<b>Level 3</b> <b>RMB'000</b>
<b>At 30 June 2021 (unaudited)</b>	
Assets	
— Long-term equity instruments at FVTOCI ( <i>Note 11a</i> )	<b>32,225</b>
— Short-term financial assets at FVTPL ( <i>Note 11b</i> )	<b>41,000</b>
— Assets classified as held for sale ( <i>Note 15</i> )	<b>10,000</b>
	<hr/> <b>83,225</b>
<b>At 31 December 2020 (audited)</b>	
Assets	
— Long-term equity instruments at FVTOCI ( <i>Note 11a</i> )	16,826
— Short-term financial assets at FVTPL ( <i>Note 11b</i> )	15,900
	<hr/> 32,726

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

### 20. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

The following table presents the changes in level 3 instruments of financial assets at FVTPL and equity instruments at FVTOCI and assets classified as held for sale during the period.

	<b>Assets classified as held for sale RMB'000</b>	<b>Financial assets at FVTPL RMB'000</b>	<b>Equity instruments at FVTOCI RMB'000</b>
At 1 January 2021 (audited)	–	15,900	16,826
Purchased	–	77,000	–
Disposal	–	(52,190)	–
Total gain:			
— in profit or loss	–	290	–
— in other comprehensive income	–	–	25,399
Transferred to assets classified as held for sale	–	–	(10,000)
Transferred from equity instruments at FVTOCI	10,000	–	–
<b>At 30 June 2021 (unaudited)</b>	<b>10,000</b>	<b>41,000</b>	<b>32,225</b>
At 1 January 2020 (audited)	–	17,900	12,614
Purchased	–	5,000	–
Disposal	–	(5,676)	–
Total gain:			
— in profit or loss	–	176	–
— in other comprehensive income	–	–	5,021
At 30 June 2020 (audited)	–	17,400	17,635



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 20. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

Notes:

- (i) The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements of the financial assets at FVTOCI as at 30 June 2021 and 31 December 2020.

Description	Fair value		Valuation techniques	Price to sales ratio		Relationship of unobservable inputs to fair value
	30 June	31 December		30 June	31 December	
	2021	2020		2021	2020	
	RMB'000	RMB'000				
	(Unaudited)	(Audited)				
<b>Unlisted equity securities</b>						
Beijing Cezhiyi	3,200	2,807	Market comparison	2.73	2.49	An increase in the price to sales ratio used would result in an increase in the fair value measurement of the unlisted equity security, and vice versa.
Shanghai Bohuikang	7,893	5,406	Market comparison	4.4	2.91	
Lingchuang Yigu	21,132	8,613	Market comparison	Recent transaction price	15.64	
	32,225	16,826				

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements of the assets classified as held for sale as at 30 June 2021 and 31 December 2020.

Description	Fair value less costs to sell		Valuation techniques	Price to sales ratio		Relationship of unobservable inputs to fair value Description
	30 June	31 December		30 June	31 December	
	2021	2020		2021	2020	
	RMB'000	RMB'000				
	(Unaudited)	(Audited)				
<b>Unlisted equity securities</b>						
Lingchuang Yigu	10,000	-	Market comparison	Recent transaction/price	N/A	N/A
	10,000	-				

As at 30 June 2021, the fair values or fair value less costs to sell of the above equity instruments at FVTOCI and assets classified as held for sale have been estimated by management of the Group by using market comparison method with adjustments. As at 31 December 2020, the fair values of the above equity instruments at FVTOCI have been arrived with reference to a valuation carried out on 31 December 2020 by Beijing Zhongping Zhengxin Asset Evaluation Co., Ltd. (北京中評正信資產評估有限公司), an independent professional valuer not connected with the Group, using market comparison method with adjustments.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 20. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

Notes: (Continued)

- (ii) As at 30 June 2021, the fair value of financial assets at FVTPL amounting to RMB41,000,000 (31 December 2020: RMB15,900,000), is determined by the spot rate quoted by the issuer of the financial products. These financial products are structured fixed deposits with financial institutions with three-month maturities. Details are disclosed in Note 11b.
- (iii) If the fair values of the financial assets at FVTPL held by the Group had been 10% (31 December 2020: 10%) higher/lower, the loss before taxation for the six months ended 30 June 2021 would have been approximately RMB4,100,000 (profit before taxation for the year ended 31 December 2020: RMB1,590,000 higher/lower) lower/higher.

If the fair values of the equity instruments at FVTOCI held by the Group had been 10% higher/lower, the other comprehensive income for the six months ended 30 June 2021 would have been approximately RMB3,223,000 (for the year ended 31 December 2020: RMB1,683,000) higher/lower.

There were no transfers between level 1, 2 and 3 of fair value hierarchy classifications during both periods.

## 21. EVENTS AFTER THE REPORTING PERIOD

### Disposal of part of equity interests in Lingchuang Yigu

On 2 July 2021, the Group entered into a sale and purchase agreement with an independent third party to dispose 3.29% of the equity interests of Lingchuang Yigu at a consideration of RMB10 million in cash (“Disposal”). The consideration was determined after arm’s length negotiation between the Group and the independent third party with reference to the latest business and development for future prospects of Lingchuang Yigu. The consideration was received on 13 July 2021. Upon completion of the Disposal, the Group holds a remaining of 6.95% of equity interest in Lingchuang Yigu. As at the date when these condensed consolidated financial statements are authorised for issue, the Disposal has not yet been completed.

### Subscription of new registered capital of an equity instrument

On 4 August 2021, the Group entered into a capital increase agreement in relation to the subscription of new registered capital of Shanghai Bohuikang at a consideration of RMB10 million in cash (the “Subscription”). Upon completion of the Subscription, the Group will hold a total of 19.4117% of equity interest in Shanghai Bohuikang. Details of the Subscription are set out in the announcement of the Company dated 4 August 2021.



## Other Information

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at 30 June 2021, the interests and short positions of the directors of the Company (the "Directors") and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules are as follows:

#### Long position in the Shares

Name of Director	Nature of Interest	Number of Shares <sup>(1)</sup>	Total Number of Shares <sup>(1)</sup>	Approximate Percentage of Shareholding <sup>(1)</sup>
Mr. Shi Wei	Beneficial owner	2,600,000 (L)	108,519,000 <sup>(3)</sup>	54.26%
	Interest in a controlled corporation	40,651,000 (L)		
	Interest held jointly with another person	65,268,000 (L) <sup>(2)</sup>		
Mr. Yang Weimin	Interest in a controlled corporation	25,415,000 (L)	108,519,000 <sup>(4)</sup>	54.26%
	Interest held jointly with another person	83,104,000 (L) <sup>(2)</sup>		
Mr. Wang Liang	Beneficial owner	2,400,000 (L)	108,519,000 <sup>(5)</sup>	54.26%
	Interest in a controlled corporation	12,038,000 (L)		
	Interest held jointly with another person	94,081,000 (L) <sup>(2)</sup>		
Mr. He Jiyong	Beneficial owner	1,300,000 (L)	1,300,000	0.65%
Mr. Wang Wei	Beneficial owner	800,000 (L)	800,000	0.40%
Mr. Sui Huijun	Beneficial owner	2,000,000 (L)	2,000,000	1.00%
Ms. Zhang Yitao	Interest in a controlled corporation	25,415,000 (L)	108,519,000 <sup>(6)</sup>	54.26%
	Interest held jointly with another person	83,104,000 (L) <sup>(2)</sup>		

#### Notes:

- (1) The Letter "L" denotes the person's long position in the Shares. The percentage of shareholding was calculated based on Company's total issued shares of 200,000,000 Shares as at 30 June 2021.
- (2) The Company's ultimate controlling shareholders, Mr. Shi Wei, Mr. Yang Weimin, Ms. Zhang Yitao and Mr. Wang Liang, are parties acting in concert and on 13 October 2019, they entered into written agreement to, among others, confirm their acting-in-concert arrangement. Please refer to the section headed "History and Reorganization — Parties Acting in Concert" in the Prospectus for further details. By virtue of the SFO, each controlling shareholder is deemed to be interested in the Shares beneficially owned by other controlling shareholders.
- (3) Mr. Shi Wei was deemed to be interested in 108,519,000 Shares, among which 40,651,000 Shares were held by Ji Ze Investment Management Company Limited ("Ji Ze Investment"), 2,600,000 Shares were held in his own capacity and 65,268,000 Shares were held jointly with another person as stated in Note (2).
- (4) Mr. Yang Weimin was deemed to be interested in 108,519,000 Shares, among which 25,415,000 Shares were held by Shun Jia Investment Management Company Limited ("Shun Jia Investment") and 83,104,000 Shares were held jointly with another person as stated in Note (2).

## Other Information

- (5) Mr. Wang Liang was deemed to be interested in 108,519,000 Shares, among which 12,038,000 Shares were held by Tai Zhi Feng Investment Management Company Limited (“**Tai Zhi Feng Investment**”), 2,400,000 Shares were held in his own capacity and 94,081,000 Shares were held jointly with another person as stated in Note (2).
- (6) Ms. Zhang Yitao was deemed to be interested in 108,519,000 Shares, among which 25,415,000 Shares were held by He Hui Wan Yi Investment Management Company Limited (“**He Hui Wan Yi Investment**”) and 83,104,000 Shares were held jointly with another person as stated in Note (2).

Save as disclosed above, as at 30 June 2021, none of the Directors or chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### SUBSTANTIAL SHAREHOLDERS’ AND OTHER PERSONS’ INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2021, the following persons (other than the Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

#### (i) Long Position in the Share

Name of Shareholder	Nature of Interest	Number of Shares <sup>(1)</sup>	Approximate Percentage of Shareholding <sup>(1)</sup>
Ji Ze Investment	Beneficial interest/Interest held jointly with another person	103,519,000 (L)	51.76%
Shun Jia Investment	Beneficial interest/Interest held jointly with another person	103,519,000 (L)	51.76%
He Hui Wan Yi Investment	Beneficial interest/Interest held jointly with another person	103,519,000 (L)	51.76%
Tai Zhi Feng Investment	Beneficial interest/Interest held jointly with another person	103,519,000 (L)	51.76%
The Core Trust Company Limited <sup>(7)</sup>	Trustee	20,000,000 (L)	10.00%
TCT (BVI) Limited <sup>(7)</sup>	Other	20,000,000 (L)	10.00%
Great Insight Global Limited <sup>(7)</sup>	Nominee for another person	20,000,000 (L)	10.00%

Notes:

- (1) The letter “L” denotes the person’s long position in the Shares. The percentage of shareholding was calculated based on Company’s total issued shares of 200,000,000 Shares as at 30 June 2021.
- (2) The Company’s ultimate controlling shareholders, Mr. Shi Wei, Mr. Yang Weimin, Ms. Zhang Yitao and Mr. Wang Liang, are parties acting in concert and on 13 October 2019, they entered into written agreement to, among others, confirm their acting-in-concert arrangement. Please refer to the section headed “History and Reorganization — Parties Acting in Concert” in the Prospectus for further details. By virtue of the SFO, each controlling shareholder is deemed to be interested in the Shares beneficially owned by other controlling shareholders.



## Other Information

- (3) Ji Ze Investment is wholly-owned by Mr. Shi Wei. By virtue of the SFO, Mr. Shi Wei, Mr. Yang Weimin, Ms. Zhang Yitao, Mr. Wang Liang, Shun Jia Investment, He Hui Wan Yi Investment and Tai Zhi Feng Investment are deemed to be interested in the Shares held by Ji Ze Investment.
- (4) Shun Jia Investment is wholly-owned by Mr. Yang Weimin. By virtue of the SFO, Mr. Shi Wei, Mr. Yang Weimin, Ms. Zhang Yitao, Mr. Wang Liang, Ji Ze Investment, He Hui Wan Yi Investment and Tai Zhi Feng Investment are deemed to be interested in the Shares held by Shun Jia Investment.
- (5) He Hui Wan Yi Investment is wholly-owned by Ms. Zhang Yitao. By virtue of the SFO, Mr. Shi Wei, Mr. Yang Weimin, Ms. Zhang Yitao, Mr. Wang Liang, Ji Ze Investment, Shun Jia Investment and Tai Zhi Feng Investment are deemed to be interested in the Shares held by He Hui Wan Yi Investment.
- (6) Tai Zhi Feng Investment is wholly-owned by Mr. Wang Liang. By virtue of the SFO, Mr. Shi Wei, Mr. Yang Weimin, Ms. Zhang Yitao, Mr. Wang Liang, Ji Ze Investment, Shun Jia Investment and He Hui Wan Yi Investment are deemed to be interested in the Shares held by Tai Zhi Feng Investment.
- (7) The Core Trust Company Limited, as a trustee, holds 20,000,000 Shares on trust under the RSU Scheme through Great Insight Global Limited (the “**Nominee**”). The Nominee is wholly-owned by TCT (BVI) Limited, which is in turn wholly-owned by The Core Trust Company Limited.

Save as disclosed above, as at 30 June 2021, no person, other than the Directors and chief executive of the Company, whose interests are set out in the section “Directors’ and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations” above, had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

## RSU SCHEME

The Company has conditionally adopted the RSU Scheme by a resolution of the shareholders of the Company (the “**Shareholders**”) and a resolution of the Board on 18 September 2019. The RSU Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as the RSU Scheme does not involve the grant of options by the Company to subscribe for new Shares.

The purposes of the RSU Scheme is to reward the Participants (as defined in the Prospectus) for their contribution to the success of the Group, and to provide incentives to them to further contribute to the Group. An award of restricted share under the RSU Scheme (the “**Award(s)**”) gives a Participant in the RSU Scheme a conditional right when the Award vests to obtain Shares on or about the date of vesting, as determined by the Board in its absolute discretion. The aggregate number of Shares underlying all grants made pursuant to the RSU Scheme (as amended) (excluding the awards that have lapsed or been canceled in accordance with the rules of the RSU Scheme) shall be the aggregate number of Shares in issue held by or acquired by the trustee (or its nominee) for the purpose of the RSU Scheme.

The RSU Scheme shall be valid and effective for a period of 10 years commencing from 18 September 2019.

Please refer to the section headed “Statutory and General Information — RSU Scheme” in the Prospectus for further details of the RSU Scheme.

## Other Information

On 25 June 2021, an aggregate of 15,170,000 RSUs were granted under the RSU Scheme. Among the 15,170,000 RSUs, 9,100,000 RSUs were granted to the Directors and 6,070,000 RSUs were granted to other employees of the Group, details of which are set out below:

<b>Grantee</b>	<b>Position held with the Company</b>	<b>Number of RSUs granted</b>
Mr. Shi Wei	Executive Director, Chairman of the Board	2,600,000
Mr. Wang Liang	Executive Director, Chief Executive Officer	2,400,000
Mr. Sui Huijun	Executive Director, Vice President	2,000,000
Mr. He Jiyong	Executive Director, Chief Financial Officer	1,300,000
Mr. Wang Wei	Executive Director, Vice President	800,000
<b>Sub-total of RSUs granted to the Directors</b>		<b>9,100,000</b>
Other employees of the Group		6,070,000
<b>Total</b>		<b>15,170,000</b>

Please refer to the announcement of the Company dated 30 June 2021 for further details in relation to the grant of Awards.

Save as disclosed herein, no Award had been granted or agreed to be granted under the RSU Scheme during the Reporting Period.

### SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme (the “**Share Option Scheme**”) on 21 December 2020, which became effective on 19 January 2021.

The Share Option Scheme is a share incentive scheme and is established to recognize and motivate the contributions that eligible persons (as defined in the Prospectus) have made or may make to the Group.

Subject to the terms and conditions of the Share Option Scheme, the maximum numbers of Shares in respect of which options may be granted under the Share Option Scheme and any other schemes shall not, in aggregate, exceed 10% of the Shares in issue as at the Listing Date (i.e. 20,000,000 Shares) unless approved by the Shareholders.

Subject to earlier termination by the Company in general meeting, the Share Option Scheme shall be valid and effective for a period of ten years from the date of adoption. As at 30 June 2021, no share option had been granted under the Share Option Scheme and the total number of securities available for issue under the Share Option Scheme is 20,000,000 Shares, representing 10% of the issued Shares as at the date of this report.



## Other Information

### CONTRACTUAL ARRANGEMENTS

Pursuant to applicable PRC laws and regulations, foreign investors are prohibited from holding equity interest in an entity conducting video production services and are restricted from conducting internet hospital services and value-added telecommunications services, therefore, the Group cannot directly acquire equity interests in the Consolidated Affiliated Entities (as defined in the Prospectus). Due to these restrictions, the Group conducts part of its operations in the PRC through the Contractual Arrangements (as defined in the Prospectus) with Mediwelcome Beijing Healthcare Technology Co., Ltd.\* (北京麥迪衛康醫療科技有限公司, “**Mediwelcome Beijing**”) and its shareholders, namely the Registered Shareholders (as defined in the Prospectus). The Contractual Arrangements allow the financials and results of operations of the Consolidated Affiliated Entities to be consolidated into the Group’s consolidated financial statements as if they were wholly-owned subsidiaries of the Group.

Please refer to the section headed “Regulatory Overview” in the Prospectus for further details of the limitations under applicable PRC laws and regulations on foreign ownership in PRC companies conducting the said services.

### Qualification Requirements

According to the Regulations for the Administration of Foreign-Invested Telecommunication Enterprises (《外商投資電信企業管理規定》), which was promulgated by the State Council of the PRC on 11 December 2001 and amended on 10 September 2008 and 6 February 2016, foreign investors are not allowed to hold more than 50% of the equity interests of a company providing value-added telecommunications services, including Internet Content Provider services. In addition, a foreign investor who invests in a value-added telecommunications business in the PRC must possess prior experience in operating value-added telecommunications businesses and a proven track record of business operations overseas (the “**Qualification Requirements**”).

### Efforts and Actions Taken to Comply with the Qualification Requirements

The Group has been progressively building up its track record of overseas value-added telecommunications services business operation for the purposes of being qualified, as early as possible, to acquire the maximum permissible equity interests in Mediwelcome Beijing and Beijing Weiliandong Internet Technology Co., Ltd.\* (北京微聯動網絡科技有限公司, “**Weiliandong**”) when the relevant PRC laws allow foreign investors to invest and to directly hold equity interest in value-added telecommunications services enterprises in China. The Group is in the process of expanding its overseas value-added telecommunications services business through overseas subsidiaries and has taken the following measures to meet the Qualification Requirements:

- the Group has applied for, and is in the process of, registering trademarks outside the PRC for the expansion of business operations overseas as and when appropriate;
- the Group has incorporated a subsidiary in Hong Kong, namely Mediwelcome (HK) Investment Management Company Limited, which can be readily serviced as an overseas platform when it expands its business outside the PRC; and
- the Group has considered expansion plans for overseas market and have further conducted overseas market and overseas investment feasibility research.

The Group will maintain close contact with the relevant PRC regulatory authorities and seek specific guidance as to the Qualification Requirements, as well as to understand any new regulatory developments, in order to assess whether it has fulfilled the Qualification Requirements.

For the Reporting Period, the Board has reviewed the overall performance of the Contractual Agreements and believed that the Group has complied with the Contractual Agreements in all material aspects.

### GROUP REORGANIZATION

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 21 February 2019. In order to rationalize the structure of the Group in preparation for the listing of the Shares on the Stock Exchange, the Group undertook a corporate reorganization between February 2019 and May 2019, upon which the Company became the holding company of the companies now comprising the Group. For details of the group reorganization, please refer to the section headed "History and Reorganization" in the prospectus of the Company dated 31 December 2020.

The Shares have been listed on the Main Board of the Stock Exchange since 19 January 2021.

### AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") consists of three independent non-executive Directors, namely Mr. Yang Xiaoxi, Mr. Fei John Xiang and Mr. Song Ruilin. Mr. Yang Xiaoxi is the chairman of the Audit Committee. At least one of the committee members possesses appropriate professional qualifications or accounting or related financial management expertise as required by the Listing Rules and none of the committee members is a former partner of or has any financial interest in the Company's existing external auditor within two years before his appointment as a member of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit, relationship with the external auditors, and arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, risk management, internal control or other matters in the Company. The Audit Committee is also responsible for performing the Company's corporate governance functions as set out in code provision D.3.1 of the CG Code.

The Audit Committee has reviewed the interim results of the Group and the interim report of the Company for the six months ended 30 June 2021. The Audit Committee and the Company's management have also reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to risk management, internal control and financial reporting.

### REMUNERATION COMMITTEE

The remuneration committee of the Company (the "**Remuneration Committee**") consists of three independent non-executive Directors, namely Mr. Fei John Xiang, Mr. Song Ruilin and Mr. David Zheng Wang. Mr. Fei John Xiang is the chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration of individual executive Directors, non-executive Directors and senior management, the remuneration policy and structure for all Directors and senior management, establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his associates is involved in deciding his own remuneration.



## Other Information

### NOMINATION COMMITTEE

The nomination committee of the Company (the “**Nomination Committee**”) consists of three members, namely Mr. Shi Wei, executive Director and Mr. Fei John Xiang and Mr. David Zheng Wang, independent non-executive Directors. Mr. Shi Wei is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The principal duties of the Nomination Committee include reviewing the structure, size and composition of the Board, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment, re-appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions set out in the CG Code during the period from the Listing Date to 30 June 2021.

### DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions.

Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the period from the Listing Date to the date of this report.

The Company has also adopted written guidelines (the “**Employees Written Guidelines**”) no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

### DIVIDEND

The Board resolved not to declare the payment of any interim dividend in respect of the six months ended 30 June 2021 (2020: Nil).

By order of the Board

**Mediwelcome Healthcare Management & Technology Inc.**

麥迪衛康健康醫療管理科技股份有限公司

**Shi Wei**

*Chairman and Executive Director*

Hong Kong  
30 August 2021