

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Medlive Technology Co., Ltd.

醫脈通科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2192)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		Year-on-Year Change*
	2024 (unaudited) (RMB in thousands)	2023 (unaudited)	
			%
Revenue	243,443	173,506	40.3
Cost of sales	<u>(96,114)</u>	<u>(68,283)</u>	40.8
Gross profit	147,329	105,223	40.0
Profit for the period	152,706	101,659	50.2
Profit attributable to owners of the parent	<u>146,719</u>	<u>98,718</u>	48.6
Non-HKFRS adjusted net profit**	156,048	119,799	30.3

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

** Non-HKFRS adjusted net profit was derived from the unaudited profit for the period adjusted by excluding the share-based compensation to key employees, fair value adjustment of contingent consideration and foreign exchange difference.

REVENUE BY SOLUTION CATEGORIES

	For the six months ended 30 June 2024 (unaudited)		2023 (unaudited)		Year on- Year Change*	For the year ended 31 December 2023 (audited)	
	<i>RMB</i>	%	<i>RMB</i>	%	%	<i>RMB</i>	%
Revenue:							
Precision marketing and corporate solutions	225,640	92.6	158,097	91.2	42.7	372,687	90.5
Medical knowledge solutions	8,422	3.5	8,062	4.6	4.5	16,141	3.9
Intelligent patient management solutions	9,381	3.9	7,347	4.2	27.7	23,176	5.6
Total	<u>243,443</u>	<u>100.0</u>	<u>173,506</u>	<u>100.0</u>	<u>40.3</u>	<u>412,004</u>	<u>100.0</u>

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

OPERATIONAL HIGHLIGHTS

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

	For the six months ended 30 June	
	2024	2023
Number of healthcare customers of precision marketing and corporate solutions	158	124
Number of products of healthcare customers marketed under precision marketing and corporate solutions	336	253
Paid clicks (<i>in millions</i>)	5.98	4.27
Average MAUs* (<i>in millions</i>)	2.50	2.20

* Average MAUs means the average of the number of unique registered users (i.e. having eliminated all duplication) that accessed the Company's platform in each of April, May, and June of the relevant year.

The board of directors (the “**Board**”) of Medlive Technology Co., Ltd. (the “**Company**” or “**Medlive**” or “**We**”) is pleased to announce the unaudited consolidated results (the “**Interim Results**”) of the Company and its subsidiaries (together the “**Group**”) for the six months ended 30 June 2024 (the “**Reporting Period**”). The Interim Results have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

BUSINESS OVERVIEW AND OUTLOOK

Business Review

In the first half of 2024, the pace of deepening medical reform in China has accelerated. At the beginning of the year, the State Council clearly put forward the strategic goal of promoting the synergistic development and governance of medical insurance, medical care and medicine in the Report on the Work of the Government (《政府工作報告》). This June, the General Office of the State Council issued the Key Tasks for Deepening Medical and Health System Reform in 2024 (《深化醫藥衛生體制改革2024年重點工作任務》), and placed emphasis on various tasks, including the strengthening of the leadership of the medical reform organization, the in-depth promotion of the experience of the Sanming medical reform, the further improvement of the medical and health service system, the deepening of reform and innovation in the field of drugs, and the promotion of digital empowerment of medical reform. This series of policy guidance has injected new vitality into the healthy development of the medical industry. On the other hand, medical anti-corruption has become institutionalized and normalized, which played a significant role in promoting the sustainable and favorable innovation and development of the industry. In this context, as a leader in the field of digital medical marketing, Medlive has enjoyed significant benefits from such policies and ushered in its golden period of business development.

The Group actively responded to the call of the country, and provided high-quality professional medical content and clinical decision support tools for physicians in China through continuous technological innovation and service optimization. We also provided pharmaceutical and medical device companies with efficient precise digital academic education solutions for physicians. Our products and solutions not only empowered physicians to improve their clinical diagnosis and treatment standard and helped the implementation of graded diagnosis and treatment, but also promoted the innovative practice of academic education for physicians by pharmaceutical and medical device companies. Our products and solutions have improved marketing efficiency, and continued to contribute to the innovation and development of the medical industry in China.

As the leading online professional physician platform in China, the Group continued to expand its coverage of physicians and other medical professionals in China in the first half of this year. As of 30 June 2024, the number of registered users through our website, desktop application and mobile application was nearly 7 million, over 4 million of whom were licensed physicians in China. The coverage of licensed physicians in China further increased to 88%. Not only have we achieved significant growth in terms of business scale, we have also made great strides in terms of service quality and user experience. Our self-developed *Medlive* platform focuses on meeting the three key needs of physicians in China in clinical

diagnosis and treatment, professional learning and medical research, and has been deeply integrated into the daily scenarios of many physicians in China. In the first half of the year, the average MAUs (without duplication) of the *Medlive* platform reached 2.5 million. With a relatively high coverage rate among Chinese physician users and relatively high MAUs on our platform, we have a solid foundation for developing precision marketing solutions and intelligent patient management solutions for enterprise clients.

In recent years, artificial intelligence (“AI”) technology has developed rapidly. The Group attaches great importance to the seamless integration of advanced technology and healthcare. In the first half of this year, our self-developed large language model for medical vertical domain has been approved by and filed with the Cyberspace Administration of China (“CAC”) for deep synthesis service algorithms, marking the recognition from national authorities for the Group’s technical capabilities in the field of AI research and development and the safety and standardization of its algorithms. Medlive large model is a vertical large model focusing on the healthcare field, which has been built on the deep learning Transformer framework and combined with natural language processing (“NLP”), computer vision (“CV”) and multimodal technologies, etc. Compared with the general large model, Medlive large model has integrated hundreds of millions of medical literature and data in the training process, including the medical expertise database accumulated by the Company over the years, high-quality physician Q&A data and cooperative domestic and overseas authoritative medical databases, etc. Therefore, not only has the Medlive large model possessed the ability to deal with medical expertise, it also supported traceable and evidence-based procedures to ensure the accuracy and reliability of the generated contents through multiple strategy mechanisms. In addition to its continuous efforts in the research and development of AI underlying technologies, the Group also attaches great importance to the development and commercialization of application scenarios. The commercial application of Medlive large model has been achieved in various scenarios, such as academic training for physicians, patient education, clinical ancillary diagnosis and treatment and professional medical content retrieval and generation.

The Group generates revenue by offering three categories of solutions to address various needs of its *Medlive* platform participants, namely, precision marketing and corporate solutions, medical knowledge solutions and intelligent patient management solutions. For the six months ended 30 June 2024, the Group’s revenue was approximately RMB243.4 million, representing an increase of 40.3% as compared with the same period last year. While expanding revenue, the Group continuously enhanced its profitability. The Group’s net profit increased by 50.2% from RMB101.7 million for the six months ended 30 June 2023 to RMB152.7 million for the six months ended 30 June 2024. The net profit margin continued to maintain a high level and increased from approximately 58.6% for the six months ended 30 June 2023 to approximately 62.7% for the six months ended 30 June 2024, representing an increase of 4.1 percentage points. The adjusted net profit and the adjusted net profit margin for the six months ended 30 June 2024 were RMB156.1 million and 64.1% respectively, still taking the lead in the industry.

Precision marketing and corporate solutions

The majority of the Group's revenue comes from precision marketing solutions, which provide digital medical marketing services to pharmaceutical and medical device companies. Attributable to the acceleration of the launch and commercialization of innovative drugs brought about by the deepening of medical reform, and the emphasis of pharmaceutical and medical device companies on the improvement of marketing efficiency, the precision marketing and corporate solutions provided by the Group attracted more customers. By offering compliant, precise and effective one-stop professional physician academic education solutions, the Group has empowered our customers to maintain consistent engagement of physicians throughout the whole lifecycle of pharmaceutical and medical devices, and has been widely recognized by corporate customers in the industry. In the first half of 2024, the number of customers of these solutions was 158, increased by 34 as compared with 124 in the first half of 2023. At the same time, the number of products covered continued to increase by 32.8% from 253 in the first half of 2023 to 336 in the first half of 2024. The growing number of products has allowed us to further convert registered physician users on the platform into engaged targeted physicians. At the same time, the number of paid clicks also increased from 4.27 million times in the first half of 2023 to 5.98 million times. As a result, for the six months ended 30 June 2024, the revenue of the Group's precision marketing and corporate solutions increased by 42.7% to RMB225.6 million from RMB158.1 million in the same period of 2023.

The Group conducts thorough analysis of the academic features and life cycle of pharmaceutical and medical device products, and provides effective and results-oriented precision digital marketing services. At present, the needs of pharmaceutical and medical device enterprise customers in marketing are more comprehensive. In view of this, the digital precision marketing services of the Group offer one-stop solutions covering the whole process including the research and formulation of medical strategy, analysis of learning profile for experts and specialists, digital production of educational content, event design and execution, precise distribution of digital educational content and evaluation of results. We establish the Medlive fully integrated internet ecosystem, connecting all channels including websites, mobile APPs, WeChat and other social media accounts, online communities and electronic newsletters. We built a database system that encompasses massive amount of data on browsing behavior of physicians, forming rich digital behavior and cognitive profiles of physicians. Our disease knowledge base platform is a content aggregation platform as well as a personal behavior data platform for physicians. Starting from this platform, we can radiate to various scenarios including clinical research, information browsing, guideline learning, case discussion, patient education, internet diagnosis and treatment and academic conferences. Based on comprehensive and rich insights into physicians, we use AI technology to establish an analysis and content recommendation engine for physicians' online learning. The model not only meets their personalized learning needs for clinical knowledge and experience, but also effectively supports the digital education of clinical physicians throughout the entire lifecycle of pharmaceutical and medical device products

in core, intermediate and basic markets. This empowers clients to selectively and precisely deliver content to targeted physicians at their preferred times and through their preferred channels. We charge the pharmaceutical and medical device clients based on the number of clicks on their paid content engaged by targeted physicians. Our solutions can continuously accumulate physician portraits and optimize intelligent distribution models in real time in the process of providing services to customers. In this way, a positive cycle is formed to build up the competitive barriers of the Group in the field of pharmaceutical and medical device enterprise market services.

We also offer various corporate solutions that enable (i) pharmaceutical and medical device companies to cost-effectively conduct market research; and (ii) pharmaceutical and medical device companies, hospitals and other stakeholders of the healthcare industry to improve the efficiency of clinical trials and medical research. In the first half of the year, we leveraged the brand image of the *Medlive* platform in the clinical research field, as well as the close collaboration with pharmaceutical and medical device companies before and after product launch, to develop clinical research, trial design and protocol writing, medical monitoring and article support, data management and statistics and scientific research services for physicians, and have achieved progress in the fields of oncology, hematology, neurology, pediatrics and cardiovascular disease.

Clinical research plays an important role in enabling evidence-based medicine research evidence, registration of innovative drugs and medical devices, expanding indications, revising usage instructions and assessing medical insurance eligibility, and has attracted much attention from pharmaceutical and medical device companies in recent years. Pharmaceutical and medical device companies urgently need clinical research service providers with solid clinical research experience, digital clinical trial systems and close cooperation with clinical physicians to provide efficient clinical research services aimed at generating evidence-based support. With its solid foundation and advantages in medicine, the Group's clinical research team continues to enhance its capability in project management, clinical operation and data statistics, leading to the rapid development of our business. By relying on our team's extensive experience in drug pre-launch and post-launch clinical research, solid medical and statistical capabilities and clinical operation capabilities to target difficulties and pain points of clinical research, we provide customized research designs and efficient solutions. We have developed various systems and digital tools, including decentralized clinical trial (DCT) system, digital patient follow-up system, patient management system based on big data, centralized monitoring and remote monitoring and AI equipped journal selection. They are applied to multiple important stages during clinical research, including center selection, feasibility assessment, patient recruitment, patient follow-up, data collection, data quality control and auxiliary publication, etc. This not only improves the efficiency of pre-launch and post-launch clinical research, but also provides empowerment for the execution of the Group's precision marketing solutions.

Medical knowledge solutions

The Group's medical knowledge solutions satisfy the needs of physicians for continuing medical education and clinical decision support and the needs of other healthcare professionals for professional medical information. The Group's medical knowledge solutions deliver medical knowledge and intelligent tools through multiple user-friendly channels, including its website, mobile applications, desktop applications, WeChat mini-programs and WeChat official accounts. For the six months ended 30 June 2024, the revenue of the Group's medical knowledge solutions increased by 4.5% to RMB8.4 million from RMB8.1 million in the same period of 2023.

The Group further consolidated our platform advantage by continuously enriching the professional medical content on our *Medlive* platform to maintain the relatively high coverage and engagement of physician users. Relying on Medlive large model, we extensively explored the needs of physician users and continuously explored the application scenarios. We have developed MedliveGPT, a tool that can provide clinical physicians with diagnostic advice, recommend treatment options, and evaluate drug safety. Meanwhile, we utilized AI technology to conduct in-depth review and improvement of the entire platform content, providing physician users with easier-to-use products and continuously enhancing the user experience of physician users. In the first half of 2024, more than 200 new disease knowledge entries were added to our *Medlive Knowledge Base*, bringing the total number of entries to more than 1,400. We have integrated AI real-time Q&A functionality in *Medlive Knowledge Base*, providing physicians with real-time knowledge-based answers that cultivate proper clinical thinking through the Retrieval Augmented Generation (RAG) framework, on the basis of the professional medical content across the entire *Medlive* platform. In terms of clinical guidelines, we have strengthened our strategic cooperation with the Chinese Medical Association, Wanfang Medical Database, National Comprehensive Cancer Network of the United States (“NCCN”) and American Society of Clinical Oncology (“ASCO”), and added more than 1,600 clinical guidelines to the *Medlive* platform. The number of clinical guidelines of the *Medlive* platform increased to 29,600. We also cooperated with many domestic experts to formulate the Chinese version of NCCN clinical guidelines, integrating guidelines, drugs and disease knowledge bases to allow integrated intelligent retrieval for improving the efficiency of physicians' clinical decision-making. In terms of medication reference, we have added more than 1,200 entries on drug instructions and more than 800 entries on medications for special groups to assist clinical physicians and pharmacists in using drugs more rationally and safely. Our video platform, *eBroadcasting*, completed the text translation of 77,000 videos and corrected the content through large model technology. The accuracy of the text is over 98%, enabling users to search for video contents and quickly learn the essence of the videos. In addition, we have upgraded our technology in the application of tools such as AI equipped journal selection, paper checking, AI polishing, literature interpretation, and case summarization, in order to improve the efficiency of clinical physicians' decision-making and scientific research.

To further enhance our service quality and gain a deeper understanding of the needs of physicians, the Group issued the second report of the Survey on Digital Life of Clinical Physicians in China (《中國臨床醫師數字生活調研》) in the first half of 2024. The survey collected data from 7,980 clinical physicians, covering more than 50 specialties across 31 provincial administrative regions in mainland China. Leveraging on the survey results, we have gained a deeper understanding of the challenges and pain points faced by physicians in key areas such as scientific research, learning, diagnosis and treatment and patient management, which enabled us to enhance product functions and further improve user stickiness. According to the data, the average time devoted to scientific research by physicians accounted for 28.2% of their time spent on medical activities, indicating an increasing importance in physicians' demands for scientific research. Therefore, the Group continued to strengthen its investment in scientific research products and services. For example, the addition of an auxiliary reading tool based on generative AI technology to 醫學文獻王 has facilitated the summarization and interpretation of professional literature and enabled clinical physicians to quickly grasp the core information of the literature, which significantly improved the efficiency of scientific research. Furthermore, with the electronic data capture (“EDC”) system, we can achieve intelligent logical review by identifying and structuring various types of clinical data in a rapid manner through the Medlive large model, so as to improve the efficiency of clinical research.

Last year, the Group expanded its new specialty channel to the field of pain and rare diseases, bringing together a team of experts in the field to jointly screen and create high-quality professional medical content. This year, efforts have been made in the fields of ophthalmology, nephrology and other specialties to keep abreast of the latest progress of domestic and overseas conferences in related fields timely, and in-depth cooperation with clinical experts in relevant specialties has been established. Capitalizing on the professional overseas conference team of the Group, we have provided in-depth live coverage of more than 20 overseas conferences annually, and have invited clinical experts to share valuable experience through academic interviews, ensuring that a vast number of clinical physicians can obtain the latest authoritative medical information and clinical practice in a timely manner. These measures have not only enhanced the academic influence of Medlive in related specialty fields, but also provided clinical physicians with reliable knowledge support, which have facilitated medical academic exchanges and advancement.

Intelligent patient management solutions

The Group's intelligent patient management solutions offer comprehensive single disease management services, including (i) monitoring and improving management services of diseases knowledge dissemination and treatment compliance to patients through Internet hospital; and (ii) condition-specific patient education services in collaboration with non-profit organizations. We connect physicians and patients by disease types, and provide physicians with management tools and medical content through an innovative full-course disease management platform to help clinical physicians to make diagnosis and manage

patients accurately and efficiently, and improve patients' return consultation rate and medication compliance. In addition, it provides patients with online diagnosis and treatment, disease education, patient management and other services, ultimately improving the patients' quality of life and benefiting the patients. For the six months ended 30 June 2024, the revenue of the Group's intelligent patient management solutions increased by 27.7% to RMB9.4 million from RMB7.3 million in the same period of 2023.

We give full play to the advantages of rich physician resources of the *Medlive* platform to build a patient management community for physicians, and gather patients by having physicians invite patients to join patients group. As of 30 June 2024, the patient management platform of the Group had accumulated approximately 457,000 users and in addition approximately 134,000 participating physicians. As the number of our patients increases, the effects of intelligent patient management solutions are gradually becoming apparent, and have been recognized by more and more pharmaceutical customers. For example, we provide integrated physician-patient services in the central nervous system (CNS) field for a large pharmaceutical company. Based on the characteristics and life cycle of the customer's drug in this disease field, together with the clinical manifestations and diagnosis and treatment issues of the disease, on the one hand, we conducted physician education to improve the level of standardized diagnosis and treatment. On the other hand, physicians within the project were invited to cooperate in patient management. We have established an exclusive patient group for each physician with a single disease, and provided medical assistance to help answer questions and solve patients' problems in a timely manner. We continued to carry out systematic, targeted and multi-form patient education interactions based on the pain points of physicians and patients. During the implementation of the solution, we promptly reported patient needs and interactive effects in an organized manner to physicians to dynamically optimize the management plan. After a period of physician-patient management, the return consultation rate of patients and the average dosage and frequency of medication have increased significantly.

Business Outlook

In the ever-changing healthcare industry, opportunities and challenges coexist. In order to maintain and strengthen the Group's leading position in the industry, we plan to make full use of our existing advantages and resources and continue to develop our business with the strategy of "horizontal expansion + vertical extension".

- **Horizontal expansion — Specialized construction and operation by department**

Specialty classification management: We will continue to enrich the professional medical information and product tools on the Group's *Medlive* platform, expand our businesses by specialty and disease classification, conduct in-depth research on disease types and related innovative pharmaceutical and medical device products, and enhance the professionalism of specialized content. We will also provide full life cycle digital solutions for different disease segments and treatment fields. For example, we will construct a database of clinical results by specialty. By extracting information on research drugs, research results, research methods, experimental sample numbers and other items in clinical experiments and conference papers, the clinical results database of Medlive is built to provide the latest data support for drug research and development.

Expert resource integration: We will build an expert resource database by department and integrate the data, research results and clinical experience of experts in various fields. By working closely with such experts, we will be able to provide physicians with higher quality academic resources and clinical guidance. For example, based on expert resources in the field of neurology, we expand the participation and coverage of oncology IIT research, combine the clinical research training of physicians with the implementation of clinical research, and superimpose the advantages of our strong medical team to form a comprehensive healthcare support, covering from formulation of clinical research strategy to generation of clinical research evidence.

Specialty patient management: We will continue to connect physicians and patients by disease type and continue to expand disease coverage and the number of patients. Based on our service experience in specialized fields and the recognition of the majority of physicians in China, we will leverage our advantages in product research and development and patient management to provide physicians with management tools and medical content, and effectively promote physicians to participate in patient education and management. In the future, we will continue to expand into other cancers, chronic diseases, rare diseases and other disease areas on the basis of our existing coverage of breast cancer, lung cancer, lymphoma, diabetes, Parkinson's, stroke and other diseases.

Collaboration between specialties: Specialties on the *Medlive* platform are relatively independent but closely coordinated. We will continue to explore and strengthen cross-specialty connections and cooperation through in-depth understanding of the characteristics and needs of each specialty. Various specialties can share resources, physician insights and product tools. In addition, we will also use advanced technological means to deeply explore the interconnections between specialties and improve service efficiency. For example, we will build a professional and intelligent medical knowledge question and answer system with the help of the Medlive large model. This system can offer disease diagnosis and provide comprehensive and reasonable treatment strategies based on patients' complaints, symptoms, pathologies and other information, so as to achieve intelligent clinical decision-making.

- **Vertical extension — Extending the drug life cycle from marketing to the upstream and downstream of the value chain**

Expanding our customer coverage: We will closely follow the trend of digital transformation of pharmaceutical and medical device companies and continue to leverage the unique advantages of our online professional physician platform. We will further expand our coverage of pharmaceutical and medical device company users. In particular, in the field of innovative drugs and medical devices, we will further leverage the advantages of the *Medlive* platform in supporting clinical research of physicians, integrate academic resources from various associations and academic leaders in various specialty fields, and capitalize on our platform's extensive physician resources to help pharmaceutical and medical device companies promote professional academic content in both core markets and the vast primary market. Efforts will be made to enhance customer loyalty through high-quality service levels, thereby attracting more digital marketing expenditure from pharmaceutical and medical device company users.

Enriching our solutions: Based on the Group's advantages in precision marketing, we will further expand our solutions that focus on the needs of pharmaceutical and medical device companies in medicine, clinical research and other aspects, thereby gaining more budget share from our customers. In particular, we will continue to invest in developing comprehensive solutions which comprise medical strategy, market strategy and multi-channel digital strategy. By capitalizing on the increasing demand for clinical research in the industry, we will further extend the depth and breadth of clinical research services, provide more extensive support to pharmaceutical and medical device companies in accumulating evidence through RWS, and support clinical decision-making and marketing. Patient management has increasingly become an important need of pharmaceutical and medical device companies. We will also further improve our "patient-centered" integrated physician-patient service that covers the entire life cycle of drugs, including digital patient community management, patient management based on Internet hospitals, patient call centers, patient self-management tools, patient education knowledge base, patient assistance services, physician-patient and patient-patient interaction tools, patient surveys and other products.

Making strategic investments and mergers and acquisitions: By leveraging the platform advantages and financial advantages as a listed company, we will explore strategic partnerships and integrate industry resources through investments and acquisitions. Taking advantage of our proprietary platform of professional physicians and on the footing of our existing business, we will actively seek quality target enterprises that possess high synergies with the Group and conduct business integration after acquisition. We will continue to leverage our advantages and industry insights in physician resources, medical content, product research and development and user management, grow together with our investee companies, and further consolidate the Group's leading position in the industry.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

During the first half of 2024, the Group generated revenue from three solution categories, namely (i) precision marketing and corporate solutions; (ii) medical knowledge solutions; and (iii) intelligent patient management solutions. The Group's revenue increased by approximately 40.3% from approximately RMB173.5 million for the six months ended 30 June 2023 to approximately RMB243.4 million for the same period in 2024, primarily due to the revenue increase from its precision marketing and corporate solutions.

Precision Marketing and Corporate Solutions

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

Revenue from precision marketing and corporate solutions increased by approximately 42.7% from approximately RMB158.1 million for the six months ended 30 June 2023 to approximately RMB225.6 million for the same period in 2024, mainly due to (i) an expansion of the Group's healthcare customer base from 124 for the six months ended 30 June 2023 to 158 for the same period in 2024; and (ii) an increase in the number of healthcare products marketed using the Group's precision marketing and corporate solutions from 253 for the six months ended 30 June 2023 to 336 for the same period in 2024, resulting from user growth and increased user engagement as illustrated by the increase in number of paid clicks from approximately 4.27 million for the six months ended 30 June 2023 to approximately 5.98 million for the six months ended 30 June 2024.

Medical Knowledge Solutions

Revenue from medical knowledge solutions is primarily derived from provision of professional medical information covering continuing medical education and clinical decision support, including licensing software to physicians, other registered users, including other healthcare professionals, and pharmaceutical companies. Revenue from medical knowledge solutions increased by approximately 4.5% from approximately RMB8.1 million for the six months ended 30 June 2023 to approximately RMB8.4 million for the same period in 2024, primarily because the Group has provided more medical knowledge products thereby broadening its user base and resulted in an increase in the number of paid users.

Intelligent Patient Management Solutions

Revenue from intelligent patient management solutions was primarily derived from fees paid by non-profit organizations with medical focus and pharmaceutical companies for provision of patient education services to patients and non-profit organizations, including content development, application software development and other related services. The Group also started to generate revenue from commissions on fees paid by patients for online consultation services and prescription services on its Internet hospital since the first half of 2021. Revenue from intelligent patient management solutions increased by approximately 27.7% from approximately RMB7.3 million for the six months ended 30 June 2023 to approximately RMB9.4 million for the same period in 2024, mainly because the single-disease patient management platform established by the Group has achieved initial results and scale. While academically educating physicians and improving the level of standardized medical care, the platform effectively connects physicians and patients to scientifically and efficiently implement patient management and education services.

Cost of sales

The Group's cost of sales consists of (i) employee benefit expenses relating to salaries and benefits for employees involved in operating the Group's platform and developing content; (ii) content development cost primarily relating to fees paid to content contributors and service fees paid to content production service providers; (iii) technology service fees relating to cloud content delivery network and telecommunication services as well as licensing fees; and (iv) other expenses primarily relating to consulting fees, equipment rental expenses, travel and transportation expenses. The Group's cost of sales increased by approximately 40.8% from approximately RMB68.3 million for the six months ended 30 June 2023 to approximately RMB96.1 million for the same period in 2024, in line with the growth in revenue. The increase was primarily due to the growth of business which led to a corresponding increase in various items of cost of sales.

Gross profit and gross profit margin

As a result of the foregoing, the Group's gross profit increased by approximately 40.0% to approximately RMB147.3 million for the six months ended 30 June 2024 from approximately RMB105.2 million for the same period in 2023. The Group's gross profit margin was approximately 60.5% for the six months ended 30 June 2024, which is roughly the same as the gross profit margin of 60.6% for the same period in 2023.

Other Income

Other income and gains primarily consist of (i) bank interest income; (ii) investment income from financial assets at fair value through profit or loss; and (iii) government subsidy. The Group recorded other income and gains of approximately RMB104.3 million for the six months ended 30 June 2024, compared to approximately RMB82.8 million for the same period in 2023. The increase was primarily attributable to the increase in interest income derived from bank deposits and debt investments.

Selling and Distribution Expenses

The Group's selling and distribution expenses primarily consist of (i) expenses for promotion activities to drive user growth and engagement; (ii) employee benefit expenses relating to salaries and benefits for employees in selling and distribution functions; and (iii) other expenses primarily relating to business development expenses. The Group's selling and distribution expenses increased by approximately 4.0% from approximately RMB16.0 million for the six months ended 30 June 2023 to approximately RMB16.6 million for the same period in 2024, primarily due to an increase in the number of the Group's sales personnel.

Administrative Expenses

The Group's administrative expenses primarily consist of (i) research and development costs primarily relating to salaries and benefits for employees in research and development functions; (ii) employee benefit expenses relating to salaries and benefits for employees in management as well as general and administrative functions; (iii) depreciation of assets, which includes depreciation of right-of-use assets relating to the Group's leases and depreciation of property, plant and equipment; (iv) taxes and surcharges; (v) maintenance expenses primarily relating to technology and telecommunication service fees, as well as service fees for outsourced administrative services; and (vi) other expenses primarily relating to rent, travel and transportation expenses and general office expenses. The Group's administrative expenses increased by approximately 32.4% from approximately RMB57.4 million for the six months ended 30 June 2023 to approximately RMB76.0 million for the same period in 2024, primarily due to recognition of increase in research and development fees, while the increase in other administrative expenses has been effectively controlled.

Finance Costs

The Group's finance costs consist of finance costs allocated from lease payments. Finance costs are charged to profit or loss over the lease periods so as to produce a constant periodic rate of interest on the remaining balance of the liabilities for each period. Lease liabilities decrease over the periods of the leases, resulting in higher finance costs at the beginning of lease periods. The Group's finance costs increased from approximately RMB0.2 million for the six months ended 30 June 2023 to approximately RMB0.3 million for the same period in 2024.

Profit Before Tax

As a result of the foregoing, the Group's profit before tax increased by approximately 54.0% from approximately RMB102.7 million for the six months ended 30 June 2023 to approximately RMB158.1 million for the same period in 2024.

Income Tax Expenses

The Group's income tax expense increased by approximately 442.0% from approximately RMB1.0 million for the six months ended 30 June 2023 to approximately RMB5.4 million for the same period in 2024, primarily because the share options granted under the Pre-IPO Share Option Scheme commenced vesting and exercise in July 2022, and there was exercise of options in the first half of 2023 while there was no such exercise in the first half of 2024. As share-based compensation is eligible for income tax deduction, this results in the income tax expenses in the first half of 2024 to be higher than that in the first half of 2023.

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

As a result of the foregoing, the Group's profit for the period increased by approximately 50.2% from approximately RMB101.7 million for the six months ended 30 June 2023 to approximately RMB152.7 million for the same period in 2024 and the Group's profit attributable to owners of the parent increased by approximately 48.6% from approximately RMB98.7 million to approximately RMB146.7 million.

The Group's net profit margin (calculated on the basis of the profit for the period) increased by 4.1 percentage points from approximately 58.6% for the six months ended 30 June 2023 to approximately 62.7% for the same period in 2024.

Non-HKFRS Measures — Adjusted Net Profit

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

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

	Six months ended 30 June	
	2024	2023
	RMB’000	RMB’000
	(Unaudited)	(Unaudited)
Profit for the period	152,706	101,659
Add:		
Share-based compensation	3,773	6,376
Fair value adjustment of contingent consideration	0	0
Foreign exchange difference	(431)	11,764
Adjusted net profit	<u>156,048</u>	<u>119,799</u>

The adjusted net profit for the six months ended 30 June 2024, adjusted by excluding share-based compensation to key employees, fair value adjustment of contingent consideration and foreign exchange difference, was approximately RMB156.0 million, which was approximately 30.3% higher than the adjusted net profit of approximately RMB119.8 million for the first half of 2023.

The adjusted net profit margin for the six months ended 30 June 2024 was approximately 64.1%, down 4.9 percentage points from approximately 69.0% for the same period in 2023.

Liquidity and Capital Resources

For the six months ended 30 June 2024, the Group financed its operations primarily through cash generated from the Group’s operating activities and the net proceeds received from the global offering of shares of the Company (the “**Global Offering**”). The Group intends to finance its expansion and business operations using a combination of cash generated from operating activities and the net proceeds received from the Global Offering.

The Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements from time to time.

The net proceeds received by the Company from the Global Offering which are not yet put into use have been used for the subscription for or purchase of wealth management products or placed in fixed deposits with licensed financial institutions. Please refer to the sections headed "Debt investments" and "Use of Proceeds from the Global Offering" in this announcement for details regarding the use of idle proceeds from the Global Offering.

Cash and cash equivalents and time deposits

The Group operates its business in the PRC and its transactions and revenue were primarily denominated in Renminbi. As such, the Group did not have material exposure to fluctuations in foreign currency exchange rates for cash generated from its operating activities. However, the net proceeds received by the Company from the Global Offering are denominated in Hong Kong dollars and the Company is exposed to fluctuation of exchange rate between Renminbi and Hong Kong dollars. As at 30 June 2024, the Group had cash and cash equivalents of approximately RMB3,822.2 million, which primarily consisted of cash at bank, as compared to approximately RMB4,358.3 million of cash and cash equivalents and approximately RMB42.0 million of non-current time deposits as at 31 December 2023. As at 30 June 2024, around 10.9% of the Group's cash and cash equivalents are denominated in Hong Kong dollars, around 40.1% are denominated in RMB and around 49.0% are denominated in US dollars. The balance of cash and cash equivalents as at 30 June 2024 decreased substantially because a portion of cash was invested in wealth management products, which are all debt investments, since early 2024. The balance of debt investments as at 30 June 2024 was approximately RMB606.0 million (31 December 2023: nil)

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

Debt investments

As at 30 June 2024, the Group had debt investments which amounted to RMB606.0 million in aggregate, which included certificates of deposits (mainly certificates of deposits issued by the Agricultural Bank of China) (the "CDs") and bonds (mainly bonds issued by J.P. Morgan) (the "Bonds", together with the CDs, the "Wealth Management Products"). The CDs carry pre-determined return rates ranging from 4.60% to 5.50% per annum. The Bonds carry pre-determined yield ranging from 4.53% to 5.06% per annum. As the terms of maturity of all debt investments are over one year, they were classified as non-current assets. The return from the Wealth Management Products was recorded as interest income and amounted to approximately RMB6.8 million for the six months ended 30 June 2024.

The Group intends to subscribe for or purchase wealth management products on a revolving basis, which means that the Group would subscribe for or purchase additional wealth management products when the terms of certain wealth management products previously subscribed for or purchased by the Company expired. Subscriptions for or purchase of wealth management products were made for treasury management purpose to maximize the return on the unutilized funds of the Group after taking into account, among others, the level of risk, return on investment, liquidity and the term to maturity. The Group selects wealth management products issued by reputable commercial banks with relatively low associated risk. Prior to making an investment, the Group has ensured that there remains sufficient working capital for the Group's business needs, operating activities and capital expenditures even after making the investments in such wealth management products. As the current high interest rate cycle may not sustain in the long run, in light of the short to mid-term of maturity of the Wealth Management Products, the Directors are of the view that the Wealth Management Products pose relatively low risk to the Group and the terms and conditions of each of the subscriptions or purchases are fair and reasonable and are in the interests of the Company and its shareholders as a whole. There was no single Wealth Management Product in the Group's investment portfolio that has a carrying amount that accounts for more than 5% of the Group's total assets as at 30 June 2024. None of these subscriptions or purchases of Wealth Management Products, individually (or collectively if and when aggregation is required) constitutes a notifiable transaction under Chapter 14 of the Listing Rules.

Borrowings

During the six months ended 30 June 2024, the Group did not have any short-term or long-term bank borrowings and had no outstanding bank and other borrowings and other indebtedness apart from lease liabilities for the relevant lease terms amounting to approximately RMB16.0 million in aggregate. The lease liabilities increased as compared with last year due to the signing of a new office lease by the Company.

Gearing ratio

The gearing ratio, which is calculated by dividing borrowings by total equity, was zero since there was no debt as of 30 June 2024.

Charge on assets

As of 30 June 2024, the Group did not pledge any of its assets.

Capital expenditures

For the six months ended 30 June 2024, the Group's capital expenditure amounted to approximately RMB18.5 million, which mainly comprised capital expenditures recorded for the acquisition of 60% interest in Beijing Medcon Information Consulting Co., Ltd.* (北京美迪康信息諮詢有限公司) and expenditures on IT equipment, as compared to

approximately RMB46.7 million for the same period in 2023. The Group funded its capital expenditure by using the cash flow generated from its operations and the net proceeds received from the Global Offering.

Contingent liabilities and guarantees

As of 30 June 2024, the Group did not have any significant unrecorded contingent liabilities, guarantees or any material litigation against the Group.

Material acquisitions or disposals and future plans for major investment

The Company did not conduct any material business acquisitions or disposals during the six months ended 30 June 2024.

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

Employees and Staff Costs

As of 30 June 2024, the Group had a total of 746 full time employees, all of whom, except for one employee based in Hong Kong, were located in mainland China. In particular, 188 employees are responsible for the Group's content management, 235 employees for platform operation and customer service, 168 employees for research and development, 68 employees for general and administration and 87 employees for sales and marketing. The total staff cost incurred by the Group for the six months ended 30 June 2024 was approximately RMB82.8 million compared to approximately RMB67.1 million for the same period in 2023. The increase was primarily due to increased headcount in sales personnel and platform development staff.

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

Further details of the principal terms of the abovementioned share incentive schemes are set out in the 2023 annual report of the Company.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June

	<i>Notes</i>	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
REVENUE	4	243,443	173,506
Cost of sales		<u>(96,114)</u>	<u>(68,283)</u>
Gross profit		147,329	105,223
Other income and gains	4	104,283	82,848
Selling and distribution expenses		(16,643)	(16,000)
Administrative expenses		(76,033)	(57,420)
Other expenses		(525)	(11,796)
Finance costs		(263)	(195)
Share of profit of an associate		<u>—</u>	<u>3</u>
PROFIT BEFORE TAX	5	158,148	102,663
Income tax expense	6	<u>(5,442)</u>	<u>(1,004)</u>
PROFIT FOR THE PERIOD		<u>152,706</u>	<u>101,659</u>
Attributable to:			
Owners of the parent		146,719	98,718
Non-controlling interests		<u>5,987</u>	<u>2,941</u>
		<u>152,706</u>	<u>101,659</u>

	<i>Notes</i>	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of the Company's financial statements into presentation currency		<u>23,737</u>	<u>146,835</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD			
		<u>23,737</u>	<u>146,835</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD			
		<u>176,443</u>	<u>248,494</u>
Attributable to:			
Owners of the parent		<u>170,456</u>	<u>245,553</u>
Non-controlling interests		<u>5,987</u>	<u>2,941</u>
		<u>176,443</u>	<u>248,494</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	8	<u>RMB20.18 cents</u>	<u>RMB13.75 cents</u>
Diluted	8	<u>RMB19.84 cents</u>	<u>RMB13.39 cents</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2024	31 December 2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		3,015	2,620
Right-of-use assets		16,515	8,455
Goodwill		192,525	192,525
Other intangible assets		72,271	66,736
Investment in an associate		360	360
Debt investments	9	606,032	—
Time deposits		—	42,014
Deferred tax assets		9,251	8,518
		<hr/>	<hr/>
Total non-current assets		899,969	321,228
CURRENT ASSETS			
Inventories		—	99
Trade receivables	10	75,527	109,871
Contract assets		61,433	46,049
Prepayments, other receivables and other assets		40,492	15,674
Financial assets at fair value through profit or loss		42,690	42,640
Cash and cash equivalents		3,822,152	4,358,255
		<hr/>	<hr/>
Total current assets		4,042,294	4,572,588
CURRENT LIABILITIES			
Trade payables	11	10,109	14,771
Other payables and accruals		101,203	135,238
Contingent consideration payables		18,242	18,242
Lease liabilities		7,178	4,549
Tax payable		13,474	16,972
		<hr/>	<hr/>
Total current liabilities		150,206	189,772
NET CURRENT ASSETS			
		3,892,088	4,382,816
TOTAL ASSETS LESS CURRENT LIABILITIES			
		4,792,057	4,704,044

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
NON-CURRENT LIABILITIES		
Lease liabilities	8,864	3,643
Contingent consideration payables	47,663	47,663
Deferred tax liabilities	7,278	7,536
	<hr/>	<hr/>
Total non-current liabilities	63,805	58,842
	<hr/>	<hr/>
Net assets	4,728,252	4,645,202
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Equity attributable to owners of the parent		
Share capital	46	46
Reserves	4,680,827	4,597,323
	<hr/>	<hr/>
	4,680,873	4,597,369
	<hr/>	<hr/>
Non-controlling interests	47,379	47,833
	<hr/>	<hr/>
Total equity	4,728,252	4,645,202
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

2. Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period's financial information.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the “ 2020 Amendments ”)
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the “ 2022 Amendments ”)
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

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

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

3. Operating segment information

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

4. Revenue, other income and gains

An analysis of revenue is as follows:

	For the six months ended	
	30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	<u>243,443</u>	<u>173,506</u>

Revenue from contracts with customers

(a) Disaggregated revenue information

	For the six months ended	
	30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Type of services		
Precision marketing and corporate solutions	225,640	158,097
Medical knowledge solutions	8,422	8,062
Intelligent patient management solutions	9,381	7,347
Total	<u>243,443</u>	<u>173,506</u>
Geographical markets		
Chinese Mainland	237,801	167,421
Overseas	5,642	6,085
Total	<u>243,443</u>	<u>173,506</u>
Timing of revenue recognition		
Services transferred at a point in time	193,585	129,518
Services transferred over time	49,858	43,988
Total	<u>243,443</u>	<u>173,506</u>

(b) *Performance obligation*

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

Application software development service

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

Software licensing service

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

Patient counselling service

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

Other services

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

An analysis of other income and gains is as follows:

	For the six months ended	
	30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other income and gains		
Bank interest income	95,940	82,002
Interest income from debt investments	6,798	—
Government grants*	319	364
Investment income from financial assets at fair value through profit or loss	417	367
Foreign exchange gains, net	431	—
Others	378	115
	<hr/>	<hr/>
Total other income and gains	<u>104,283</u>	<u>82,848</u>

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

5. Profit before tax

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

	For the six months ended	
	30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of services provided	96,015	68,204
Cost of inventories sold	99	79
Research and development costs	30,675	18,587
Foreign exchange difference, net	(431)	11,764
Equity-settled share award expense	3,773	6,376
	<hr/>	<hr/>

6. Income tax expense

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

The Group calculates the income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed consolidated statement of profit or loss and other comprehensive income are:

	For the six months ended	
	30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax — Chinese Mainland charge for the period	6,433	3,693
Deferred tax	(991)	(2,689)
Total tax charge for the period	<u>5,442</u>	<u>1,004</u>

7. Dividends

On 24 May 2024, a final dividend for the year ended 31 December 2023 of RMB12.48 cents per ordinary share (2022: RMB6.54 cents), amounting to RMB90,725,000, has been approved by the shareholders at the annual general meeting of the Company. The 2023 final dividend was paid on 24 June 2024.

On 27 August 2024, the board of directors has resolved to declare an interim dividend of RMB12.05 cents per ordinary share (six months ended 30 June 2023: RMB10.67 cents), amounting to a total of approximately RMB88,309,000 (six months ended 30 June 2023: RMB77,580,000).

8. Earnings per share attributable to ordinary equity holders of the parent

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 726,962,500 (2023: 717,912,514) in issue during the period. The number of shares for the current period has been arrived at after eliminating the shares held under the share award scheme.

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

The calculations of basic and diluted earnings per share are based on:

	For the six months ended	
	30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent	<u><u>146,719</u></u>	<u><u>98,718</u></u>
	Number of shares	
	2024	2023
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue used in the basic earnings per share calculation	726,962,500	717,912,514
Effect of dilution — weighted average number of ordinary shares arising from share options	<u><u>12,566,572</u></u>	<u>19,151,527</u>
	<u><u>739,529,072</u></u>	<u><u>737,064,041</u></u>
9. Debt investments		
	30 June	31 December
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Unlisted investments, at cost	<u><u>606,032</u></u>	<u><u>—</u></u>

The unlisted investments represented certain certificates of deposits and bonds issued by commercial banks. They were classified as financial assets at amortised cost as their contractual cash flows are solely payments of principal and interest.

10. Trade receivables

	30 June 2024	31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Trade receivables	76,846	111,190
Impairment	(1,319)	(1,319)
	<u>75,527</u>	<u>109,871</u>

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

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

	30 June 2024	31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Within 6 months	68,014	106,424
6 to 12 months	5,607	2,633
1 to 2 years	1,825	761
2 to 3 years	81	53
	<u>75,527</u>	<u>109,871</u>

11. Trade payables

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

	30 June 2024	31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Within 3 months	7,299	12,722
3 to 6 months	1,950	1,099
6 to 12 months	552	797
Over 1 year	308	153
	<hr/> 10,109 <hr/>	<hr/> 14,771 <hr/>

Included in the Group's trade payables are amounts due to M3, Inc., a shareholder of the Company of RMB1,067,000 (31 December 2023: RMB778,000), which are repayable on demand.

The trade payables are non-interest-bearing and are normally settled within one year.

12. Commitments

At the end of the reporting period, the Group did not have any significant commitments.

13. Approval of the unaudited interim condensed consolidated financial information

The unaudited interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 27 August 2024.

OTHER INFORMATION

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to declare an interim dividend of RMB0.1205 (equivalent to HK\$0.1320 based on the rate of HK\$1.09569 to RMB1.00, being the official exchange rate of HK dollars against Renminbi as quoted by the People's Bank of China on 26 August 2024) per Share. The interim dividend will be paid in Hong Kong dollars at HK\$0.1320 per Share. The interim dividend will be paid on or around 18 November 2024 to shareholders whose names appear on the register of members of the Company on 28 October 2024. The register of members of the Company will be closed from 24 October 2024 to 28 October 2024 (both days inclusive), for the purpose of determining shareholders' entitlements to the interim dividend. In order to qualify for the interim dividend, all transfer documents, accompanied by relevant share certificates, must be lodged for registration with the Company's Hong Kong share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on 23 October 2024.

Going forward, the Company will continue to formulate its dividend plan in light of its operation needs, earnings, financial condition, working capital requirements and future business plans, market conditions affecting the Company and other factors as the Board may deem relevant at such time.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company (including sale of treasury shares) during the Reporting Period.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The shares of the Company were listed on the Stock Exchange on 15 July 2021. The net proceeds from the Company's global offering (including the exercise of the over-allotment option) was approximately HK\$4,677 million (the "**IPO Proceeds**"), which were to be utilized for the purposes as set out in the prospectus of the Company dated 30 June 2021 (the "**Prospectus**"). On 12 June 2023, the Company announced re-allocation of the use of the IPO Proceeds, the extension of timing of the use of the IPO Proceeds and the possible utilisation of idle IPO Proceeds to subscribe for or purchase wealth management products (the "**Announcement**"). For further details and reasons for such changes, please refer to the Announcement. The following table shows a summary of the allocation of the intended use of the IPO Proceeds as adjusted and set out in the Announcement, and the utilization as at 30 June 2024:

Intended use of IPO Proceeds	Allocation of intended use of IPO Proceeds (as adjusted) (HK\$ millions)	Utilization as at 30 June 2024 (HK\$ millions)	Remaining balance as at 30 June 2024 (HK\$ millions)	Expected time of use
A. Business Expansion				
(1) enhance medical knowledge solutions of the Company and enrich medical knowledge information and tools on the platform of the Company	280.7	56.8	223.9	before December 2027
(2) improve patient care offerings	187.1	63.8	123.3	before December 2027
(3) strengthen intelligent clinical research solutions	140.3	68.0	72.3	before December 2027
(4) strengthen the relationships with the existing customers of the Company and develop and attract additional customers in pharmaceutical, biotechnology and medical device industries	187.1	50.8	136.3	before December 2027
(5) enhance user growth and engagement through targeted sales and marketing activities	140.3	33.7	106.6	before December 2027
B. Investment in technology and enhancement of research and development capabilities				
(1) recruit talent and collaborate with experts	467.7	101.1	366.6	before December 2027
(2) develop and expand the application scenarios of technology of the Company, particularly, machine learning, natural language processing, knowledge graph and user understanding	374.2	87.9	286.3	before December 2027
(3) build up the data center of the Company and strengthen the computing power and storage capabilities of the IT infrastructure of the Company	93.6	37.4	56.2	before December 2027
C. Pursue strategic investments or acquisitions opportunities	2,338.6	206.9	2,131.7	N/A
D. General replenishment of the working capital of the Company and for other general corporate purposes	467.7	108.2	359.5	N/A
Total	4,677.3	814.6	3,862.7	

As at 30 June 2024, approximately RMB598.0 million of unutilised IPO Proceeds have been used for the subscription or purchase of Wealth Management Products and the remaining amount of unutilised IPO proceeds were deposited with licensed financial institutions. Please refer to the section headed “Debt investments” in this announcement for details of the Wealth Management Products.

EVENTS AFTER THE REPORTING PERIOD

There was no important event affecting the Group which occurred after the end of the Reporting Period up to the date of this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the Reporting Period, the Company has complied with the applicable code provisions as set forth in the Corporate Governance Code contained in Appendix C1 (the “**Corporate Governance Code**”) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), except for a deviation from code provision C.2.1 which requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

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

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its code of conduct regarding directors’ securities transactions. All directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code during the Reporting Period.

AUDIT COMMITTEE

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

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

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

During the six months ended 30 June 2024, there has been no change in the directors' biographical details which are required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and that of the Company (<http://ir.medlive.cn>). The interim report of the Company for the six months ended 30 June 2024 will be posted on the website of the Stock Exchange and that of the Company in due course.

* *For identification purposes only*

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

Hong Kong, 27 August 2024

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