
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See the section headed “Business — Strategies” for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$3,770.8 million after deducting the underwriting commissions and other estimated expenses paid and payable by us in relation to the Global Offering, assuming an Offer Price of HK\$25.65 per Share, being the mid-point of the indicative Offer Price range of HK\$24.10 to HK\$27.20 per Share, and that the Over-allotment Option is not exercised.

We intend to use the net proceeds we will receive from the Global Offering for the following purposes:

- approximately 40% of the net proceeds (approximately HK\$1,508.3 million) is intended to be used for business expansion in the next three to five years, including developing and enhancing our solution offerings, expanding our customer base and foster customer loyalty and driving user growth and engagement;
- approximately 30% of the net proceeds (approximately HK\$1,131.2 million) is intended to be used to invest in our technology and enhance our research and development capabilities in the next three to five years;
- approximately 20% of the net proceeds (approximately HK\$754.2 million) is intended to be used to selectively pursue strategic investments or acquisitions opportunities. We plan to explore opportunities to invest in, or to acquire, the equity interest of companies that can generate convincing synergies with our existing solutions offerings, expand our customer base and/or enhance our technological capabilities. In particular, we will consider businesses that have the capabilities to provide patients with comprehensive condition-specific chronic disease management services and businesses that possess strong research and development capabilities in the field of AI-powered diagnostic and treatment support technologies. We expect to select and pursue one to three potential targets depending on the scale of the targets, and to focus on targets in top-tier cities in China, which are more likely to have strong team, established customer base and superior research and development capabilities. As of the Latest Practicable Date, we had not identified any potential acquisition or investment targets and had not set any definitive acquisition or investment timeframe; and

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- approximately 10% of the net proceeds (approximately HK\$377.1 million) is intended to be used for the general replenishment of our working capital and for other general corporate purposes.

The following table sets forth the implementation plans, expected timeframe and the amount and percentage of net proceeds in respect of our business expansion and investment in technology and enhancement of research and development capabilities.

A. Business Expansion

(1) enhance our medical knowledge solutions and enrich medical knowledge information and tools on our platform	Amount and percentage of Net Proceeds
	12% (approximately HK\$452.5 million)
Implementation plan	Expected timeframe
(i) enhance our <i>Disease Knowledge Database</i> to cover the main diseases and symptoms of each clinical specialty by recruiting medical experts in various fields to create more content and make it a more comprehensive clinical decision support tool at the point of care;	before December 2025
(ii) expand our information offerings by providing reports on the latest clinical developments, expanding the information sources and types of content, and enhance the readability of the content;	before December 2022
(iii) develop a physician-facing professional search engine to help physicians find quality resources on the Internet more efficiently;	before June 2023
(iv) invest in products that are designed to enhance physicians' clinical skills through interactive online training programs, knowledge bank boutique courses and exam training platform;	before December 2023

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<p>(ii) further develop and enhance our Internet hospital to cover more diseases with our online medical consultation and drug prescription services by cooperating with more external physicians and recruiting physicians to join our patient management platform;</p>	<p>before December 2025</p>
<p>(iii) provide and produce more professional and disease education information for patients to meet their needs and the general public to raise their awareness of chronic diseases; and</p>	<p>before December 2025</p>
<p>(iv) recruit and retain approximately 30 medical professionals with a master’s degree or above and clinical medicine and pharmacy experience who will be responsible for content production, approximately 50 developers with experience in app, web, mini programs and front-end development, approximately 50 experienced health management consultants to cooperate with physicians to better manage patients, approximately 100 platform operations specialists to recruit physicians and support physicians and patients, and approximately 20 other personnel responsible for product and platform operations,</p> <p>with an aim to increase the number of patients who use our platform to approximately 7 million in the next five years.</p>	<p>before December 2025</p>

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<p>(3) strengthen intelligent clinical research solutions</p>	<p>Amount and percentage of Net Proceeds</p> <p>8% (approximately HK\$301.7 million)</p>
<p>Implementation plan</p> <p>build a comprehensive intelligent contract clinical research platform by developing solutions and digital infrastructure that enable faster patient recruitment and informed site selection such as intelligent project management, data management modules, and statistical analysis functions. We will retain and recruit approximately 50 developers with experience in app, web, mini programs and front-end development, approximately 50 operations staff with experience in promotion and operation of clinical research platform and approximately 20 product and project managers.</p>	<p>Expected timeframe</p> <p>before December 2023</p>
<p>(4) strengthen our relationships with our existing customers and develop and attract additional customers in pharmaceutical, biotechnology and medical device industries</p>	<p>Amount and percentage of Net Proceeds</p> <p>7% (approximately HK\$264.0 million)</p>
<p>Implementation plan</p> <p>(i) hire approximately 50 account managers with extensive knowledge of healthcare industry and over two years of experience, approximately 90 project managers in charge of project coordination and execution and approximately 10 assistants and other personnel; and</p>	<p>Expected timeframe</p> <p>before December 2025</p>

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<p>(ii) continue to invest in developing and offering more digital marketing solutions, as well as adding new features to our existing solutions such as developing a more intelligent precision digital marketing platform, intelligent promotion based on user portraits and new promotion models,</p> <p>with an aim to increase the number of customers in pharmaceutical, biotechnology and medical device industries who use our platform to approximately 200 in the next five years.</p>	<p>before December 2025</p>
<p>(5) enhance user growth and engagement through targeted sales and marketing activities</p>	<p>Amount and percentage of Net Proceeds</p> <p>3% (approximately HK\$113.1 million)</p>
<p>Implementation plan</p> <p>enhance user growth and engagement through targeted sales and marketing activities such as marketing on other Internet platforms and at conferences held by medical associations, with an aim to increase the number of registered users to approximately 5 million, around 3.5 million of whom are licensed in the next five years.</p>	<p>Expected timeframe</p> <p>before December 2025</p>

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<p>(ii) develop and expand the application scenarios of our technology, particularly, machine learning, natural language processing, knowledge graph and user understanding</p>	<p>Amount and percentage of Net Proceeds</p> <p>10% (approximately HK\$377.1 million)</p>
<p>Implementation plan</p> <p>(i) recruit and retain approximately 70 developers with experience in app, web, mini programs and front-end development and improve the functions of our mobile applications by including new function modules and optimizing user experience;</p> <p>(ii) enhance our customized and precise content recommendation capability by improving the user subscription system and establishing an intelligent recommendation model based on user behavior data;</p> <p>(iii) enhance the clinical functionality and efficiency of our health chatbot and support physicians at the point of care with smart and accurate Q&A solutions and functionalities with more application scenarios such as providing medical knowledge for physicians and providing answers to patients about diseases;</p>	<p>Expected timeframe</p> <p>before December 2025</p> <p>before December 2023</p> <p>before December 2023</p>

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<p>(iv) invest in automated clinical decision support tool and physician prescription behavior intelligent analysis system that are capable of analyzing and anticipating physicians' drug prescribing patterns to improve diagnosis and save time;</p>	<p>before June 2024</p>
<p>(v) develop auxiliary screening diagnosis and treatment systems to cover more diseases and machine transcription and translation solutions for online conferences with greater efficiency and accuracy to better serve physicians;</p>	<p>before June 2024</p>
<p>(vi) develop a bio-genetics platform for areas such as tumor genetics database and immune system-related disease database to help physicians better understand the relationships between genes, diseases and drugs; and</p>	<p>before December 2024</p>
<p>(vii) develop auxiliary tools using virtual reality and 3D graphics technologies for medical training and education, patient communication and pre-surgical planning, such as a medical training and education platform with advanced tools and greater interactions.</p>	<p>before December 2024</p>

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<p>(iii) build up our data center and strengthen the computing power and storage capabilities of our IT infrastructure</p>	<p>Amount and percentage of Net Proceeds</p> <p>5% (approximately HK\$188.5 million)</p>
<p>Implementation plan</p> <p>equip our research and development teams with additional high performance graphics processing units, as well as additional advanced servers (including applications, data and resources storage, disaster recovery backup, AI big data and cloud host functions), to further increase the efficiency of our algorithm training process and build up our data center facilities and AI computing center facilities. We will recruit and retain approximately 20 developers with experience in data storage, server operation and maintenance and purchase specialty security systems such as firewalls, intrusion prevention systems, web applicable firewalls to secure our data center facilities and AI computing center facilities. We will also increase our spending on cloud infrastructure and environment, and rent additional server cabinets in server rooms across the country with large bandwidths to support our platform, data center facilities and AI computing center facilities and applications development and testing as well as to host our online services to users.</p>	<p>Expected timeframe</p> <p>before June 2023</p>

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We plan to allocate HK\$7.8 million from the gross proceeds to repay an interest free loan in the amount of US\$1.0 million from Tiantian, which is non-trade in nature and becomes due and payable upon our Listing. We used the loan proceeds to pay for certain of our listing expenses payable to our professional service providers located outside of the PRC. As we do not maintain cash outside of the PRC, we paid such expenses with an interest free loan from Tiantian to shorten the payment processing time. None of the costs or expenses relating to our Group's operations or capital expenditures during the Track Record Period and up to the Latest Practicable Date were borne by any related parties or connected persons of our Group or any other third parties without being charged back to our Group.

The above allocation of use of net proceeds is projected based on our current business plan and the amount of net proceeds that we expect to receive from the Global Offering. If we are unable to raise the amount of net proceeds from the Global Offering as we expect, we plan to scale down our planned expenditure on investments or acquisitions to prioritize funding for the expansion of our business initiatives. Based on the current business plan, we expect to finance any difference between our major costs and expenses and the net proceeds from the Global Offering through cash flows generated from our business and our existing cash on hand.

In the event that the Offer Price is set at the high point or the low point of the indicative Offer Price range, the net proceeds of the Global Offering will increase or decrease by approximately HK\$230.2 million. Under such circumstances, we will increase or decrease the allocation of the net proceeds to the above purposes on a pro-rata basis.

If the Over-allotment Option is exercised in full, the additional net proceeds that we will receive will be approximately HK\$571.3 million, assuming an Offer Price of HK\$25.65 per Share, being the mid-point of the indicative Offer Price range. We may be required to issue up to an aggregate of 23,264,000 additional Shares pursuant to the Over-allotment Option.

To the extent that the net proceeds of the Global Offering are not immediately required for the above purposes or if we are unable to put into effect any part of our plan as intended, we may hold such funds in short-term deposits in licensed financial institutions so long as it is deemed to be in the best interests of our Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

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Since we are an offshore holding company, we will need to make capital contributions and loans to our PRC subsidiaries or through loans to our Consolidated Affiliated Entities such that the net proceeds of this offering can be used in the manner described above. Such capital contributions and loans are subject to a number of limitations and approval processes under PRC laws and regulations. There are no costs associated with registering loans or capital contributions with relevant PRC authorities, other than nominal processing charges. Under PRC laws and regulations, the PRC governmental authorities are required to process such approvals or registrations or deny our application within a prescribed period, which are usually less than 90 days. The actual time taken, however, may be longer due to administrative delay. We cannot assure you that we can obtain the approvals from the relevant governmental authorities, or complete the registration and filing procedures required to use our net proceeds as described above, in each case on a timely basis, or at all. This is because PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of this offering to make loans or additional capital contributions to our PRC subsidiaries or Consolidated Affiliated Entities, which could materially and adversely affect our liquidity and our ability to fund and expand our business.