
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See “Business — Our Strategies” in this prospectus 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\$481.7 million, after deducting the underwriting commissions and other estimated expenses paid and payable by us in relation to the Global Offering, at the Offer Price of HK\$30.50 per Share, and assuming that the Over-allotment Option is not exercised and no Shares are issued under the Post-IPO Share Award Scheme. We intend to use the net proceeds we will receive from this offering for the following purposes:

- approximately 60% is expected to be used for business expansion. We will continue to pursue the “hospital-first” strategy and expand our hospital network nationwide. Leveraging our hospital network, we will also continue to connect with more industry participants along the industry value chain and continue to enhance and expand our solution offerings to drive customer and user engagement. These efforts will enable us to expand our chronic condition management solutions across in- and out-of-hospital systems, better fulfill patients’ needs and improve our operating efficiency as we scale;
- approximately 25% is expected to be used to advance our medical know-how and technology capabilities to reinforce our leadership in the digital healthcare industry. These investments will allow us to deepen our connections with industry participants and deliver better medical treatment, which is crucial to strengthen customer trust on our platform;
- approximately 5% is expected to be used to broaden our ecosystem through strategic partnerships, investments and acquisitions in other businesses that complement our organic growth strategies. We plan to continue to elevate our presence in the upstream and downstream of value chain and selectively pursue alliance and investment opportunities; and
- approximately 10% is expected to be used for working capital and 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, medical and technology capability advancement, and strategic alliances and investments.

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A Business expansion

(1) <u>Continue to expand our hospital network and deepen our partnerships with hospitals</u>	<u>Amount and percentage of Net Proceeds 42% (approximately HK\$202.3 million)</u>
Implementation plan	Expected Timeframe and Allocation
<p>(i) We will hire 800 to 1,000 in-house or outsourced business development staff, with experience in the healthcare industry to be dedicated to the expansion of our hospital coverage, of which 50% are senior business development staff with over 5 years of experience and the remainder are junior support staff. We plan to offer competitive compensation packages combining a base remuneration of at least RMB300,000 per year for senior staff and at least RMB150,000 per year for junior staff, with a performance-based rewarding mechanism to attract more high-performance sales personnel and continue to incentivize them. Leveraging the newly hired and existing business development staff, we will install our hospital SaaS, <i>ClouDr. Yihui</i>, in more Class III and Class II hospitals across China to facilitate the standardization and digitalization of in-hospital medical diagnosis and treatment. We aim to install <i>ClouDr. Yihui</i> in more than 1,000 Class III hospitals, representing a penetration rate of 25% and above among all Class III hospitals in China, in more than 4,000 Class II hospitals, representing a penetration rate of over 30% among all Class II hospitals in China, and in more than 5,000 Class III hospitals in the next five years.</p>	<p>before December 2023 35% of Net Proceed</p>

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(I)	Continue to expand our hospital network and deepen our partnerships with hospitals	Amount and percentage of Net Proceeds 42% (approximately HK\$202.3 million)
(ii)	<p>We will increase the penetration of our full in-hospital solutions including hospital SaaS, hospital supplies and digital marketing services, by providing dedicated support and offering discounts or free trials for bundled solutions. We plan to allocate at least 1 business development staff for each hospital that we have access to. In addition, we will drive adoption of hospital SaaS across more departments within hospitals to further facilitate multi-department collaboration. We plan to have 30% of our hospitals fully adopt our integrated in-hospital solutions by 2023 and 50% fully adopt by 2026. We also aim to deploy <i>ClouDr. Yihui</i> in an average of 6 departments in hospitals installed with <i>ClouDr. Yihui</i> for at least one year in the next five years.</p>	<p>before December 2026 5% of Net Proceeds</p>
(iii)	<p>We will expand our chronic condition coverage and we will hire 20-40 medical professionals with experience in chronic condition management to support such expansion, along with other efforts including our investments in doctors' continuing education and our initiative to establish the chronic condition management ecosystem. We plan to cover chronic conditions such as kidney disease and hyperlipemia management. We also plan to cover the full cycle of chronic condition management at a more granular level such as extending from diabetes management to gestational diabetes mellitus management. This will allow us to better facilitate doctors and nurses with management and treatment of patients' chronic conditions, which in turn will further deepen our partnership with hospitals. With that, we will also be able to connect with more medical devices such as oximeter, blood lipid meter and uric acid meter.</p>	<p>before December 2023 2% of Net Proceeds</p>

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(2)	Continue to enlarge our pharmacy network and drive monetization	Amount and percentage of Net Proceeds 12% (approximately HK\$57.8 million)
	Implementation plan	Implementation plan
(i)	<p>We will hire 200 to 300 in-house or outsourced business development staff, with experience in the healthcare industry to be dedicated to the expansion of our pharmacy coverage, of which 50% are senior business development staff with over 5 years of experience and the remainder are junior support staff. We plan to offer competitive compensation packages combining a base remuneration of at least RMB200,000 per year for senior staff and at least RMB100,000 per year for junior staff, with a performance-based rewarding mechanism to attract more high-performance sales personnel and continue to incentivize them. We plan to dedicate 40% of our newly hired business development staff to focus on large-scale pharmacy chains and we plan to dedicate 40% to focus on pharmacies in lower tier cities. We aim to install <i>ClouDr. Pharmacy</i> in at least 250,000 pharmacies by 2023 and at least 350,000 pharmacies by 2026, covering all provinces in China. 350,000 pharmacies by 2026 represents a penetration rate of approximately 60% of all pharmacies in China.</p>	<p>before December 2026 6% of Net Proceeds</p>
(ii)	<p>We will invest to retain pharmacies that installed <i>ClouDr. Pharmacy</i> and continue to increase the paying ratio. We plan to allocate at least 200 business development staff to be dedicated to provide more tailored solutions and better customer experience for pharmacies. We will also strategically offer discounted prices or free trials aiming to increase pharmacies' stickiness. With that, we expect to maintain the paying ratio of over 50% as we further ramp up our pharmacy network and gradually reach 70% in the next five years.</p>	<p>before December 2026 4% of Net Proceeds</p>

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(2)	Continue to enlarge our pharmacy network and drive monetization	Amount and percentage of Net Proceeds 12% (approximately HK\$57.8 million)
(iii)	We will invest to help more pharmacies to establish the new retail business as online channel represents an increasingly important channel. We will hire 10 staff with over 3 years of experience in new retail, and allocate 50-80 software engineers aiming to help at least 200,000 pharmacy outlets to set up online pharmacy businesses in the next five years.	before December 2026 2% of Net Proceeds
(3)	Grow our patient and doctor base	Amount and percentage of Net Proceeds 6% (approximately HK\$28.9 million)
Implementation plan		Expected Timeframe and Allocation
(i)	We will intensify our marketing efforts through both online and offline channels, such as hosting healthcare-related webinars and sponsoring academic conference sponsorships. This will grow our brand equity and raise our brand awareness among prospective doctors to attract more doctors to our platform.	ongoing 2% of Net Proceeds
(ii)	We will acquire new doctors and patients through targeted online marketing particularly emerging marketing channels such as Douyin and Kuaishou with higher ROI.	ongoing 2% of Net Proceeds
(iii)	We will hire 10-20 medical professionals with relevant qualifications to roll out 1-on-1 long-term chronic condition management services to individual users. Leveraging the expanded doctor's network, we will also invest to offer more comprehensive services such as online consultation with specialists and expert doctors to provide more comprehensive services throughout the chronic management life cycle.	ongoing 2% of Net Proceeds

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B Medical and technology capability advancement

(1) <u>Strengthen our medical service capabilities to meet all-around demand from patients with chronic conditions</u>	<u>Amount and percentage of Net Proceeds</u> 10% (approximately HK\$48.2 million)
Implementation plan	Expected Timeframe and Allocation
(i) We will enlarge our medical paper library by obtaining publishing rights of additional research papers in chronic condition management. We aim to cover at least 4 million papers and articles in the next five years. This will further facilitate the development of our diagnosis systems.	before December 2026 4% of Net Proceeds
(ii) We will invest to conduct joint research with established medical institutions and universities, and conduct more clinical trials with top-tier hospitals and medical colleges to achieve better chronic condition treatment results. We established collaboration with the First People's Hospital of Kunshan (昆山市第一人民醫院) in April 2021 and, subsequently, established collaboration with Sir Run Run Shaw Hospital Affiliated with the Zhengjiang University School of Medicine (浙江大學醫學院附屬邵逸夫醫院) in May 2021, to conduct research on the effectiveness of cognitive behavioral therapy (CBT) on treatment for cardiovascular diseases. We intend to publish our research results in leading international medical journals to demonstrate our strengths in medical know-hows; and	before December 2026 3% of Net Proceeds
(iii) We plan to recruit 20 in-house doctors in the next 2 years to provide enhanced consultation and prescription services to patients, as well as personalized services to our paid members.	before December 2026 2% of Net Proceeds
(iv) Leveraging our medical know-hows, we will hire 3 staff with experience in content creation in the next 2 years to generate quality contents related to chronic condition management and deliver latest industry trends and medical knowledge to both doctors and patients.	before December 2026 1% of Net Proceeds

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(2)	Invest in technology innovations	Amount and percentage of Net Proceeds 12% (approximately HK\$57.8 million)
Implementation plan		Expected Timeframe and Allocation
(i)	<p>We will hire 50 to 100 software engineers with experience in the technology industry to support our continuous technology innovations, of which 60% are senior software engineers and the remainder are junior software engineers. We plan to offer competitive compensation packages combined of a base remuneration of RMB500,000 or above per year for senior staff and RMB200,000 or above per year for junior staff, as well as a performance-based rewarding mechanism to attract more experienced software engineers and continue to incentivize them. Apart from maintaining our infrastructure system and SaaS products, our software engineers will advance our technological capabilities in various areas. For example, we will upgrade our AI-assisted matching algorithm between doctors and patients for our online consultation services. This will effectively shorten patients' wait time and facilitate more suitable matching based on patients' symptoms and needs. We aim to shorten patients' wait time from 180 seconds to 60 seconds in the next two years.</p>	<p>before December 2023 5% of Net Proceeds</p>
(ii)	<p>We plan to invest in the R&D of the clinical decision support system (CDSS) based diagnosis and we aim to fully roll out the CDSS-based diagnosis in the next 2 years. With that, our upgraded AI-assisted diagnosis process will help to achieve higher accuracy rate.</p>	<p>before December 2023 3% of Net Proceeds</p>
(iii)	<p>We plan to invest in the R&D of the cognitive behavioral therapy (CBT) based algorithm for more effective medical treatment. We plan to conduct clinic trials by collaborating with medical institutions and hospitals to test the effectiveness of such algorithms and we aim to fully roll out the CBT-based algorithm in the next two years and get NMPA certifications by 2026;</p>	<p>before December 2026 2% of Net Proceeds</p>

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(2)	<u>Invest in technology innovations</u>	<u>Amount and percentage of Net Proceeds</u> <u>12% (approximately HK\$57.8 million)</u>
(iv)	We will invest to develop our network infrastructure and upgrade our computer hardware to improve our staff's work efficiency. We will also lease additional data centers and upgrade our data server to support for better scalability, higher reliability and faster data processing in the next 2 years.	before December 2026 2% of Net Proceeds
(3)	<u>Invest in product innovations</u>	<u>Amount and percentage of Net Proceeds</u> <u>3% (approximately HK\$14.5 million)</u>
Implementation plan		Expected Timeframe and Allocation
(i)	We will allocate 20-30 staff with experience in both technology and healthcare to further optimize our SaaS and related products to better cater to hospitals and pharmacies' evolving needs. We will also invest to facilitate internal collaborations between our business development staff and R&D staff. For example, we plan to introduce more features on <i>ClouDr. Yihui</i> such as oximeter, blood lipid meter, and uric acid meter in the next two years to better facilitate the management and treatment of patients' chronic conditions and extend to other diseases.	before December 2023 2% of Net Proceeds
(ii)	We will allocate 10-20 medical device professionals dedicated to the R&D of proprietary AIoT devices. For example, we will upgrade our self-developed AIoT devices to support compatibility with more types of medical devices. We will also invest to partner with leading medical device companies to roll out more AIoT devices. For example, we plan to introduce a noninvasive device that provides 24/7 blood sugar monitoring for patients in the next two years. These R&D efforts will enable us help doctors monitor and manage patients' conditions in a more efficient manner.	before December 2023 1% of Net Proceeds

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C Strategic alliances and investments

(1)	Expand our presence in the healthcare value chain	Amount and percentage of Net Proceeds 2% (approximately HK\$9.6 million)
	Implementation plan	Expected Timeframe and Allocation
(i)	We may establish new partnerships with upstream pharmaceutical companies and medical device companies. We aim to expand our selection of pharmaceuticals, medical devices and consumables to our end customers and to increase the average number of SKUs for our digital marketing services to 100 in the next five years. We may also strategically partner with warehouses or third-party logistics companies. This will strengthen our downstream capabilities and provide complementary services to our end customers such as procurement fulfillment.	before December 2026 2% of Net Proceeds
	Invest in or establish strategic alliances with businesses operate in similar or adjacent verticals, include but not limited to	Amount and percentage of Net Proceeds 2% (approximately HK\$9.6 million)
(2)		
	Implementation plan	Expected Timeframe and Allocation
(i)	Invest in or establish strategic alliance with businesses with proven track records that synergize with our businesses, enrich our service offerings and potentially bring additional monetization channels, such as pharmacy chains and internet hospital operators. According to Frost & Sullivan, as of June 2021, as of December 31, 2020, the number of pharmacy chains with established pharmacy store network of more than 500 stores in China is approximately 50, and the number of licensed internet hospitals in China is more than 1,600.	before December 2026 2% of Net Proceeds
	Companies in possession of advanced technologies such as AI and cloud technologies that are related to our business	Amount and percentage of Net Proceeds 1% (approximately HK\$4.8 million)
(3)		

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We have not yet identified any potential targets as of the Latest Practicable Date. After the Offering and with the receipt of the net proceeds, we plan to increase our focus on identifying desirable investment and acquisition targets and suitable business opportunities. Leveraging our business partnerships along the industry value chain, our connections with our shareholders and external advisors, and our increased brand recognition post the Global Offering, we plan to proactively identify potential targets and opportunities that meet our selection criteria described above. We will also appoint employees with relevant qualifications to focus on sourcing and executing potential transactions. We intend to execute acquisitions and investments when such opportunities arise in the next five years, subject to market conditions and the unpredictable nature of business acquisitions. We expect our growth strategies and the use of proceeds to bring considerable operational and financial impact. Our expanded hospital and pharmacy network, larger doctor and patient base and deepened partnerships with industry participants will effectively drive our revenue growth. Our product and technology innovations and strategic alliances and investments will allow us to achieve margin expansions by benefitting from increased efficiencies and economies of scale. All these efforts will also enable us to solidify our leadership position in China's chronic condition management market.

The additional net proceeds that we would receive if the Over-allotment Option was exercised in full would be HK\$83.4 million at the Offer Price of HK\$30.50 per Share. We intend to apply the additional net proceeds for the above purposes on a pro rata basis in the event that the Over-allotment Option is exercised.

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 will hold such funds in short-term deposits in licensed bank(s) only so long as it is deemed to be in the best interests of the Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.