
FUTURE PLANS AND [REDACTED]

FUTURE PLANS

See "Business—Our Strategies" in this document.

[REDACTED]

Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the stated range of the [REDACTED] of between HK\$[REDACTED] and HK\$[REDACTED] per [REDACTED]), we estimate that we will receive [REDACTED] of approximately HK\$[REDACTED] (equivalent to RMB[REDACTED]) from the [REDACTED] after deducting the [REDACTED] and other estimated expenses in connection with the [REDACTED] and assuming that the [REDACTED] is not exercised. We intend to use the [REDACTED] from the [REDACTED] as follows:

- (i) Approximately [REDACTED]%, or HK\$[REDACTED], will be used primarily to upgrade and enrich our SaaS products (with a focus on Smart Decision Cloud, Smart Retail Cloud, Smart Medical Cloud, and Smart Health Management Cloud), and their marketing and promotion.

We plan to continue our research and development on various SaaS products and to focus on functions according to market demand such as those that help clients transform from traditional operation and management methods to more efficient digital operation methods to increase their competitiveness. At the same time, we plan to strengthen our operational capabilities and enhance the user experience of our SaaS products through management of our channels, our brand, and the supply chain. We expect marketing and promotion expenditure to increase in order to continue building our user base and product activities.

- For Smart Decision Cloud, we are planning to establish modules and tools for the following client types and users:
 - **Pharmacies.** Increase functions within Pharmacy Connect for digital marketing and to connect online and offline consumer marketing platforms, and tools for using feedback from consumer preferences to broaden scope of healthcare solutions and products;
 - **Pharmaceutical distribution companies.** Increase functions and support for cloud-based solutions for various internal management systems to enhance their operational efficiency, including a pharmaceutical drug tracking platform; and
 - **Medical product manufacturers.** Increase functions and more powerful tools within LinkedSee and to support their internal management systems and collect data in a similar fashion to our existing SIC, and consumer marketing management systems including tools to gain feedback on consumer preferences and a public opinion monitoring platform to assist in optimizing marketing decisions.

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We plan to establish and maintain a suite of SaaS products that supports digitalization of the entire healthcare industry chain, such that all participants, from pharmacies and those upstream from them, will gain additional insight into the supply chain and consumer preferences. These upgraded operation and promotion capabilities are intended to maximize the value of Smart Decision Cloud products to the industry and our clients and also to accelerate the digital transformation of the healthcare industry.

- For Smart Retail Cloud, we are planning to develop and upgrade tools and functions for pharmacies, such as smart replenishment tools for inventory management, tools for tracking origin and manufacturing details of products, health management plans for their members, an online market place and further iterations of our current CRM offerings and modules to allow for more advanced membership, inventory and staff management to support increased digitalization of their stores. We are also planning to build a private platform to connect chain pharmacies and medical product manufacturers to allow for a feedback loop and cross-promotion of related products.
- For Smart Medical Cloud, due to the high degree of specialization in the medical field, the requisite data structure to be processed is highly complex. We plan to continue the research and development remaining before this offering is completed, including developing and upgrading precise CRM modules utilizing comprehensive patient records and intelligent diagnostic systems. We intend to leverage our cloud capabilities to allow institutions using our products to be empowered to provide a complete online diagnosis and treatment service chain to improve service efficiency and potential coverage, and to be supported by an intelligent platform where doctors can have real-time access to electronic medical records and diagnostic references and treatment suggestions during the consultation process. Another element will be an intelligent follow-up function as an important extension of diagnosis and treatment services. We plan to develop this intelligent follow-up tool to assist medical staff to automatically screen, arrange, and plan the patient management queue efficiently, as well as dynamically adjusting the follow-up plan in a personalized manner according to patient data. This is designed to alleviate the demand and workload on medical staff from increasing demands from patients for pre-diagnosis prevention, post-diagnosis rehabilitation and the subsequent follow-up.
- For Smart Health Management Cloud, in addition to our core modules that have been completed and are ready for use, we plan to increase our AI-MDT capabilities, and further use AI technology to help provide in-depth medical report interpretation and to build individualized plans to manage sub-health circumstances and diseases. We plan to continue building the knowledge graphs for disease intervention and evidence-based medicine, which will rely on our medical professional team to conduct in-depth interpretation and analysis of published clinical guidelines, as updated from time to time. We plan to increase our current coverage to hundreds of different types of diseases, and also to add further detail and personalization to the management routes. We also plan to further incorporate upgraded digital therapy, which uses evidence-based software

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programs to prevent, manage or treat diseases, and early smart screening, which integrates test results from current innovative detection methods, such as mass spectrometry and genetic testing, with knowledge graphs to provide patients with early screening solutions, with a goal of earlier and more accurate disease detection.

- We recognize that marketing and promotion are vital to the success of our SaaS products, and intend to establish a professional promotion team to promote our offerings and educate potential clients.

This marketing and promotion team will also help to a) expand the current marketing channel coverage, b) further strengthen our brand, c) promote our after-sales service abilities, d) increase the quality of our client service, and e) improve our overall management and operations. Their focus will be on medical product manufacturers, medical service institutions, chain pharmacies and other potential clients in the healthcare industry.

Specifically, for illustration purposes, we intend to implement our planned use of [REDACTED] on the above initiatives for our SaaS products over the next four years, with the detailed breakdown of the [REDACTED] to be allocated as follows:

- Approximately [REDACTED]%, or approximately HK\$[REDACTED], will be used to intensify our efforts to develop and market our SaaS products by expanding our talent base by hiring approximately 480 new employees. The need for our Group to hire more employees to support the initiatives related to our SaaS products is vital, as the current workforce is not sufficient to support and sustain the expected increase in business from our SaaS products. In particular, corporate clients for our SaaS products and revenue from SaaS products have grown rapidly throughout the Track Record Period, from 104 corporate clients and revenue of approximately RMB1.9 million for the year ended 31 December 2018 to 387 corporate clients and revenue of approximately RMB19.7 million for the nine months ended 30 September 2021. Revenue generated from our SaaS products as a percentage of our total revenue has grown from approximately 3.5% for 2020 to 8.2% for the nine months ended 30 September 2021, and this trend is expected to continue in the future. Our SaaS business segment is in its growth stage, with two products recently entering the revenue-generating stage, namely Smart Health Management Cloud in the latter half of 2020 and Smart Medical Cloud in the first half of 2021, necessitating an increase in our employee teams. They will comprise:
 - a professional promotion team of approximately 160 employees who will be responsible for promoting and establishing the full sales and distribution channels both regionally and nationwide. Among these new hires, 12 of them are expected to be director-level recruits, namely Sales Directors, a Brand Director, and a Marketing Director, with extensive experience in the technology or healthcare industry, 110 of them are expected to be managers responsible for sales, brand promotion, marketing and regional coverage, 8 of them are expected to be graphic designers, and 30 of them are expected to be marketing specialists;

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- a team of approximately 140 employees who will be responsible for operation and maintenance of these SaaS products and related client service functions. Among these new hires, four of them are expected to be experienced director-level recruits, namely a Director of Implementation, two Directors of Operations, and a Director of Solutions, with extensive experience in the technology or healthcare industry, nine of them are expected to be managers responsible for implementation and operations, 109 of them are expected to be managers or consultants responsible for projects, product operations, solutions, online operations and search engine marketing, and 18 of them are expected to be operations support staff; and
- a team of approximately 180 employees to enlarge our research and development team, including R&D directors, development and testing engineers, and product managers. Among these new hires, 11 of them are expected to be director-level recruits, namely a senior technical director, directors of products and directors of research and development, with extensive experience in the technology or healthcare industry, eight of them are expected to be architects responsible for technical design and leading development projects, 21 of them are expected to be managers responsible for products and testing, and 140 are expected to be engineers or analysts responsible for front-end and back-end development, data testing and development, operations and maintenance, demand analysis, and other projects.
- Approximately [REDACTED]%, or approximately HK\$[REDACTED], will be used to identify suitable third-party partners or experts within or outside the PRC, such as medical service institutions, medical research centers and medical experts with proprietary datasets, technologies, solutions or expertise, which are influential and recognized as a leader in their vertical field, such as experts or institutions included in rankings such as the list of National Key Clinical Specialties for the field of medicine. As at the Latest Practicable Date, we had not identified any specific, potential and imminent collaboration;
- Approximately [REDACTED]%, or approximately HK\$[REDACTED], will be used for leasing office space in Guangzhou of an area of at least 3,000 sq. m., preferably in close proximity to our existing offices for the promotion team and a non-central location for the research and development base, and for miscellaneous office expenses;
- Approximately [REDACTED]%, or approximately HK\$[REDACTED], will be used to enhance and upgrade our technology infrastructure specific to the promotion of our SaaS products, which will primarily be hardware and software to support demo environments for SaaS product sales, and also office equipment for corresponding personnel;

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- (ii) Approximately [REDACTED]%, or HK\$[REDACTED], will be used primarily to conduct further research and development of our technology and data warehouse, and in particular for the following projects: a) our AI technologies, including our Big Data & AI Lab, our woodpecker medical cognition aPaaS and life science solution aPaaS, and b) the middleware for Sinohealth Engine, which will involve big data aPaaS technical research and development, internet data center ("IDC") (including internet resources cooperation services) and application for the requisite certification. We expect research and development in this area to improve the efficiency of our SaaS products and the quality and delivery speed of non-SaaS big data solutions.

For our AI technologies:

- As part of our Big Data & AI Lab, we are working on projects including using deep learning technology to create models that will have real-life applications and practical utility. Other research projects include using machine learning and big data analysis technology to build tools using high-dimensional data processing, feature extraction, Bayesian statistics, and symbolic machine learning, and also basic biomedical research involving fields such as biomedicine, pre-clinical and clinical medicine, combined with artificial intelligence. One area of focus for our team is a model for medical literature analysis, where we have laid the groundwork and intend to continue improving.
- For our woodpecker medical cognition aPaaS, where we have completed approximately 50% of the planned research and development, we plan to provide powerful medical text analysis capabilities in this aPaaS, including electronic medical records, medical-related documents and other medical texts, and output the results of the analysis as standardized terms. In addition, we hope to develop a knowledge engine tool so that users can use this to configure intelligent clinical tools and calculation paths based on medical evidence, and quickly deploy them for their own solutions.
- For the life science solution aPaaS, we plan to provide AI-based gene and protein bioinformatics tools (such as gene sequence alignment tools and protein spatial structure prediction tools), and also a complex biomedical knowledge graph (such as a drug that targets disease genes) and graph reasoning tools to assist in new drug discovery. At the same time, data integration management tools, ePRO tools and statistical analysis tools will also be provided at the clinical level to support clinical trials and RWS. We hope to allow industrial enterprise and scientific research institution clients to quickly assemble their required capabilities on this platform without any development work.

For Sinohealth Engine, which is our core of applied research and development, we plan to continue investments for iterative development to a) improve its development efficiency to allow developers to quickly build scenario-based intelligent applications on this platform in a low code or no code environment; b) improve its capacity and resource utilization so that it can accumulate core capabilities of different business segments and create application modules which can then be used by other segments;

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and c) improve its technological realization abilities by simplifying numerous development links and reducing integration difficulties, which will allow developers to focus instead on implementing their module's technology. We also plan to use [REDACTED] for setting up an IDC to support Sinohealth Engine.

Specifically, for illustrative purposes, we intend to implement our planned use of [REDACTED] on research and development for our technology and data warehouse over the next four years, with the detailed breakdown of the [REDACTED] to be allocated as follows:

- Approximately [REDACTED]%, or approximately HK\$[REDACTED], will be used to enhance and upgrade our technology infrastructure, including the IDC and purchase of IT and office equipment, data and management software, operating system, security software and cloud storage and cloud security services to expand storage and computing capabilities. Data is our crucial and core asset, and data security is a top priority from our perspective, whether for security of digital systems or the security of the operating systems, software, or cloud resources. These are crucial to the backbone of our operations, and an important factor in the need to set up an IDC to support Sinohealth Engine. In addition, purchase of additional relevant data processing software is necessary for continued support of our data processing capabilities and offerings.
- Approximately [REDACTED]%, or approximately HK\$[REDACTED], will be used to expand our talent base by hiring approximately 210 new employees, which is vital to implement the planned research and upgrade of our technology and data warehouse and initiatives set out above, as our current workforce is not sufficient to support full implementation. For example, we had only completed part of the research and development project for our woodpecker medical cognition aPaaS and the life science solutions aPaaS and require additional employees to carry out the next phases, including opening up to third-party developers and business partners. Among these new hires, one of them is expected to be a chief scientist with extensive experience in the technology or healthcare industry, nine of them are expected to be director-level recruits, namely directors of products, projects, data, and research and development, two of them are expected to be architects responsible for technical design and leading development projects, 21 of them are expected to be specialists in medicine, clinical medicine, epidemiology, and laboratory operations, 50 of them are expected to be managers responsible for products, data and data processing, testing, medical and clinical data, and biostatistics, and 127 are expected to be engineers, analysts or researchers responsible for data warehouse development, data analysis and processing, front-end and back-end development, deep learning and AI algorithm development, bioinformatics development, and academic and intellectual property projects;
- Approximately [REDACTED]%, or approximately HK\$[REDACTED], will be used for leasing office space in Guangzhou of an area of approximately 1,700 sq. m., preferably in a non-central location in Guangzhou, and for miscellaneous office expenses;

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- Approximately [REDACTED]%, or approximately HK\$[REDACTED], will be used to identify suitable third-party partners or experts for data and technical support, which will be selected based on criteria including the expert's professional ability, feasibility of cooperation, how compatible their existing research is with our requirement, innovativeness, and the amount of resources they would be able to offer, among other considerations. As at the Latest Practicable Date, we had not identified any specific, potential and imminent collaboration.
- (iii) Approximately [REDACTED]% of our total estimated [REDACTED], or HK\$[REDACTED], will be used primarily to upgrade our Healthcare Industry Participant Networks, namely the construction and promotion of our Healthcare Link system. It mainly includes research and development of online product networking and digitalization, in order to establish a one-stop integrated platform allowing for online product display and transactions, e-commerce, interactive data exchange and other functions that are traditionally carried out offline. We plan to build our Healthcare Link system as an interactive platform with a "5 days + 365 days" feature, meaning that the traditional offline business will be upgraded and evolve into a "5-day offline event platform + year-round online real-time interactive support system", and therefore removing the business development restrictions of the traditional industry platform in terms of time and space, and encouraging high-frequency interactions between healthcare products and practitioners. Additional features will be connecting international medical product manufacturers who do not yet have a presence in the PRC with the domestic market, and providing a platform for domestic innovative drugs to reach an international market. We intend to promote our upgraded Healthcare Link after it is successfully developed with enhanced functionality and performance, with a view to developing it into an influential platform in the healthcare industry.

Specifically, for illustration purposes, we intend to implement our planned use of [REDACTED] on upgrading and promoting our Healthcare Link system, over the next four years, with the detailed breakdown of the [REDACTED] to be allocated as follows:

- Approximately [REDACTED]%, or approximately HK\$[REDACTED], will be used to expand our talent base by hiring approximately 70 new employees, which is vital for the construction and promotion of our Healthcare Link system as our current workforce is not sufficient to fully support the development of Healthcare Link and all its intended functionality and performance upgrade. Among these new hires, seven of them are expected to be director-level recruits, namely directors of products, research and development, industry, operations, and markets, with extensive experience in the technology or healthcare industry, one of them is expected to be an architect responsible for design and development of the Healthcare Link system, seven of them are expected to be managers responsible for products, testing, and strategy and operations, 18 are expected to be event and promotion personnel responsible for business development and strategy, and 37 are expected to be engineers or analysts responsible for front-end and back-end development, testing and operations, app development, demand analysis and other projects;

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- Approximately [REDACTED]%, or approximately HK\$[REDACTED], will be used to enhance and upgrade our technology infrastructure, including through purchase of hardware such as servers, IDC server room hosting services and other maintenance services, software systems and other cloud services;
 - Approximately [REDACTED]%, or approximately HK\$[REDACTED], will be used for leasing office space in Guangzhou of an area of approximately 600 sq. m., preferably in close proximity to our existing offices for the promotion team and a non-central location for the research and development base, and for miscellaneous office expenses;
- (iv) Approximately [REDACTED]%, or HK\$[REDACTED], is expected to be used for future strategic investment and acquisitions opportunities in China and international markets to enhance our Sinohealth Cloud, to support efforts to accelerate the improvement of our solution and product offerings. Sinohealth Cloud is currently our internal technology middleware, Sinohealth Engine, and we intend to develop and re-assemble its functions so that it is both a SaaS product and aPaaS tool or platform that can provide clients directly with digital transformation solutions and products, with the major purposes being (i) to improve efficiency and reduce costs by providing tools and services to clients through this cloud platform; (ii) to attract more developers to become business participants as more tools are provided to our clients; and (iii) to help build a competition barrier for our Group as Sinohealth Cloud and its interfaces, algorithms, data standards develop into a unified product and its tools. We intend to enhance Sinohealth Cloud through strategic investment and acquisitions by attracting and accelerating the growth of our business participants, and at the same time, creating synergies to enhance product development and market transformation capabilities, attracting additional resources and promoting standards. We expect to selectively invest in and acquire targets such as (a) scenario-based SaaS companies, (b) companies that complement the development of the Sinohealth Cloud aPaaS in the digital healthcare industry or other data model-driven businesses, or (c) companies with technology such as big data, cloud computing, data security or AI.

In tracking potential acquisition or investment opportunities we will adopt the strategy of "mainly investing in mergers and acquisitions or holding a controlling stake, supplemented by equity investment". The former focuses on more mature target enterprises that can contribute to our performance, while the latter focuses on growth enterprises with cultivation value and the possibility of being merged and acquired in the future.

Our considerations for assessing whether a target is suitable for a merger or acquisition include whether it: 1) has a certain scale of performance and high market position; 2) would be able to enable us to significantly enhance our competitiveness by being able to integrate resources quickly after the acquisition; 3) has an operation team that can be fully integrated into ours; and 4) has strategic value for construction of our Sinohealth Cloud.

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For an equity investment, we are looking for targets that: 1) would be an important part of the construction of the Sinohealth Cloud; 2) would have the ability to survive independently; 3) we would be able to empower and accelerate its growth; 4) has an operation team with common values; and 5) is situated in a market with high potential.

In view of the rapid development of the industry in which we operate, we plan to expand our business scale and market share through strategic investment and acquisition opportunities in scenario-based SaaS companies that can quickly realize data liquidity, expand our data application boundary and enhance data liquidity. For longer term sustainable development that complements our Sinohealth Cloud aPaaS and other technological development priorities, we look for other companies that meet valuable objectives of capacity and moat construction, or are able to combine data liquidity, long-term competitiveness and promote business model construction to provide short-term and long-term returns. We intend to identify three strategic acquisition and investment targets primarily in the PRC, and expect the revenue of the target in its most recent financial year to be in the range of RMB5 million to RMB20 million. According to the iResearch Report, there are at least 30 potential targets that satisfy the above criteria as at the Latest Practicable Date. As at the Latest Practicable Date, we have not entered into any binding oral or written commitment to acquire any business or asset and it is expected that there is no imminent need to seek acquisitions or investments.

Specifically, for illustration purposes, we intend to implement our planned use of [REDACTED] on future strategic investment and acquisitions opportunities over the next four years, with the detailed breakdown of the [REDACTED] to be allocated as follows:

- Approximately [REDACTED]%, or approximately HK\$[REDACTED], is expected to be used for investment in scenario-based SaaS companies that can assist in expanding our data application boundaries and rapidly improve data monetization capabilities;
 - Approximately [REDACTED]%, or approximately HK\$[REDACTED], is expected to be used for investment in healthcare industry-specific digital assets or data model companies valuable for building Sinohealth Cloud aPaaS, including by enhancing capacity or moat construction, with major considerations being data liquidity and long-term competitiveness combined with capability of short-term and long-term returns;
 - Approximately [REDACTED]%, or approximately HK\$[REDACTED], is expected to be used for investment in companies with technology such as big data, cloud computing, data security or AI; and
- (v) approximately [REDACTED]% of our total estimated [REDACTED], or HK\$[REDACTED], will be used primarily for working capital and general corporate purposes.

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Implementation Timeline

The following table sets forth a breakdown of the [REDACTED] estimated to be applied in the years indicated.

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>Total</u>
	(in millions of HK\$)				
(i) upgrade and enrich SaaS products. . . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(ii) research and development of technology and data warehouse. . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(iii) upgrade Healthcare Industry Participant Networks (Healthcare Link). .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(iv) strategic investment and acquisition	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(v) working capital	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>

In the event that the [REDACTED] is fixed below or above the mid-point of the indicative price range, the [REDACTED] allocated to the above purposes will be adjusted on a pro rata basis.

In the event that the [REDACTED] is set at HK\$[REDACTED] per Share (being the bottom end of the indicative [REDACTED] range), the estimated [REDACTED] we will receive will be reduced by approximately HK\$[REDACTED] (assuming that the [REDACTED] is not exercised). In the event that the [REDACTED] is set at HK\$[REDACTED] per Share (being the top end of the indicative [REDACTED] range), the estimated [REDACTED] we will receive will be increased by approximately HK\$[REDACTED] (assuming that the [REDACTED] is not exercised). In such event, we will increase or decrease the allocation of the [REDACTED] to the above purposes on a pro-rata basis and we will consider internal resources or external financing for the relevant purposes in the case of decrease of [REDACTED] allocated.

To the extent that the [REDACTED] are not immediately applied or required for the above purposes and to the extent permitted by applicable law and regulations, we will only place the [REDACTED] in short-term interest-bearing accounts at authorized licensed banks.