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## FUTURE PLANS AND USE OF [REDACTED]

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### FUTURE PLANS

See “Business — Business Strategies” in this document for a detailed description of our future plans.

### USE OF [REDACTED]

Assuming an [REDACTED] of HK\$[REDACTED] per Share, we estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] million from the [REDACTED] after deducting the [REDACTED] commissions and other estimated expenses paid and payable by us in connection with the [REDACTED] and assuming that the [REDACTED] is not exercised. In line with our strategies, we intend to use our [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

- approximately [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED] million, for business expansion, such as the further development of smart pharmacy network in order to meet compliance requirements of, and provide business and technical support to our business, and enhancement of user growth and engagement, including:
  - approximately [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED] million, is expected to be used for further expanding our network of smart pharmacies and penetrating into new cities. We plan to:
    - (i) increase the number of cities where we operate. We intend to increase 8 new operating cities by the end of 2022, 12 new operating cities by the end of 2023, and 14 new operating cities by the end of 2024. The selection criteria of new operating cities generally includes the population of core areas of the city, the per capita GDP of the citizens, the disposable income level and spending appetite of the consumers in the city, and competition level in the city;
    - (ii) strengthen the presence of our smart pharmacies in the covered areas, and expand to uncovered areas in the cities where we operate as well as the newly added operating cities. We intend to open or cooperate approximately 100 new smart pharmacies by the end of 2022, approximately 150 new smart pharmacies by the end of 2023, and approximately 100 new smart pharmacies by the end of 2024. Our expansion plan in relation to new smart pharmacies was delayed in the first half of 2022, mainly due to another wave of COVID-19 outbreak in the PRC and the local authorities of the cities that we had expansion plan had taken certain lock-down measures to prevent further spread of COVID-19, which renders difficulties for us to open new smart pharmacies under such circumstances. Despite the difficulties in the first half of 2022 due to the COVID-19 outbreak, we would like to use our best efforts to carry out our expansion plan as scheduled. Specifically, we plan to open about 55 new smart pharmacies in our existing operating cities and explore new operating cities with additional 36 new smart pharmacies opened thereof. In addition, we plan to open most of the smart pharmacies during the fourth quarter in 2022;
    - (iii) optimize the organization structure of our network of smart pharmacies and establish our region-specific management system; and
    - (iv) expand the collaboration with professional delivery teams to support our increasing number of smart pharmacies. We intend to further collaborate with our delivery partners under relevant outsourcing arrangement and additionally engage approximately 1,000 riders by the end of 2022, approximately 1,800 riders by the end of 2023, and approximately 2,500 riders by the end of 2024.

We believe the expansion plans above will further expand the scale of our business and achieve growth and improvement in our financial performance.

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## FUTURE PLANS AND USE OF [REDACTED]

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- approximately [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED] million, is expected to be used for expanding and upgrading our smart pharmacies in cities where we operate. We plan to: (i) increase the number of the smart pharmacies in our existing operating cities through acquisition and organic growth; (ii) upgrade the storage area and storage environment of our smart pharmacies in our core operating cities such as Shanghai and Beijing; and (iii) improve the environment of our smart pharmacies in other operating cities by strengthening their delivery capability and organizational structure.
- approximately [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED] million, is expected to be used for further expanding our user base and enhancing user engagement. We plan to: (i) increase investment in cooperation with advertisers to promote our products and services in cities where we operate; and (ii) continue to invest in sales promotion events through a series of social marketing, such as promotion sectioning and live streaming.
- approximately [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED] million, for optimizing of our technology systems and operating platforms. We plan to:
  - For recruiting approximately 510 technology experts by the end of 2024 specialized in algorithms, software development, data structure, search engines, product development and data analysis in order to meet business requirements, stabilize the system framework, and build up technical barriers, followed by our recruitment plan for the next three years:
    - recruiting approximately 120 R&D talents in the first stage, including approximately 30 experts for the development of the search and recommendation system, distribution and arrangement system, health management system and supply chain system; approximately 10 senior- to mid-level product managers, approximately 60 development engineers, and approximately 20 Q&A engineers for the development and construction of business systems and security assurance;
    - recruiting approximately 170 R&D talents in the second stage, including approximately 50 experts for deep mining of knowledge graph research in the medical and pharmaceutical fields, approximately 15 senior- to mid-level product managers, approximately 85 development engineers, and approximately 20 Q&A engineers for improving functionality and capability of our platform and supporting new business; and
    - recruiting approximately 220 R&D talents in the third stage, including approximately 80 talents to support the exploration of business-assisted decision-making systems such as physician-assisted treatment, user self-diagnosis, disease prediction and sales forecasting, and intelligent supply chain, approximately 100 talents to support software updates and new businesses arising from the expansion of our business, and approximately 40 talents to support network framework upgrades and maintenance of data security.

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## FUTURE PLANS AND USE OF [REDACTED]

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- advance our platforms and systems to better serve users and promote our sales fulfillment by incorporating technologies such as AI, 5G, and IoT. This is expected to be achieved by mining and analyzing user health data and platform transaction data through big data and cloud computing to generate order projections, merchandise movement projections and disease-related data, benefiting our delivery services, operations, and doctors, including:
  - enhancing our proven fulfillment capabilities and order processing capabilities in response to our business expansion, including strengthening our capability to process pop-up orders and improving offline retail revenue and delivery efficiency;
  - developing a knowledge management platform and a system organizing and arranging e-prescriptions to achieve higher operational efficiency and to explore additional scope of product and service offerings we can offer to our users, including establishing an intelligent consultation platform and integrating AI consultation; and
  - developing an online payment system, aiming to bridge the government's health insurance system and commercial insurance system with our payment system to enable the payment for our healthcare product and service offerings with public health insurance and commercial insurance;
- upgrade our delivery system by increasing the coverage, service quality and functionalities of our distribution platforms, and promoting the coordination of our smart pharmacies with delivery force.
- approximately [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED] million, for upgrading our services and our business, such as building professional structure of full-time doctors and pharmacists. We plan to: (i) upgrade the online medical consultation service by introducing 10 to 20 full-time doctors and pharmacists for the existing departments and specialties and further expanding the existing departments and specialties to include andrology, hepatology and dermatology by 2024, with at least five full-time doctors assigned to these departments; (ii) establish our proprietary knowledge graph; (iii) implement the online health insurance payment in the cities we operate; (iv) promote the connections of commercial health insurance and online payment; and (v) upgrade our on-demand point-of-care testing system.
- approximately [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED] million, for our potential investments and acquisitions or strategic alliances along with the value chain of the healthcare industry in which we operate. Furthermore, we plan to invest in other companies in the healthcare industry with advanced technologies and services that will complement our business. To achieve such goal, we plan to carry out potential investments and acquisitions or strategic alliances with the following categories:
  - retail pharmacy companies, including online and offline pharmacy companies and companies operating pharmacies and warehouses, to broaden our network of smart pharmacies, enhance our drug express offering capabilities and further expand the scale of our business. Our investment selection criteria includes fully licensed and compliant operations, a local distributed pharmacy network covering major urban areas with a relatively decentralized network layout of no less than 30 in a single city and spread out in an astrolabe and effectively integrated with our e-zone. We plan to acquire three to four such target companies, which are expected to be in second-tier cities with a valuation of between RMB60 million and RMB80 million.

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- testing institutions, including companies covering daily disease detection and rapid detection technology, on-demand point-of-care testing service providers and testing facilities and instruments companies, to further expand our healthcare product and service offerings. Our investment selection criteria includes innovative hardware, leading technology, and expertise specializing in inhome health testing and service scenarios. The target companies are expected to have obtained testing institutions qualifications with stable registered users. In addition, the target companies are expected to synergize with our on-demand healthcare services with a valuation of between RMB80 million and RMB100 million.
- medical service providers, including medical consultation service providers, health examine centers, medical technology development companies, companies with cutting-edge AI and big data technology and cross-border e-commerce medical companies, to improve our end-to-end capabilities to enhance user experience. While we do not have a specific valuation criteria, our investment selection criteria focuses on their consuming scenarios and the synergies with our business.

We are familiar with potential targets’ businesses and believe we are able to identify suitable targets, leveraging our industry experiences and insights. According to the Frost & Sullivan Report, currently there are thousands of retail pharmacy companies, testing institutions and medical service providers, and the large number of such potential targets offers sufficient investments and acquisitions or strategic alliances opportunities. We will take into account a few factors in selecting targets which include: (i) if the target can synergize with our business; (ii) if the target is with sound operational and financial conditions; and (iii) if the target is at the leading edge of technological or business development. As of the Latest Practicable Date, we had not identified any definite targets for investments and acquisitions or strategic alliances. In determining the allocated amount of net [REDACTED], we primarily considered (i) the valuation of the acquisition targets of offline chain pharmacy companies in the market as they previously disclosed, while taking into account the cost to transform such target companies to carry out integrated online and offline operations; (ii) the historical valuation of the potential target companies that we attempted to acquire but did not process previously; and (iii) our management’s reasonable judgment based on their understanding of and experience in the industry. We believe that acquiring the above businesses along the value chain of the healthcare industry will complement our existing business and create synergies with our existing operations. Although we may not have rich management experience in relation to testing institutions and medical service providers yet, we believe we are able to acquire relevant expertise by (i) conducting research on these industries in which the targets operate and recruiting management talents with competent management skills in relevant sectors, and (ii) retaining core management of the target companies.

- approximately [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED] million, for working capital and other general corporate purposes.

If the [REDACTED] is set at the Maximum [REDACTED] or the Minimum [REDACTED] of the indicative [REDACTED] range, the net [REDACTED] of the [REDACTED] will increase or decrease by approximately HK\$[REDACTED] million, respectively. If we make an Upward or Downward [REDACTED] Adjustment to set the final [REDACTED] to be above or below the mid-point of the [REDACTED] Range, we will increase or decrease the allocation of the net [REDACTED] to the above purposes on a pro rata basis.

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The additional net [REDACTED] that we would receive if the [REDACTED] were exercised in full would be: (i) HK\$[REDACTED] million (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the Maximum [REDACTED]); (ii) HK\$[REDACTED] million (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the [REDACTED] Range); and (iii) HK\$[REDACTED] million (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the Minimum [REDACTED]). To the extent that the net [REDACTED] from the [REDACTED] (including the net [REDACTED] from the exercise of the [REDACTED]) are either more or less than expected, we may adjust our allocation of the net [REDACTED] for the above purposes on a pro rata basis.

If the net [REDACTED] of the [REDACTED] are not immediately used for the purposes described above, they will be placed on deposit with licensed banks or authorized financial institutions.