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Medlive Technology Co., Ltd.

醫脈通科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2192)

CHANGE IN USE OF PROCEEDS FROM THE GLOBAL OFFERING

Reference is made to the prospectus issued by Medlive Technology Co., Ltd. (the “**Company**”) dated 30 June 2021 (the “**Prospectus**”) in relation to the public offering and listing of the Company’s shares (the “**IPO**”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus.

USE OF PROCEEDS

It was disclosed in the section headed “Future Plan and Use of Proceeds” in the Prospectus that the Company intended to use the net proceeds from the Global Offering for the following purposes:

- (1) approximately 40% of the net proceeds from the Global Offering is intended to be used for business expansion in the next three to five years, including developing and enhancing the Group’s solution offerings, expanding its customer base and foster customer loyalty and driving user growth and engagement;
- (2) approximately 30% of the net proceeds from the Global Offering is intended to be used to invest in the Group’s technology and enhance its research and development capabilities in the next three to five years;
- (3) approximately 20% of the net proceeds from the Global Offering is intended to be used to selectively pursue strategic investments or acquisitions opportunities; and
- (4) approximately 10% of the net proceeds from the Global Offering is intended to be used for the general replenishment of the Group’s working capital and for other general corporate purposes.

The actual net proceeds received from the Global Offering was approximately HK\$4,677 million (“**IPO Proceeds**”). Approximately HK\$4,250.9 million of the IPO Proceeds remained unutilised as at 31 May 2023, being the latest month end prior to the date of this announcement.

CHANGE IN USE OF PROCEEDS

The Board has resolved to change the use of the remaining unutilised IPO Proceeds of approximately HK\$4,250.9 million. Breakdown of the use of the IPO Proceeds as stated in the Prospectus, breakdown of the IPO Proceeds utilised up to 31 May 2023 and the proposed change of use of the remaining unutilised IPO Proceeds (the “**Proposed Change**”) are summarized as follows:

Intended use of IPO Proceeds	Original allocation of IPO Proceeds (HK\$ million)	Amount of Utilized IPO Proceeds up to 31 May 2023 (HK\$ million)	Amount of Unutilized IPO Proceeds as at 31 May 2023 (HK\$ million)	Proposed Change to the allocation of the Unutilized IPO Proceeds (HK\$ million)
A. Business Expansion				
(1) enhance medical knowledge solutions of the Company and enrich medical knowledge information and tools on the platform of the Company (<i>Note a</i>)	561.3	22.6	538.7	258.1
(2) improve patient care offerings (<i>Note a</i>)	467.7	3.1	464.6	184.0
(3) strengthen intelligent clinical research solutions (<i>Note b</i>)	374.2	4.2	370.0	136.1
(4) strengthen the relationships with the existing customers of the Company and develop and attract additional customers in pharmaceutical, biotechnology and medical device industries (<i>Note a</i>)	327.4	38.5	288.9	148.6
(5) enhance user growth and engagement through targeted sales and marketing activities (<i>Note a</i>)	140.3	23.5	116.8	116.8

Intended use of IPO Proceeds	Original allocation of IPO Proceeds (HK\$ million)	Amount of Utilized IPO Proceeds up to 31 May 2023 (HK\$ million)	Amount of Unutilized IPO Proceeds as at 31 May 2023 (HK\$ million)	Proposed Change to the allocation of the Unutilized IPO Proceeds (HK\$ million)
B. Investment in technology and enhancement of research and development capabilities				
(1) recruit talent and collaborate with experts (<i>Note b</i>)	701.6	75.2	626.4	392.5
(2) develop and expand the application scenarios of technology of the Company, particularly, machine learning, natural language processing, knowledge graph and user understanding (<i>Note a</i>)	467.7	10.9	456.8	363.3
(3) build up the data center of the Company and strengthen the computing power and storage capabilities of the IT infrastructure of the Company (<i>Note c</i>)	233.9	7.3	226.6	86.3
C. Pursue strategic investments or acquisitions opportunities (<i>Note d</i>)	935.5	137.4	798.1	2,201.2
D. General replenishment of the working capital of the Company and for other general corporate purposes (<i>Note d</i>)	467.7	103.7	364.0	364.0
Total	<u>4,677.3</u>	<u>426.4</u>	<u>4,250.9</u>	<u>4,250.9</u>

Note a: the expected timeline for using the unutilised IPO Proceeds was on or before 31 December 2025 as disclosed in the Prospectus.

Note b: the expected timeline for using the unutilised IPO Proceeds was on or before 31 December 2023 as disclosed in the Prospectus.

Note c: the expected timeline for using the unutilised IPO Proceeds was on or before 30 June 2023 as disclosed in the Prospectus.

Note d: no expected timeline for using the IPO proceeds was disclosed in the Prospectus.

For the reasons set out below, expected timeline for using the unutilised IPO Proceeds under category A (Business Expansion) and category B (Investment in Technology and Enhancement of Research and Development Capabilities) as set out above are extended to on or before 31 December 2027.

Further to the above Proposed Change, the Board also resolved to use no more than HK\$1,000.0 million from the idle IPO Proceeds that are expected to remain idle for more than one year to subscribe for or purchase principal-protected wealth management products from qualified financial institutions in Hong Kong or the PRC subject to the following conditions:

The amount of any single principal-protected wealth management product subscribed for or purchased by the Company shall not exceed HK\$200.0 million (or RMB equivalent amount at the time of subscription or purchase) and the aggregate balance of the unmatured principal-protected wealth management products held by the Company at any time (excluding accrued interest income) shall not exceed HK\$1,000.0 million (or RMB equivalent amount at the time of subscription or purchase). The income generated from such principal-protected wealth management products will be used for the same purpose as that applicable to the idle IPO Proceeds used for the subscription or purchase. Term of any single principal-protected wealth management products subscribed for or purchased by the Company shall not exceed 12 months. The above use of the idle IPO proceeds shall not affect the normal operation of the Company.

As of the date of this announcement, the Company has not used any idle IPO Proceeds to subscribe for or purchase any wealth management products. In the event of any subscriptions or purchases made in the future, the Company will comply with all applicable Listing Rules.

Save for the aforesaid changes, there are no other changes in the use of the IPO Proceeds.

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

The outbreak of the novel COVID-19 pandemic and its consequential travel restrictions and corresponding lockdown measures have affected the global social and economic environments. On the one hand, the pandemic has caused delay in the implementation of certain projects of the Company and thereby affected the timing of the planned use of related IPO proceeds. As such, it is not practicable for the Company to complete the utilisation of the IPO Proceeds in accordance with the expected timeline in the Prospectus and a delay of roughly two to three years, that is about the same duration of the COVID-19 pandemic, would be appropriate.

On the other hand, as a result of the pandemic, online conferences become more popular and the Company's acquisition of 60% interest in Beijing Medcon Information Consulting Co., Ltd.* (北京美迪康信息諮詢有限公司) ("**Beijing Medcon**"), one of the leading professional and prominent technology providers in academic conference management focusing on medical conference, met such market needs. This acquisition also allowed the Group to gain access to the customer base of Beijing Medcon and medical related contents generated in the course of the business of Beijing Medcon. The success in the external growth achieved through the acquisitions made by the Company after its listing led the Board to believe that the business expansion plans as described in items A. (1) to (4) and B. (2) in the table above would be more effectively achieved from both time and cost perspective through strategic acquisitions and/or investments than purely through organic growth. Accordingly, the Board considered that further resources should be allocated to pursuing strategic investments or acquisitions opportunities using part of the IPO Proceeds originally allocated to such items.

The Board also noted that due to the pandemic, there is a general slowdown of economic conditions such that talent becomes more available and the original anticipation of continuous increase in talent and expert costs at the time of the IPO did not eventuate. Furthermore, as data centers became more accessible, it would be more cost efficient for the Company to lease data centers at different locations than to build its own as originally planned. Accordingly, part of the IPO proceeds originally allocated for these uses, i.e. items A.(5) and B.(3) in the table above have also been reallocated to be used for pursuing strategic investments or acquisitions opportunities.

The Company is actively exploring strategic investments or acquisitions opportunities and further announcements will be made in compliance with the Listing Rules as and when appropriate.

The Board considers that the Proposed Change is in the best interest of the Company and its shareholders as a whole. The Proposed Change will allow the Company to deploy its financial resources to meet its current development needs more effectively. The Board also believes that using idle IPO Proceeds to subscribe for or purchase principal-protected wealth management products will not affect the capital safety and liquidity and daily operation of the Company, or the intended use of the IPO Proceeds. The Board is of the view that subscribing for or purchasing principal-protected wealth management products allows the Company to use idle IPO Proceeds in a reasonable manner, enhance the efficiency of utilising the IPO Proceeds and the overall revenue of the Group. Despite the Proposed Change and the potential subscription or purchase of principal-protected wealth management products, there is no change to the nature of business and objectives of the Company as set out in the Prospectus and the 2022 annual report of the Company.

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

Hong Kong, 12 June 2023

As at 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.

* *For identification purposes only*