Potential [**REDACTED**] *should read and consider carefully all the information set out in this document, and, in particular, should evaluate the following risks and uncertainties before deciding to make any* [**REDACTED**] *in our Shares. Any of the risks and uncertainties listed below could have a material and adverse effect on our business, results of operations, financial condition or on the* [**REDACTED**] *of our Shares, and could cause you to lose all or part of your* [**REDACTED**]. *The risks and uncertainties identified below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business and results of operations.*

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We conduct our business in a strictly regulated industry and are subject to extensive and on-going compliance requirements.

The operations of our self-owned and managed medical institutions are subject to various laws and regulations at the national, regional and local levels. These laws and regulations mainly relate to management and classification of medical institutions, licensing of medical professionals, procurement and usage of pharmaceuticals, medical consumables and medical equipment, quality and pricing of medical services, and discharge and disposal of pollutants, medical and other hazardous waste. See "Regulatory Overview."

New laws and regulations applicable to our operations may be introduced in the future, and the current applicable ones may otherwise be amended or replaced to implement additional requirements. In addition, the laws and regulations may also be subject to further interpretation and enforcement and are evolving, and may impose additional or more stringent compliance obligations on us and our medical institutions. As a result, we may face operational disruptions, increased costs, or other challenges in adapting to new regulatory requirements. In the event that we must remedy any violations, we may be required to modify our business models. Announced and unannounced inspections by regulators may be carried out periodically at our medical institutions depending on the regulatory requirements applying to us. Any additional requirements or restrictions imposed by the evolving laws or regulations, the receipt of an unsatisfactory rating in an inspection, or a determination of regulatory non-compliance could, depending on the nature and severity, result in our reputational damage, financial losses, judicial and administrative penalties, conditions being placed on our licenses, revocation or suspension of our licenses or downsizing or cessation of the existing integrated healthcare and eldercare services provided by us. Any of these consequences could have a material and adverse effect on our business, results of operations and financial condition.

We may face challenges in executing expansion plans and integrating acquired medical institutions.

Our growth strategy depends, in part, on our ability to acquire and manage new medical institutions, and establish new healthcare and eldercare businesses. We expand our network of medical institutions primarily through strategic acquisitions. For example, two of our self-owned medical institutions — Dahuangzhuang Hospital and Puxiang TCM Hospital — serve as representative examples of our operations given their significant revenue contribution, operational scale and strategic importance to our growth, having been acquired in 2019 and 2022, respectively.

We may from time to time identify suitable acquisition targets, and pursue strategic acquisitions of and/or equity investments in businesses that we believe are complementary to our growth strategies. See "Business — Growth Strategies — Strategically expand our geographic footprint in and beyond mainland China and pursue long-term growth opportunities." However, we may not be able to identify suitable business targets to expand our business operations, or be able to negotiate commercially acceptable terms for such acquisitions. We also compete with other companies on seeking suitable business targets. Even if we are able to identify suitable business targets, such acquisitions may be difficult, time-consuming, costly and subject to local laws and regulations, and we may not be able to successfully execute the acquisition plans, including securing the necessary financing at commercially acceptable terms, recruiting sufficient number of qualified personnel and obtaining licenses for such personnel to practice in the relevant locations.

The integration and subsequent ramping up of acquired medical institutions involve various risks, and may not yield anticipated benefits, which require significant attention, time and commitment from our management, as well as substantial operational, financial and other resources. We acquired Tangshan Hospitals in August 2021. However, having assessed the regional market as lacking significant growth opportunities for us, we strategically disposed of our equity interests in the two medical institutions in June 2025, which in aggregate contributed 3.4% of our total revenue in 2024 and remained loss-making in 2024. Given their limited financial contribution, we believe that our disposal of these two medical institutions did not have a material impact on our business or operations. We cannot guarantee that we will be able to successfully integrate the medical institutions we own or manage, or be able to realize anticipated benefits or synergies, and we may incur costs in excess of what we anticipate. Furthermore, integrating medical institutions involves unforeseen operating difficulties and expenditures associated with integrating physicians and other medical professionals into our business and integrating accounting, information management, human resources, procurement or supply chain management and other administrative systems to facilitate effective management. Failure to realize expected synergies, growth opportunities and other benefits from such acquisitions could materially and adversely affect our business, results of operations and financial condition.

We may fail to continue to attract and retain patients, provide superior patient experience and maintain patients' trust in us.

Our medical institutions are highly dependent on our patient base. In 2023, 2024 and 2025, our self-owned medical institution recorded a total of 277,608, 304,299 and 284,970 patient visits, respectively, and our managed medical institutions recorded a total of 174,633, 207,560 and 208,756 patient visits, respectively. Growth in our patient base is a key driver of our revenue growth. Our ability to continue to attract and retain patients depends on our reputation and our ability to provide effective services and superior patient experience. It also depends on how patients perceive us as a reliable healthcare and eldercare service provider. In order to do so, we need to continue to provide a wide selection of integrated healthcare and eldercare services, explore services that are responsive to patients' demand and ensure the quality and effectiveness of the services we provide. However, there is no guarantee that our efforts in these respects will succeed in achieving the desired results. Any failure to maintain and enhance, or any damage to, our reputation or patient perception in relation to the services provided by us may adversely affect our patients' receptiveness of, and willingness to purchase the integrated healthcare and eldercare services provided by us and therefore cause us to lose patients.

If we fail to recruit or retain a sufficient number of qualified physicians and other medical professionals, our business and results of operations could be materially and adversely affected.

Our business is largely dependent on the ability of our medical institutions to identify, recruit and retain a sufficient number of qualified physicians and other medical professionals. As of December 31, 2025, our self-owned medical institutions had 300 physicians, including 145 full-time physicians and 155 multi-site practice physicians, and 300 other medical professionals.

The competition for qualified physicians is intense. The supply of qualified physicians is limited due to the length of training required, including academic study and clinical training, which can take up to eight years or even longer for certain medical specialties. We believe that physicians generally consider the following key factors when selecting medical institutions to work at, including the reputation and culture, the efficiency of medical institution management, the quality of facilities and supporting staff, the number of patient visits, compensation, training programs and location. Our medical institutions may not compete favorably with other medical institutions in respect of one or more of these factors, and may not be able to attract or retain a sufficient number of qualified physicians. In addition, multi-site practice physicians practice at our medical institutions pursuant to the liberated physician registration regulation that allows licensed physicians to register and practice at multiple medical institutions. If the PRC government promulgates new regulations to change such practice in the future, our medical institutions may not be able to retain their current base of multi-site practice physicians. Our success is also dependent on the ability of our medical institutions to recruit and retain other qualified medical professionals. It has become increasingly costly to recruit and retain medical professionals in recent years, especially in the areas of radiation therapy and imaging diagnosis. We also depend on qualified rehabilitation therapists and nursing staff. We face competition for such qualified medical professionals from other public medical institutions, private healthcare and eldercare service providers, research and academic institutions and other organizations. If our medical institutions fail to successfully recruit or retain qualified physicians and other medical professionals, we may not be able to maintain our service quality, and the number of patient visits at our medical institutions may decrease, which may materially and adversely affect our business, results of operations and financial condition.

If we fail to properly manage the physicians and other medical professionals at our medical institutions, we may be subject to penalties and other material adverse effects.

The practicing activities of physicians and other medical professionals are strictly regulated under the PRC laws and regulations. Physicians, nurses and medical technicians who practice at medical institutions must hold practicing licenses and may only practice within the scope of their licenses and at the specific medical institutions at which their licenses are registered. A physician practicing in multiple medical institutions must apply to register or file with competent in-charge administrative authorities and can only have the right to prescribe medicine at the registered or filed practicing medical institution. In practice, it takes some time for physicians and other medical professionals to complete the application or filing with the competent in-charge administrative authorities for their permitted practicing medical institutions. We strictly require each of the physicians, including multi-site practice physicians, and other medical professionals to complete all necessary procedures and obtain the required licenses before practicing at our medical institutions. However, despite such requirement, we cannot assure you that the physicians and other medical professionals at our medical institutions, including multi-site practice physicians, will complete the related government procedures with respect to their licenses timely or at all. If our physician issues a prescription in a medical institution not registered in his or her license, the relevant medical institution would also be subject to regulatory penalties, including a fine and, in the worst-case scenario, revocation of the Medical Institution Practicing License (醫療機構執業許可證). See "Regulatory Overview — Regulations on Prescription."

In addition, we cannot assure you that the medical professionals at our medical institutions will always strictly follow the requirements and will not practice outside the permitted scope of their respective licenses. Any failure by our medical institutions to properly manage the employment of their physicians and other medical professionals may subject us to administrative penalties, which could materially and adversely affect our business.

China's regulatory regime for the healthcare and eldercare services industry, particularly with respect to public medical insurance programs or healthcare reform policies, may be subject to further amendments and changes.

China's regulatory regime governing the healthcare and eldercare services industry is evolving, and new regulations and policies may be promulgated, which may affect our business and corporate structure. In recent years, the PRC government launched a new healthcare reform plan with the aim to ensure that every citizen has access to affordable basic healthcare services. To that end, the PRC government has implemented extensive policy reforms to address the affordability, accessibility and quality of healthcare services, such as those on medical insurance coverage. In addition, the PRC government has gradually reduced regulatory requirements for establishing and investing in private hospitals, and has encouraged the development of hospital management groups.

Our business operations and future expansion are largely driven by government policies, which may be subject to further amendments and changes. Additional or more stringent requirements may be implemented in healthcare services, more rigorous supervision may be implemented in medical institutions, particularly private hospitals, and more strict or comprehensive regulations may be implemented on the distribution of pharmaceuticals, medical consumables and medical equipment. For example, the Several Opinions of the State Council on Promoting the Development of Healthcare Services Industry (《國務院關於促進健康服務業發展的若干意見》), which was promulgated by the State Council on September 28, 2013, encourages the private sector to invest in the healthcare services industry by various means, and proposes to take measures to further relax the limitations for establishing hospitals based on sino-foreign joint venture and cooperation, and gradually expand the pilot project for qualified foreign capital to set up wholly foreign-owned medical institutions. The PRC government continuously issued several policies setting out the framework for expanding pilot projects allowing the establishment of wholly foreign-owned medical institutions in selected regions and under defined regulatory parameters. However, these policies may change significantly in the future or become unfavorable to our business and operations. Future regulatory changes may also implement more requirements on private or foreign investments in the healthcare and eldercare services industry, reduce coverage or reimbursement rates or prolong the payment processing cycle under public medical insurance programs, or implement additional price controls on medical services and products. Any such events could have a material and adverse effect on our business, results of operations and financial condition.

Any failure to remain eligible for public medical insurance coverage, or any non-payment or delayed payment under public medical insurance programs could materially and adversely affect our business, results of operations and financial condition.

Our revenue and results of operations are subject to our eligibility for public medical insurance coverage. In Medical Insurance Designated Medical Institutions (醫療保險定點醫療機構), being the medical institutions that are eligible for public medical insurance coverage, patients may make partial payments if the medical bills are not fully covered, with the remaining fees payable to be settled between us and the relevant public medical insurance authorities. We derive a considerable portion of revenue from settlement under public medical insurance programs, which accounted for approximately 60% of our total revenue in each year during the Track Record Period. See "Business — Pricing and Payment." We expect to continue to receive a significant portion of our total revenue under public medical insurance programs.

The eligibility of our medical institutions for public medical insurance programs is subject to stringent regulatory scrutiny of, among other things, our physicians and medical staff, quality of services, procedures, internal controls, information technology systems, clinical governance and risk management. As of the Latest Practicable Date, all of our self-owned and managed medical institutions were Medical Insurance Designated Medical Institutions. However, we cannot assure you that our medical institutions will be able to maintain their status as Medical Insurance Designated Medical Institutions, the loss of which will not only harm our reputation but also result in reduced patient visits and decreased average spending per inpatient or outpatient visit. Furthermore, reimbursement policies with respect to coverage plans of public medical insurance programs may be subject to further changes in the future such that certain healthcare services and medical products provided by our medical institutions may no longer be covered, or that more stringent thresholds on existing coverage may be implemented. Any reduction in the rates reimbursed or the scope of services covered may reduce patient accessibility to our medical institutions and may lead to reduced patient flow and related revenue.

Furthermore, the PRC government has implemented public medical insurance payment reforms to adopt diagnosis related groups ("DRG") and diagnosis-intervention packet ("DIP") systems. See "Business — Pricing and Payment — Payment and Medical Insurance Coverage." Both DRG and DIP payment systems are applicable only for medical insurance reimbursement for medical institutions providing inpatient services. During the Track Record Period and as of the Latest Practicable Date, among our self-owned medical institutions, only Tangshan Weikang Hospital, which had subsequently been disposed of, was subject to the DIP payment system, while none of our medical institutions were subject to the DRG payment system. Under both the DRG and the DIP payment systems, the local public medical insurance authorities reimburse medical institutions that adopted DRG or DIP according to the reimbursement standard of the disease group that the patient belongs to, and not according to the actual costs incurred by the patient at the medical institution. As a result, under the DRG or DIP payment system, there may be non-reimbursable amounts if the reimbursement amount claimed based on the actual inpatient service costs incurred by the patients are higher than the reimbursement amounts received by the medical institutions according to the reimbursement standard of the corresponding disease group. In 2023, 2024 and 2025, the non-reimbursable amounts arising from the actual inpatient service costs exceeding the reimbursement amounts received by our self-owned medical institutions were approximately RMB91,808, RMB309,139 and RMB97,854, respectively. If our medical institutions are subject to DRG and DIP payment systems and record material non-reimbursable amounts in the future, such non-reimbursable amounts could materially and adversely affect our business, results of operations and financial condition.

We face intense competition in the integrated healthcare and eldercare services industry.

The integrated healthcare and eldercare services industry in China is intensely competitive. Our medical institutions compete primarily with public and private healthcare and eldercare service providers located in China. We will also compete with future market entrants as the rapid growth of the integrated healthcare and eldercare services industry in China may attract more domestic or international players to enter. Some of our competitors may have substantially superior financial, marketing or other resources than we do, and may acquire significant market share through mergers and acquisitions. If we cannot properly address these challenges, our business and prospects could be materially and adversely affected.

In addition, specialty hospitals that focus on one or only a few medical disciplines continue to grow, which generally have a lower barrier to entry than general hospitals. Moreover, as the healthcare reform in China deepens and more private medical institutions enter into the market, more medical institutions will offer differentiated services that are not currently available in the healthcare and eldercare services industry in China. Such medical institutions may attract patients for their respective disciplines who might otherwise go to our medical institutions for the same services, causing increased competition for our business, which could, in turn, have a negative effect on our patient intake and overall market share. We cannot assure you that our medical institutions will be able to successfully compete against new or existing competitors, and changes in the competitive landscape may result in price reduction, reduced revenue or loss of market share, any of which could have a material and adverse effect on our business, results of operations and financial condition.

We face competition from public hospitals, and patients may prefer public hospitals, especially when treatment required is lengthy and expensive.

Public hospitals in China, particularly tertiary hospitals, generally maintain higher bed occupancy rates than private hospitals. According to China Insights Consultancy, public hospitals in developed areas, such as Beijing, maintain an average hospital bed occupancy rate of approximately 80%, with tertiary hospitals consistently maintaining occupancy rates above 90%, reflecting the scarcity of high-quality medical resources and strong patient demand. Public hospitals are often the preferred choice for patients seeking treatment for major or lengthy illnesses, such as oncology, due to their established reputation, broader clinical capabilities and relatively lower treatment costs. As a result, patients may choose to seek treatment at public hospitals rather than private hospitals, including our medical institutions, which could materially and adversely affect our ability to attract and retain patients.

Government policies have historically positioned private hospitals as supplements to, rather than substitutes for, public hospitals, particularly in certain specialized areas such as rehabilitation and hospice care. While private hospitals may compete by offering shorter waiting times, more flexible choices of physicians and more personalized services, we cannot assure you that these differentiating factors will be sufficient to offset patients' preference for public hospitals, especially among price-sensitive groups or those requiring complex treatments. Any unfavorable changes in government policies or regulations affecting private hospitals, including restrictions on pricing, service scope or licensing, could also limit our ability to compete effectively. If patients continue to rely primarily on public hospitals, or if public hospitals further expand their service offerings and improve their clinical environment and conditions, our patient intake and overall market share could be reduced, which may have a material and adverse effect on our business, results of operations and financial condition.

We are required to obtain and maintain various licenses, permits or approvals to operate our business, and may be required to take actions that are time-consuming or costly in this regard.

The industry in which we operate is extensively regulated, and we are required to obtain and maintain various licenses, permits or approvals from different regulatory authorities to operate our business, such as Medical Institution Practicing License and License for the Deployment of Large-scale Medical Equipment (大型醫用設備配置許可證). For medical institutions that operate the medical equipment that contains radioactive materials or emit radiation during operation, we are also required to obtain the License for Radiation Therapy (放射診療許可證) and Radiation Safety Permit (輻射安全許可證), and each medical technician who operates such equipment is required to obtain a License for Radiation Personnel (放射工作人員證). See "Business — Licenses, Permits and Approvals." In addition, our medical institutions are subject to periodic license or permit renewal requirements and inspections by various government authorities at the provincial and municipal levels. We may also be required to take actions that are time-consuming or costly in order to obtain and maintain such licenses, permits or approvals. Any failure to obtain approvals or renewals of these licenses from the competent authorities could delay the installation or interrupt the operation of our medical equipment in our medical institutions, or disrupt our existing operations and future expansion, which could materially and adversely affect our business, results of operations and financial condition.

As the regulatory regime continues to evolve and as we expand into new business operations, the government authorities may continue to implement new laws and regulations, or interpretations and applications of existing laws and regulations, applicable to us. As such, we may be required to obtain additional licenses, permits or approvals so that we can continue to operate our existing or future businesses, which may increase our operating costs and expenses, or even result in the invalidation of our existing licenses. We cannot assure you that we can successfully do so in a timely and cost-effective manner, or at all. If we fail to obtain, maintain or renew any licenses, permits or approvals required for our operations, or are found to be non-compliant with any of the applicable laws, rules or regulations, we may face penalties, including suspension of operations and even revocation of operating licenses, depending on the nature of the findings, any of which could materially and adversely affect our business, results of operations and financial condition.

Certain of the medical services, pharmaceuticals and medical consumables provided by our medical institutions are subject to regulatory price controls, which may adversely affect our results of operations.

PRC laws and regulations set price controls and price ceilings on various healthcare services and pharmaceutical products provided by medical institutions. See "Regulatory Overview — Regulations on the Price of Healthcare Services and Medicine." While we, as a private medical institution operator, are not directly subject to the pricing regulations that public medical institutions must abide by, at our not-for-profit managed medical institutions, we are are subject to the price ceilings prescribed by the National Standard Price List of Healthcare Services (《全國醫療服務價格項目規範》). At our for-profit medical institutions that are Medical Insurance Designated Medical Institutions, we are required to set the prices for services covered by the public medical insurance programs in accordance with the pricing guidelines adopted under such programs in order for our patients to be eligible for reimbursements. As of the Latest Practicable Date, all of our self-owned and managed medical institutions were Medical Insurance Designated Medical Institutions. As of the same date, the majority of services provided by these institutions are covered by public medical insurance programs, primarily comprising basic medical services listed in the public medical insurance catalog, and are therefore subject to the relevant pricing guidelines promulgated by the relevant public medical insurance authorities and local healthcare administrative authorities applicable to Medical Insurance Designated Medical Institutions. As a result, government policies that set price ceilings, reduce profit margins or restrict insurance reimbursement amounts may in turn negatively impact our results of operations.

Furthermore, the PRC government has adopted a centralized volume-based procurement regime in an effort to regulate the prices of certain pharmaceuticals and medical consumables, which may exert downward pressure on the pricing of pharmaceuticals and medical consumables used in our medical institutions that are included under such regime. As of the Latest Practicable Date, certain of our western medicine, Chinese patent medicine (中成藥) and TCM decoction pieces (中藥飲片) were subject to the centralized volume-based procurement regime. In 2023, 2024 and 2025, based on the latest applicable catalogs of products subject to centralized procurement as of the end of each period, our revenue generated from sales of products subject to centralized procurement was RMB8.4 million, RMB13.0 million and RMB11.2 million, respectively, representing 2.0%, 2.6% and 2.4% of our total revenue for the same periods. The amount for 2025 included RMB1.2 million from 45 varieties of TCM decoction pieces newly subject to centralized procurement from September 15, 2025. Therefore, the price controls under the volume-based procurement regime may lead to a decline in the selling prices of such products and could in turn reduce our revenue and profit margins from relevant services.

Given that our reimbursement structure has historically been predominantly reliant on public medical insurance programs, our pricing has been consistently determined in accordance with the relevant guidelines under such programs. Accordingly, our pricing levels and profit margins have historically been relatively stable and have not been materially affected by regulatory price controls. However, if the current price ceilings are subject to further reduction, or if additional medical services and products are subject to price controls and/or public medical insurance reimbursement limits, we may need to adjust our service offerings where appropriate in order to maintain our competitiveness in the market, which could adversely affect our results of operations and financial condition. Moreover, if we fail to respond to the pricing changes in a timely manner by adjusting pricing policies or service offerings, our business and prospects may be adversely affected.

We have derived, and expect to continue to derive, a significant portion of our revenue from our medical institutions in North China, and may be particularly sensitive to further developments in such region.

During the Track Record Period, we derived a significant portion of our revenue from our medical institutions in North China. As of the Latest Practicable Date, all of our self-owned and managed medical institutions are located in North China. These medical institutions collectively contributed to 97.1%, 96.2% and 95.6% of our total revenue in 2023, 2024 and 2025, respectively. Going forward, we expect that a large part of our revenue from our integrated healthcare and eldercare services will remain dependent on our operations in North China. We are therefore highly sensitive to the regulatory, economic, environmental and competitive conditions, and the public health landscape in North China. In addition, the business of our medical institutions may also be materially and adversely affected by the economic conditions in such region if these conditions result in patients cutting back on spending on medical and eldercare services. The average spending power of the population or the economic growth rate in North China may affect the demand for medical services, especially for the integrated healthcare and eldercare services in private medical institutions, and our results of operations and profitability may be materially and adversely affected.

Furthermore, further amendments and changes in the laws and regulations governing the healthcare and eldercare services industry in North China, such as those in relation to the medical professional licensing system, qualification and compliance requirements for medical institutions, may have a material and adverse effect on our business operations.

We have derived, and expect to continue to derive, a majority of our revenue from Puxiang Oncology Hospital, Puxiang TCM Hospital and Dahuangzhuang Hospital.

Puxiang Oncology Hospital, Puxiang TCM Hospital and Dahuangzhuang Hospital are our flagship medical institutions and collectively contribute the majority of our revenue during the Track Record Period. Revenue from Puxiang Oncology Hospital, Puxiang TCM Hospital and Dahuangzhuang Hospital in aggregate amounted to RMB292.8 million, RMB366.4 million and RMB353.3 million in 2023, 2024 and 2025, respectively, representing 69.4%, 73.2% and 74.9% of our total revenue during the corresponding years. Any disruption to the operations of these medical institutions could have a disproportionate material and adverse effect on our business, results of operations and prospects. As we may not be successful in identifying or executing on our expansion plans, our future growth and financial performance may still depend on our ability to develop these medical institutions, including our ability to enhance their clinical quality and to expand their service offerings. If we fail to consistently maintain the standard of Puxiang Oncology Hospital, Puxiang TCM Hospital and Dahuangzhuang Hospital or develop them to compete effectively with other medical institutions, our ability to grow and our business prospects may be materially and adversely affected.

Our ability to provide our services may be affected if we fail to secure adequate medical supplies at reasonable costs or experience any supply interruptions.

We depend on third-party suppliers to provide various medical supplies used for the operations of our medical institutions, such as pharmaceuticals, medical consumables, medical equipment, software, and other supplies. The availability of medical supplies can fluctuate from time to time and is subject to factors beyond our control, including supply, demand, general economic conditions and governmental regulations, each of which may affect the procurement costs or cause a disruption in the supply. We have a centralized procurement department and maintain a list of qualified suppliers through stringent selection. In 2023, 2024 and 2025, pharmaceuticals, medical consumables and equipment costs were RMB175.6 million, RMB188.8 million and RMB162.3 million, accounting for 53.7%, 49.3% and 44.4% of our total cost of sales in the same periods, respectively. Any interruptions or changes in the medical supplies, or our inability to obtain alternative suppliers with quality standards at acceptable prices in a timely manner may impair our ability to meet the demands of our patients. Moreover, we expect our demand for such supplies to increase as we continuously expand our business scale. We cannot guarantee that our current suppliers will have sufficient capacity to meet our increasing demands, or continue to cooperate with us on commercially reasonable terms or at all. In the event that we are unable to secure adequate supplies or identify suitable alternative suppliers in a timely manner, this could disrupt our operations and adversely affect our results of operations.

In addition, we cannot assure you that we will be able to anticipate and react to changes in supply costs in the future by obtaining alternative suppliers or adjusting service offerings in a timely manner, or that we will be able to pass the increase in our costs onto our patients. Any of these factors may have a material and adverse effect on our profitability and results of operations.

Our managed medical institutions may breach, decide to terminate or decline to renew our management agreements, or have contractual disputes with us.

We currently manage and operate, and receive management fees from, five medical institutions, through which we deliver comprehensive integrated healthcare and eldercare services tailored to the needs of aging populations. See "Business — Our Integrated Healthcare and Eldercare Business — Our Medical Institution Management Services."

We cannot assure you that both our managed medical institutions and we will maintain or renew our management agreements upon their expiration, or will be able to continue to fulfill contractual obligations thereunder should government policies change to restrict such agreements or hospital management model in the future. We do not have direct control over the clinical activities of our managed medical institutions, or over the decisions and actions taken by their physicians and other medical professionals. Any incorrect decisions or actions of our managed medical institutions may result in undesirable or unexpected outcomes. Moreover, if our managed medical institutions fail to obtain, maintain or renew the approvals, permits, licenses or certificates that are requisite for their operations, or are otherwise found to be non-compliant with any applicable laws and regulations, they may be subject to administrative penalties, increased compliance costs, or even temporary or permanent closure of all or part of their business. As a result, our business, results of operations and financial condition could be materially and adversely affected.

We are exposed to inherent risks of medical disputes, incidents and legal proceedings arising from our operations.

We rely on the physicians and other medical professionals of our medical institutions to make proper clinical decisions regarding the diagnoses and treatment of their patients. However, we do not have direct control over the clinical activities of our medical institutions or over the decisions and actions taken by the physicians and other medical professionals, as their diagnoses and treatments of patients are subject to their professional judgment and, in most cases, must be performed on a real-time basis. Any incorrect decisions or actions from our physicians and other medical professionals, or any failure by our medical institutions to properly manage their clinical activities may result in undesirable or unexpected outcomes, including complications, injuries and even deaths in extreme cases. In addition, there are inherent risks associated with clinical activities that may result in unavoidable and unfavorable medical outcomes, and we may be made a party to any such liability claim. Regardless of the merit or eventual outcome, these claims could result in significant legal expenses, harm our reputation, and otherwise materially and adversely affect our business, results of operations and financial condition.

In recent years, physicians, medical institutions and other healthcare and eldercare service providers have become subject to an increasing number of patient complaints, claims and legal proceedings alleging malpractice or other causes of action. In some cases, incidents may be escalated into extreme actions or even violence. Any such incident, if occurs, would harm our reputation, impair the ability of our medical institutions to recruit and retain medical professionals and staff, discouraging other patients from visiting our medical institutions, and cause us to incur substantial costs.

Due to the inherent risks and unforeseeable conditions involved in healthcare and eldercare services that may result in complications, physical injuries or even deaths of the patients, our medical institutions may from time to time be subject to medical disputes brought by patients and/or their families. As of the Latest Practicable Date, our self-owned medical institutions were involved in one ongoing medical dispute, where the plaintiff was seeking compensation from us, alleging that the deterioration and/or subsequent fatality of the relevant patient was at least in part due to our treatment. See "Business — Patient Complaints and Disputes." We cannot guarantee our medical institutions will not be subject to medical disputes or that they can successfully prevent or address all medical disputes in the future. We may choose to settle with the dissatisfied patients in order to minimize the negative impact on our reputation and operations. Any medical disputes, medical incidents and legal proceedings of similar nature, regardless of merit, could result in significant legal costs, diversion of medical professionals' and management's resources and reputational damage to us, which may in turn materially and adversely affect our business, results of operations and financial condition.

Healthcare administrative authorities in China currently set procurement quotas and other regulatory requirements for certain types of medical equipment.

The PRC government regulates the procurement, installation and operation of large-scale medical equipment in China. PRC healthcare administrative authorities set quotas for large-scale medical equipment, and medical institutions must obtain the License for the Deployment of Large-scale Medical Equipment (大型醫用設備配置許可證) prior to the procurement of any such equipment. See "Regulatory Overview — Regulations on Pharmaceuticals in Medical Institutions and Medical Devices." When deploying large-scale medical equipment, we are required to obtain approval from the corresponding level of healthcare administrative authorities in accordance with the classification of equipment as stipulated in the relevant catalog. We rely on our linear accelerators to provide radiation therapy treatment for tumors and PET-CT scanner to perform clinical medical examination, and have obtained the relevant Licenses for the Deployment of Large-scale Medical Equipment. In 2023, 2024 and 2025, we derived revenue of RMB35.9 million, RMB59.8 million and RMB56.1 million from the provision of radiation therapy and clinical medical examination services, respectively. We will need to obtain the License for the Deployment of Large-scale Medical Equipment from the NHC or provincial level healthcare administrative authorities for certain medical equipment that we intend to install and operate in our medical institutions. We cannot assure you that we are able to obtain such licenses in a timely manner or at all, which could delay or prevent the opening of our planned medical institutions, and could materially and adversely affect our results of operations and growth strategy.

Any failures or defects in our medical equipment or any failure by the medical professionals to properly operate our medical equipment could subject us to liability claims.

Our business exposes us to liability risks inherent in operating complex medical equipment, which may contain defects or experience failures. We rely to a certain degree on equipment manufacturers to provide adequate technical training on the proper operation of our complex medical systems for responsible medical professionals. If the medical professionals responsible for the equipment operation are not properly and adequately trained by the equipment manufacturers or by us, they may misuse or ineffectively use the complex medical equipment in our owned and managed medical institutions. The medical professionals may also make errors in operating the complex medical equipment even if they are properly trained. Any medical equipment defects or failures, or any failures of the responsible medical professionals to properly operate the medical equipment, could result in unsatisfactory treatment outcomes, patient injury or possibly death. Any such claim, regardless of its merit or eventual outcome, could result in significant legal expenses, harm our reputation, and otherwise materially and adversely affect our business, results of operations and financial condition.

Significant downtime associated with maintaining or repairing medical equipment in our medical institutions would result in our inability to provide services with patients in a timely manner. We primarily rely on equipment manufacturers or third-party service companies for maintenance and repair services, the failure of which to provide timely repairs could interrupt the operation of our medical institutions for extended periods of time. Such extended downtime could result in lost revenue, dissatisfaction of our patients in our medical institutions, and damage to the reputation of our brand.

If the quality of pharmaceuticals, medical consumables and medical equipment used by our medical institutions does not meet the required standards, we could be exposed to liabilities and our business and reputation could be adversely affected.

Our medical institutions utilize a variety of pharmaceuticals, medical consumables and medical equipment in their operations, substantially of which are procured from third-party suppliers we do not have control over. As we do not engage in the direct manufacture of such supplies, we cannot assure you that all supplies are authentic, free of defects and meet the relevant quality standards. There may be counterfeit pharmaceutical products manufactured without proper licenses or approvals or fraudulently mislabeled with respect to their content or manufacturers in the pharmaceutical market. Our quality control checks and processes may not be able to identify all counterfeit pharmaceuticals during the procurement and inventory management phases. If our medical supplies are subsequently found to have been defective at the time of the supply, we may be subject to liability claims, negative publicity, reputational damage or administrative sanction, any of which may adversely affect our business and reputation. We cannot assure you that significant claims of such nature will not be asserted against us in the future, and that adverse verdicts will not be reached or that we will be able to recover losses from our suppliers. In addition, we cannot assure you that we will be able to find suitable replacement suppliers, failing which our business, results of operations and financial condition will be adversely affected.

Our business is subject to seasonality.

Our business is subject to seasonal fluctuations. The first quarter of a calendar year usually sees fewer inpatient and outpatient visits, while the fourth quarter is usually the busiest quarter during the year. See "Financial Information — Key Factors Affecting Our Results of Operations — Seasonality." Reflecting these seasonal trends, during the Track Record Period, revenue generated in the first quarter consistently accounted for around 20% of our total revenue, while revenue generated in the fourth quarter accounted for over 25% of our total revenue. As a result, our operating and financial results for an interim period may not be representative of our overall performance. As some of the costs and expenses, such as human resources costs and depreciation and amortization, generally are not subject to seasonality, our profitability level may also be subject to seasonal fluctuations. We expect to continue to experience seasonal fluctuations in our revenue, results of operations and financial condition, which could result in volatility and adversely affect the [**REDACTED**] of our Shares.

Any negative publicity about us, our medical institutions or the healthcare and eldercare services industry could harm our brand image and reputation.

Our reputation is critical to our success. We believe that our success and continued growth depend on the public perception of our reputation and our ability to protect and promote it. We may fail to effectively maintain the quality and consistency of services provided by our physicians and other medical professionals, deliver a comfortable and reliable patient experience, and increase our brand awareness among our patients, any of which may have a negative impact on our name and reputation. Negative publicity involving us, our medical institutions, or the healthcare and eldercare services industry may materially and adversely harm the brand image and reputation of us or our medical institutions and cause deterioration in the level of market recognition of and trust in the services provided by our medical institutions, which could result in reduced patient visits and potential loss of business partners as well as physicians and staff. Such negative publicity may also result in diversion of management's attention as well as governmental investigations or other forms of scrutiny. These consequences may have a material and adverse effect on our business, results of operations and financial condition.

Our failure to maintain relationships with commercial insurance providers on terms similar to those currently in place could have a material and adverse effect on our business and operations.

Our relationship with commercial insurance providers is important to our success. With respect to certain payments not covered by public medical insurance programs, our patients need to self-pay or be covered under various commercial insurance coverages. We have agreements with several commercial insurance providers setting out, among others, the amounts payable or reimbursable by these insurance providers. We will continuously need to negotiate with such commercial insurance providers to enroll our medical institutions in their coverages, and plan to collaborate with commercial insurance providers to launch tailored products and further streamline the reimbursement process. We cannot assure you that we can establish and effectively manage the business relationship with these insurance providers. We may not be able to renew our existing agreements with commercial insurance providers on commercially reasonable terms or at all. Any reduction in the rates reimbursed or the scope of services covered may reduce patient accessibility to our medical institutions and may lead to reduced patient flow and related revenue, which could have a material and adverse effect on our business, results of operations and financial condition. In addition, any dispute or delayed settlement with commercial insurance providers may cause our trade receivables to increase or even result in write-offs. Without adequate commercial medical insurance coverage, our business, results of operations and financial condition may be materially and adversely affected.

Our business may be harmed by technological and therapeutic changes or by shifts in physicians' or patients' preferences for alternative treatments.

The healthcare and eldercare services industry is characterized by frequent improvements and evolving technologies. As technological advances in the healthcare and eldercare services industry continue to evolve rapidly, new services and equipment may arise and our success will depend on the ability of our medical institutions to adapt to such technological changes, which could incur significant expenditures and require licenses or other regulatory approvals. However, we cannot guarantee that we will stay at the forefront of our industry in terms of technological or medical resources. Some of our competitors may have greater resources to respond to these technological changes than we do. If our medical institutions fail to adapt successfully to technological changes or fail to obtain access to new technologies in a timely manner, their ability to compete could be strained, and as a result, our business, results of operations and financial condition will be materially and adversely affected. We cannot assure you that we will be able to recover the expenditures associated with responding to the technological changes.

Furthermore, the treatment of chronic diseases and care of the middle-aged and elderly patients are subject to potentially revolutionary technological and therapeutic changes. There may be significant advances in other treatment and care methods, which could reduce the demand or even eliminate the need for the integrated healthcare and eldercare services in which we specialize. Patients and physicians may also choose alternative therapies and treatments due to any reason. Any shifts in physicians' or patients' preferences for alternative therapies and treatments may materially and adversely affect our business, results of operations and financial condition.

The integrated healthcare and eldercare services that we provide are characterized by constant changes, and we fail to continuously improve our technology and provide services that effectively address the demands of our patients.

We plan to employ digital platforms to develop intelligent integrated healthcare and eldercare services. See "Business — Growth Strategies — Employ digital platforms and AI technologies to support precision health management and refined operational management." The application of data-enabled technologies in the integrated healthcare and eldercare services is relatively new, and it is uncertain whether it would achieve and sustain high levels of demand, patient acceptance and market adoption. In particular, there is no guarantee that we will be able to continuously develop, commercialize or update our technologies in the fast-evolving market to keep addressing patients' needs. Even if our technologies meet the performance benchmarks, they may not be widely accepted by the integrated healthcare and eldercare services industry, which would be due to various factors out of our control, such as resistance from medical professionals, patient skepticism, preference for traditional healthcare practices or concerns about data privacy and safety. If we fail to address the risks and challenges we may face in this emerging and dynamic market, our business, results of operations, financial condition and prospects may be materially and adversely affected.

We could be exposed to risks related to our patients' personal medical information processing activities.

Our medical institutions collect and store personal medical information of their patients. PRC laws and regulations generally require medical institutions and their medical professionals to protect the privacy of their patients and prohibit unauthorized disclosure of personal information. We may also be liable for damage caused by divulging the patients' private or medical records without consent.

We have taken measures to maintain the confidentiality of our patients' personal medical information, including access control and encryption on our information systems so that it cannot be viewed without proper authorization and setting internal rules requiring our employees to maintain the confidentiality of our patients' personal medical information. However, these measures may not always be effective. There is a risk that data confidentiality could be compromised in the event of a security breach at our medical institutions. Such information could also be divulged due to, for instance, theft or misuse arising from staff misconduct or negligence. While we believe our current usage of patients' medical information is in compliance with applicable laws and regulations governing the protection of such information in all material aspects, such laws and regulations may be subject to further amendments and changes, which may affect our ability to use medical information and subject us to liability for the use of such data for current permitted purposes. Failure to protect the confidentiality of patients' personal medical information, or any restriction on or liability as a result of our medical data processing activities, could have a material and adverse effect on our business and reputation.

We are subject to evolving laws, regulations and governmental policies regarding privacy and data protection.

When conducting our business, we may need to store, transmit and process certain data of our patients, and therefore face risks inherent in handling large volumes of data and in protecting the security and privacy of such data. The PRC government has enacted a series of laws, regulations and governmental policies for the protection of personal data in the past few years. Key regulations include, among others, the PRC Data Security Law (《中華人民共和國數據安全法》), the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》), and the Administrative Measures for the Cybersecurity of Medical and Healthcare Institutions (《醫療衛生機構網絡安全管理辦法》). See "Regulatory Overview — Regulations on Cybersecurity, Data Protection and Personal Information." Such regulatory requirements on data privacy are evolving and may be subject to further interpretations or changes, which may affect the scope of our responsibilities in that regard. In addition, the PRC government has promulgated a series of laws and regulations relating to cybersecurity review and data security, including the Cybersecurity Review Measures (《網絡安全審查辦法》), the Provisions on Promoting and Regulating Cross-Border Data Flow (《促進和規範數據跨境流動規定》) and the Regulations on the Administration of Cyber Data Security (《網絡數據安全管理條例》). These regulations provide that, under certain circumstances, data processors and internet platform operators are required to undergo cybersecurity security review. See "Regulatory Overview — Regulations on Cybersecurity, Data Protection and Personal Information."

We have adopted various measures to ensure compliance with privacy and data protection regulations. See "Business — Data Privacy and Security." However, our security control may not prevent the improper leakage of personal data and confidential information. In particular, we could be subject to attacks on our systems by third parties or fraudulent or inappropriate behaviors by our employees, third-party providers or other business partners. A security breach that leads to leakage of data and information of our users, even though encrypted, could still subject us to legal liabilities, regulatory sanctions and reputational damage, and could further result in a violation of applicable data privacy and protection laws and regulations. As we operate our integrated healthcare and eldercare services based on information systems, any such breach or misconduct could disrupt our services and result in regulatory actions, investigations or litigations. Even if these proceedings do not result in any liability to us, we could incur significant costs in investigating and defending against them, and could be subject to negative publicity, which may affect our reputation in the marketplace. Potential risks related to our collection and use of data could cause us to implement measures to reduce our exposure to liability, which may incur substantial costs and limit the attractiveness of our services to our patients and managed medical institutions. As a result, our business, results of operations and financial condition could be materially and adversely affected.

We depend on the continued service of our management team and other key personnel.

We have been, and will continue to be, heavily dependent on the continued services of our management team, as well as key operational staff and medical professionals at our medical institutions, for the continued growth of our business. If our recruitment and retention efforts are unsuccessful, it may be more difficult for us to execute our business strategy.

We may not always make a similar smooth transition if any executive officers or key personnel leave us in the future. Competition for competent candidates in the industry is intense, and the pool of competent candidates is limited. If we lose the services of one or more of our key personnel, we may not be able to locate suitable or qualified replacements easily or at all and may incur additional expenses to recruit and train new personnel. Consequently, our business could be severely disrupted, the implementation of our business strategies could be delayed, and our results of operations and financial condition could be materially and adversely affected. If any member of our management team or key personnel joins a competitor or forms a competing business, we may lose know-how, trade secrets, patients and key professionals and staff. We have entered into employment agreements and confidentiality agreements with the key members of our management team and certain key personnel. We cannot assure you, however, the extent to which any of these agreements will be enforceable under the applicable laws.

Failure to maintain and predict inventory levels in line with demands of our medical institutions could cause us to lose sales or face excess inventory risks and holding costs.

Our inventories primarily consisted of pharmaceuticals and medical devices and consumables. We had inventories of RMB21.8 million, RMB20.2 million and RMB39.2 million as of December 31, 2023, 2024 and 2025, respectively. We maintain an inventory level based on anticipated demands from both our medical institutions and our external customers, and have implemented certain management measures. See "Business — Inventory Management." We cannot guarantee that we will be able to maintain proper inventory levels. Inventory levels in excess of our business demands may result in inventory write-downs, expiration of products and increase in inventory holding costs. Conversely, we may experience inventory shortages if we underestimate our business demands, which may result in shortage of pharmaceuticals and medical consumables for the use of our medical institutions, and have a negative impact on our clinical services to patients and our relationship with customers.

We are exposed to credit risk in relation to our trade receivables and other receivables and prepayments.

Our trade receivables primarily consisted of amounts due from (1) related parties, mainly including our managed medical institutions, and (2) third parties, representing public medical insurance programs. We had trade receivables of RMB57.1 million, RMB55.1 million and RMB26.2 million as of December 31, 2023, 2024 and 2025, respectively. We are exposed to the risks that our customers may delay or even be unable to pay us in accordance with the payment terms included in our agreements, and we cannot assure you that we will be able to fully recover the outstanding amounts in a timely manner, or at all. We are also affected by the settlement schedules of the public medical insurance programs, which are beyond our control. In addition, as our business continues to scale up, our trade receivables may continue to grow, which may increase our credit risk. Any substantial delay in or default of payments from our customers could materially and adversely affect our business, results of operations and financial condition.

In addition, we recorded other receivables and prepayments of RMB86.1 million, RMB147.3 million and RMB161.3 million as of December 31, 2023, 2024 and 2025, respectively, primarily representing loans due from our managed or invested medical institutions, potential partner medical institutions and Puxiang Ren'ai to support their capital needs from time to time. See "Financial Information — Discussion of Major Financial Position Items — Other Receivables and Prepayments." We may not be able to collect or settle outstanding balances of other receivables in a timely manner, which may lead to impairment losses and have a negative impact on our financial performance. In the event that the actual recoverability of other receivables is lower than expected, or that our past loss allowance of other receivables becomes insufficient, our business, results of operations and financial condition may be materially and adversely affected.

We are exposed to potential impairment losses on goodwill.

As of December 31, 2023, 2024 and 2025, we recorded goodwill of RMB60.2 million, RMB60.2 million and RMB60.2 million, respectively, which primarily arose from our acquisition of Puxiang TCM Hospital. The value of goodwill is based on a number of assumptions made by the management. If any of these assumptions does not materialize, or if the performance of our business is not consistent with such assumptions, we may be required to have a significant write-off of our goodwill and record a significant impairment loss. Furthermore, determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated, which depends on the expected future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. For example, certain medical institutions acquired prior to the Track Record Period underperformed relative to expectations. In particular, the COVID-19 pandemic caused temporary business suspensions at these medical institutions, which led to a decline in their operating performance and a prudent assessment of their business outlook. Accordingly, based on their actual performance, we conducted goodwill impairment tests and fully impaired the relevant goodwill, resulting in impairment losses of RMB76.0 million prior to the Track Record Period. We cannot assure you that there will be no such charges in the future. Any significant impairment losses on goodwill could have a material and adverse impact on our results of operations and financial condition.

Our historical financial and operating results may not be indicative of the future performance, and we may not be able to achieve and sustain the historical level of revenue growth.

Our past performance is not necessarily indicative of future results. For instance, our revenue increased by 18.6% from 2023 to 2024, primarily due to the ramping up of our existing medical institutions, especially the newly acquired Puxiang TCM Hospital. However, such trends may not continue in the future. Our financial and operating results may not meet the expectations of public market analysts or investors, which could cause the future [**REDACTED**] of our Shares to decline. Changes in regulatory, economic, public health, environmental and competitive conditions, future expansion of our medical institutions, and many other factors may have a material and adverse effect on our business, results of operations and financial condition. As we continue to introduce new initiatives and integrate additional medical institutions into our business network, we cannot assure you that we will achieve the expected results or maintain the same levels of revenue growth as we have achieved historically. We believe that period-to-period comparisons of our results of operations during the Track Record Period may not be indicative of our future performance and you should not rely on them to predict the future performance of our results of operations or [**REDACTED**] of our Shares.

Any future occurrence of force majeure events, natural disasters, or public health crises could prevent our medical institutions from effectively serving their patients and thus adversely affect our results of operations.

Any occurrence of force majeure events, natural disasters, such as floods, earthquakes, sandstorms, snowstorms, fire or drought, or public health crises, such as swine flu, avian influenza, severe acute respiratory syndrome ("SARS"), Ebola, Zika or COVID-19, may restrict business activities in the areas affected and materially and adversely affect our business and results of operations. These could include restrictions on the ability of our medical institutions to provide integrated healthcare and eldercare services, temporary closure of our medical institutions and decline in our patients' demands. Such closures or service restrictions would severely disrupt our operations, and materially and adversely affect our results of operations and financial condition. Moreover, any future occurrence of wars, riots, terrorist attacks, geopolitical uncertainties or similar events could cause damage or disruption to international commerce and the global economy, and thus could have a material and adverse effect on us. In addition, regional conflicts and political turmoil, such as the Russia-Ukraine war, may result in sanctions or embargoes against a particular country or region, which could in turn negatively impact our business operations.

We may not carry adequate insurance for liabilities which may arise in our business, and any claims beyond our insurance coverage may result in our incurring substantial.

We are exposed to potential liabilities that are inherent to the provision of healthcare and eldercare services. We currently maintain medical liability insurance for all of our self-owned medical institutions, renewable on an annual basis. Such insurance generally only covers medical professionals listed on the insured personnel list submitted to the insurer. As the list is updated periodically, certain newly onboarded staff or specific categories of medical professionals may not be covered at all times. See "Business — Insurance." With respect to the managed medical institutions, each such institution operates as an independent legal entity and bears its own medical and operational liabilities. We do not bear legal liability in respect of the medical services provided by the managed medical institutions, except to the extent that any such liabilities arise directly from a material breach of the management agreements, gross negligence, or willful misconduct by us. We may face liabilities that exceed our available insurance coverage or that arise from claims outside the scope of our insurance coverage. We may also experience gaps in coverage when seeking to renew our insurance policies or seeking to change insurance providers. We cannot assure you that we will be able to renew our insurance coverage at a reasonable cost, or at all, or that we will not incur uninsured losses and liabilities. Insurers may also dispute or refuse to honor our claims for a variety of unforeseen reasons beyond our control. Any significant uninsured loss could have a material and adverse effect on our business, results of operations and financial condition.

The requirements or restrictions imposed by the PRC anti-corruption laws, rules and regulations could subject us and/or the physicians, other medical professionals and administrators at our medical institutions to investigations and administrative or criminal penalties, and materially and adversely affect our business and reputation.

We have adopted policies and procedures designed to ensure that the physicians, staff and administrators at our medical institutions comply with the PRC anti-corruption laws, rules and regulations. However, we operate in the healthcare sector in China, which poses elevated risks of violations of anti-corruption laws, rules and regulations. The PRC government has increased its anti-bribery efforts to reduce improper payments and other benefits received by physicians, staff and administrators in connection with the purchase of pharmaceuticals, medical consumables, medical equipment and the provision of healthcare and eldercare services. There is no assurance that our anti-corruption measures will effectively prevent our non-compliance with the PRC anti-corruption laws, rules and regulations arising from actions taken by the individual physicians, staff and administrators without our knowledge. If this occurs, we and/or the physicians, staff and administrators may be subject to investigations and administrative or criminal penalties, and our reputation could be harmed by any negative publicity stemming from such incidents, which may materially and adversely affect our business, results of operations and financial condition.

We may fail to deal with clinical and radioactive waste in accordance with the applicable laws and regulations or otherwise be in breach of the relevant medical, health and safety or environmental laws and regulations.

Most of our radiation therapy and imaging diagnosis equipment, including linear accelerators and PET-CT scanners, emit radiation during operation. Radiation and radioactive waste are extremely hazardous unless properly handled and managed. We produce and store clinical and radioactive waste, which may produce harmful effects to the environment or human health. The storage and handling of such waste are strictly regulated. See "Regulatory Overview — Regulations on Environmental Protection and Fire Prevention." Any radiation accident or malfunction may cause serious risks, including harm to human health, damage to our reputation, and liabilities and costs for us and the equipment manufacturers involved. If we are found to be liable in any way, we may also face severe fines, legal reparations and possible suspension of our operating permits. Any failure of us to store or handle such radioactive materials in accordance with PRC laws and regulations may adversely affect the operation of such medical institutions.

Health and safety risks are inherent in the services we provide. See "Business — Internal Control and Risk Management — Patient and Staff Safety." A health and safety incident could be particularly serious, as the patients at our medical institutions may be dependent persons and therefore highly vulnerable. Some of our activities are especially vulnerable to medical risks, including the transmission of infections to employees and patients and the prescription and administration of drugs. If any of the above medical or health and safety risks were to materialize, it could have a material and adverse effect on our brand and reputation.

Our business is generally subject to laws and regulations relating to the environment and public health. If the applicable laws and regulations are further amended and changed and become more stringent, we could incur additional compliance costs. Additional requirements or restrictions imposed by applicable regulations in China could also result in us being held liable or penalized, and our licenses, permits, approvals and certificates could be suspended or withdrawn by the relevant PRC government authorities. Any of these actions or penalties may have a material and adverse effect on our business, results of operations and financial condition.

We are subject to compliance obligations under advertising laws, rules and regulations.

We are obliged to ensure all of our advertising content complies with applicable laws and regulations. For advertisements related to certain types of products and services, we are required to confirm that the advertisers have completed filings with local authorities and obtained all requisite government approvals. According to the relevant PRC laws and regulations, our medical institutions need to obtain a Medical Advertisement Examination Certificate (醫療廣告審查證明) before publishing a medical advertisement. Violation of these regulations may result in penalties, including rectification, orders, warnings, suspension of operations, revocation of relevant permits, and even the revocation of business licenses and the Medical Institution Practicing License. In addition, if the content of the published advertisement deviates from what is approved and documented in the Medical Advertisement Examination Certificate, the competent authority may revoke the Medical Advertisement Examination Certificate and suspend any application for advertisement examinations for one year.

We may apply for the Medical Advertisement Examination Certificate and the approval documents if we have advertising needs for our business development in the future. The costs required to comply with relevant regulations can be significant. If we are subject to regulatory sanctions, we may not be able to publish new advertisements in a timely manner, and our business and reputation could be materially and adversely affected. Moreover, regulatory actions and civil claims may be filed against us for misleading or inaccurate advertising. We may have to spend significant resources in defending against such actions, and these actions may damage our reputation and negatively affect our results of operations.

If we become subject to litigation, legal or contractual disputes, governmental investigations or administrative proceedings, our management's attention may be diverted and we may incur substantial costs and liabilities.

From time to time, we may be involved in claims, disputes and legal proceedings in our ordinary course of business. These may concern issues relating to, among others, medical disputes, patient safety, quality control, information management, environmental matters, product liability, tax declaration, breach of contract, employment or labor disputes and infringement of intellectual property rights. During the Track Record Period, we were subject to several administrative penalties in relation to issues of fire safety, environmental protection, and public medical insurance programs, among others. The total amount of these penalties was not material and had been fully paid. Ongoing or threatened litigation, legal or contractual disputes, governmental investigations or administrative proceedings involving us or our employees may divert our management's attention, and result in damages, liabilities and legal and other costs, or even require us to suspend or terminate the related business. Furthermore, proceedings initially considered not material may escalate due to a variety of factors, such as the facts and circumstances of the cases, the likelihood of loss, the monetary amount at stake and the parties involved. In addition, negative publicity arising such proceedings may damage our reputation and adversely affect the image of our brand and services. As a result, our business, results of operations and financial condition may be materially and adversely affected.

The proper functioning of the network infrastructure and information technology systems is essential to our business operations.

The network infrastructure and information technology systems in our medical institutions help us manage and monitor the operational performance of our medical institutions. Any failure associated with the information systems, including those caused by power disruption or loss, natural disasters, computer viruses, security breaches, network failures or other unauthorized tampering, may cause interruptions in the ability of our medical institutions to provide services to their patients, keep accurate records and maintain proper business operations, and may even result in misappropriation of information and data. If we are unable to avert these attacks and security breaches, we could be subject to significant legal and financial liability, our reputation would be harmed, and we could sustain substantial revenue loss and remediation costs. In addition, if the information technology system relating to the billing and medical insurance reimbursements were to malfunction and result in the loss of related records, our medical institutions may not receive full payment under the public medical insurance programs, which could cause a material and adverse effect on our business and results of operations.

Any defect in our leases, non-renewal of our leases, substantial increase in rent, demolition or relocation of leased properties, or failure to obtain and maintain required licenses, approvals, certificates or other regulatory filings for our leases may materially and adversely affect our business and operations.

We typically enter into long-term lease agreements for our self-owned medical institutions. Under the lease agreements, in the event of certain material breaches by us, our lessors may enforce their rights to terminate the lease agreements, and we may face termination fees, relocation or be liable for breach of contract. Meanwhile, we may not be able to successfully extend or renew our leases upon expiration of the current term on commercially reasonable terms, or at all. We cannot assure you that we will be able to enter into replacement leases or renew our leases on similar or commercially acceptable terms in the future, if at all, and we may be required to relocate our medical institutions, which would result in disruption in our operations and significant expenses. Additionally, if any of our leased properties are demolished or relocated due to, among others, government orders or urban construction plans, we will be required to suspend our business operations until alternative properties are available, which could materially and adversely impact our business, results of operations and financial condition.

As of the Latest Practicable Date, one of our leased properties from third parties had title defect, mainly because the relevant lessor had not provided us with valid property ownership certificate or other relevant documents regarding its legal rights to lease such property. Such property is used as an additional outpatient lobby of one of our medical institutions adjacent to the original one to increase reception and patient waiting capacity with a GFA of approximately 120 square meters. The relevant lease agreement may be deemed invalid or we may face challenges from the property owner or other third parties regarding our right to lease the premise. If the lessor fails to perform its obligations under the lease agreement due to any reason, including but not limited to its own non-compliance with relevant laws and regulations, government demolition or any other unforeseeable events, we may be unable to continue using such property. If this lease is terminated as a result of this title defect, we may be forced to relocate the affected leased property and incur additional expenses accordingly. If we fail to find suitable replacement sites in a timely manner or with commercially acceptable terms, we may face challenges that could impact our business and results of operations.

As of the Latest Practicable Date, three of our lease agreements with third parties had not been registered or filed with the relevant PRC authorities as required. While failure to register an executed lease agreement will not affect its legality, validity or enforceability, we may be ordered by the relevant government authorities to register the relevant leases within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease. We estimate that the maximum penalty we may be subject to for these unregistered lease agreements will be approximately RMB30,000.

As of the Latest Practicable Date, one of our leased properties had not completed the necessary fire safety filing procedures, which is used as the premise for one of our self-owned medical institutions. Pursuant to the Fire Prevention Law of the PRC (《中華人民共和國消防法》), failure to file with the competent department with respect to the fire safety acceptance of construction projects shall be subject to ordered rectification and a fine of not more than RMB5,000, which is our maximum exposure amount as a result of such incident. We cannot assure you that we will not be subject to any administrative actions in the future. If we or the landlord of our leased property cannot complete the necessary fire safety filing procedures according to the relevant requirements, we may be subject to a fine or may be ordered to suspend our operations on the affected property, which could materially and adversely affect our business, results of operations and financial condition.

Failure to satisfy our obligations related to our bank borrowings may materially and adversely affect our business, results of operations and financial condition.

We have used, and may continue to use, bank borrowings to finance our working capital requirements and capital expenditures. As of December 31, 2023, 2024 and 2025, we had interest-bearing borrowings of nil, RMB36.0 million and RMB44.5 million, respectively. We may also from time to time in the future look for other debt financing opportunities to refinance our existing loans or support our business expansion.

To secure our bank borrowings, we may grant security interests from time to time. The bank borrowings as of December 31, 2025 were guaranteed by one of our subsidiaries. We may also grant security interests over our assets in the future. Any failure to satisfy our obligations under these borrowings could lead to foreclosure of the assets that secure these borrowings, if any, disruption to business operations, or otherwise damage our reputation in the industry, all of which could materially and adversely affect our business, results of operations and financial condition.

We are subject to certain restrictive covenants under the terms of our bank borrowings, which may restrict or otherwise adversely affect our operations. These covenants may restrict, among other things, the use of proceeds related to the bank borrowings, and our ability to engage in change-in-control transactions, make long-term investments, transfer indebtedness, sell, transfer or otherwise dispose of assets related to the loans, and reduce our working capital. Furthermore, some of our bank borrowings are subject to financial ratio covenants. If we were to breach the covenants, the borrowing banks would perform a comprehensive risk assessment on us before accelerating our borrowings. However, we cannot assure you that we would be able to pass such risk assessment or otherwise obtain a waiver in a timely manner, on acceptable terms or at all. As a result, we would be in default of such loans, and the relevant counterparty could elect to declare the borrowings immediately due and payable and proceed against security interests under such borrowings, if any. If the borrowings were to be accelerated, our business and liquidity could nevertheless be subject to adverse effects. In addition, such waiver, even if granted, may lead to increased costs, increased interest rates, additional restrictive covenants and other protections available to the counterparties under these borrowings, including the granting of additional security interests, which could adversely affect our business, results of operations, financial condition, and our ability to acquire additional capital resources.

We may need additional capital, and we may not be able to obtain such capital in a timely manner or on commercially acceptable terms, or at all.

We may require additional cash resources to finance our continued growth or other future developments. See "Business — Growth Strategies" and "Business — Our Future Expansion." If no sufficient bank borrowings can be obtained, our business plans may be negatively affected. Furthermore, the increase in bank borrowings may materially and adversely affect our financial ratios, as well as our business, results of operations and financial condition. See "Financial Information — Key Financial Ratios."

The amount and timing of such additional financing needs will vary depending on the timing of business expansions, investments in our medical equipment, software and related services, and the cash flow from our operations. To the extent that our funding requirements exceed our financial resources, we will seek additional financing or defer planned expenditures. If we raise additional funds through equity or equity-linked financings, your equity interest may be diluted. Alternatively, if we incur additional debt obligations, such debts and corresponding covenants may restrict our ability to pay dividends or obtain additional financing, or require us to provide notice or obtain consent for certain significant corporate events. Our ability to obtain additional capital on commercially acceptable terms is subject to a variety of uncertainties, some of which are beyond our control, including general economic and capital market conditions, credit availability of financial institutions, performance of the healthcare and eldercare services industry in general, receipt of necessary PRC government approvals, and our operating and financial performance and investors' confidence in us in particular. We cannot assure you that future financing will be available in amounts or on terms commercially acceptable to us, or at all, under which circumstances our business, results of operations and financial condition may be materially and adversely affected.

We may not be able to adequately protect our intellectual property rights, which could harm our brand image and our business.

We believe our patents, trademarks and other intellectual property rights are crucial to our success. See "Statutory and General Information — 2. Further Information about Our Business — B. Our Intellectual Property Rights" in Appendix IV to this document for details. We are susceptible to infringement of our intellectual property rights by third parties, and third parties may copy or otherwise use our intellectual property rights without authorization. We may have to initiate legal proceedings to defend the ownership of our intellectual property rights against any infringement by third parties, which may be costly and time-consuming, and require substantial management attention. Furthermore, the outcome of any legal actions to protect our intellectual property rights may be uncertain. If we are unable to adequately protect or safeguard our intellectual property rights, our business, results of operations and financial condition may be adversely affected.

In addition, other parties may register trademarks which may look similar to our registered trademarks under certain circumstances, which may cause confusion among patients. We may not be able to timely deter such acts, in which cases, the goodwill and value of our trademarks and the public perception of our brand image may be adversely affected.

We may be subject to intellectual property rights infringement or misappropriation claims by third parties.

We may be exposed to intellectual property rights infringement or misappropriation claims by third parties during the course of our operations. Defense against any of these claims would be both costly and time-consuming, and could divert the efforts and resources of our management and other personnel. An adverse determination in any such litigation or proceedings could subject us to liabilities to third parties, require us to seek consent or licenses from third parties, pay ongoing fees or royalties, or subject us to injunctions prohibiting the provision and marketing of the relevant brand or services. To the extent that such consent or licenses are not available to us on commercially reasonable terms or at all, we may be required to expend considerable resources sourcing alternative technologies or rebranding our services or we may be forced to delay or suspend the relevant services or brand promotion. Protracted litigation could also result in reduced patient visits. In addition, we could face disruptions to our business operations as well as damage to our reputation, and our business, results of operations and financial condition could be materially and adversely affected.

In addition, certain software we currently use for our operations are licensed to us by external vendors. There is no assurance that we will be able to renew all or any of these licenses on commercially reasonable terms, or at all. If any of the licensors decides to discontinue their licensing arrangement with us, we may be required to spend considerable time and resources sourcing alternative technologies, which may not be readily available. In any such case, our business operations may be adversely affected.

Certain benefits and obligations are applicable to us under PRC tax laws, regulations and policies. Changes to such benefits or failure to fulfill such obligations may have an adverse effect on us.

We are qualified for certain preferential tax treatments. Dashanzi Hospital, Dahuangzhuang Hospital and Yanlong Hospital were qualified as small-and-low-profit enterprises during the Track Record Period and were subject to a reduced enterprise income tax rate of 20% and a 75% deduction of their annual assessable profits. As a result, in 2023, 2024 and 2025, we recorded effect of PRC tax concessions of RMB0.9 million, RMB1.2 million and RMB1.4 million, respectively. Our self-owned medical institutions are also exempted from VAT for the provision of medical services. There can be no assurance that we will continue to be qualified to enjoy the above-mentioned preferential tax treatments, or such treatments will not change in the future. The VAT regime and scope of taxable activities may change over time. If our services become subject to VAT in the future, our tax burden may increase, which could adversely affect our results of operations. If any of such events occurs, we may be subject to substantial increase in our income tax, which may have a negative impact on our business, results of operations and financial condition.

In addition, pursuant to applicable laws and regulations, we are subject to various taxes including enterprise income tax and withholding tax. We are also required to withhold and remit individual income tax for our employees. Any failure to properly pay the relevant taxes or withhold and remit the requisite amount may subject us to fines, late fees or other penalties. Failure to fulfill the obligations under the relevant tax laws and regulations could adversely affect our results of operations, financial condition and cash flows.

If we fail to maintain adequate internal controls, we may not be able to effectively manage our business and may experience errors or information lapses affecting our business.

Our success depends on our ability to effectively utilize our standardized management system, information systems, resources and internal controls. As we continue to expand, we will need to modify and improve our financial and managerial controls, reporting systems and procedures and other internal controls and compliance procedures to meet our evolving business needs. If we are unable to improve our internal controls, systems and procedures, they may become ineffective and adversely affect our ability to manage our business and cause errors or information lapses that affect our business. Our efforts in improving our internal control system may not result in eliminating all risks. If we are not successful in discovering and eliminating weaknesses in our internal controls, our ability to effectively manage our business may be affected.

The macroeconomic and political conditions, especially the changes in international trade policies and trade barriers, or the escalation of trade tensions, may have a material and adverse effect on our business.

Our operation and growth depend on various macroeconomic factors. Generally speaking, the increasing number of affluent population and the middle-class will stimulate the demand for private healthcare and eldercare services. As such, any adverse changes in economic conditions and consumer spending power may have a material and adverse effect on our business, results of operations and prospects. In addition, the quality and competitiveness of healthcare and eldercare services provided by public medical institutions will affect the demand for healthcare and eldercare services provided by the private sector.

Specifically, the international trade policies, barriers and tensions affect the prospects of over business of healthcare and eldercare service industry. We cannot assure you that our existing or potential partners will not alter their perception of us or their preferences as a result of adverse changes to the trade tensions between China and the relevant foreign countries or regions. In the event that China and/or the relevant foreign countries impose import tariffs, trade restrictions or other trade barriers affecting the importation of our medical equipment, we may not be able to obtain a steady supply of necessary medical equipment at competitive prices, which may have an adverse effect on our business operations. In addition, any escalation in existing trade tensions or the advent of a trade war could affect market confidence and have a material and adverse effect on our business, results of operations and, ultimately, the [**REDACTED**] of our Shares.

If we are unable to react to the changes in economic and political conditions in a timely manner, we may experience a material and adverse effect on our business, results of operations and financial condition.

RISKS RELATING TO OUR CONTRACTUAL ARRANGEMENTS

If the PRC government authorities deem that the Contractual Arrangements do not comply with applicable PRC laws and regulations, or if these regulations or their interpretations change in the future, we could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of our interest in the VIE Hospitals received through the Contractual Arrangements.

Current PRC laws and regulations impose certain restrictions on foreign ownership of companies that engage in a number of business activities. For example, foreign investors are not allowed to hold 100% of the equity interest in a medical institution in accordance with the 2024 Negative List and other applicable laws and regulations except for certain circumstances, as stipulated in the Pilot Program Plan for Expanding the Establishment of Wholly Foreign-owned Hospitals (《獨資醫院領域擴大開放試點工作方案》) (the "Pilot Plan"). See "Regulatory Overview — Regulations on Foreign Investment in China" for details. Since our VIE Hospitals do not fall into such exceptional circumstances in the Pilot Plan, and WFOE and Puxiang Investment are classified as foreign enterprises under the PRC laws and regulations, we could only hold directly or indirectly no more than 70% of equity interest in our VIE Hospitals. Through Puxiang Investment, we have entered into a series of Contractual Arrangements with Puxiang Ren'ai, the VIE Hospitals, Ms. Bian and Mr. Xu. As such, we are able to maintain effective maximum control as commercially practicable over and to obtain all or vast majority of the economic benefits derived from the operations of the VIE Hospitals. See "Contractual Arrangements."

If the PRC government authorities deem that our Contractual Arrangements do not comply with the PRC laws and regulations on foreign investment, or that our VIE Hospitals are in violation of PRC laws or regulations, or lack the necessary permits or licenses to operate our business, they may take actions that could materially and adversely affect our business. Such actions may include nullifying the Contractual Arrangements, revoking our business or operating licenses, restricting or discontinuing our operations, imposing fines or confiscating our income deemed to be obtained through illegal operations, or requiring Puxiang Investment and our VIE Hospitals to restructure ownership, re-apply for licenses, relocate operations, staff or assets, or comply with conditions that they may not be able to satisfy. The PRC government authorities could also restrict or prohibit our use of [**REDACTED**] from the [**REDACTED**] or other financing activities to support our VIE Hospitals, or take other regulatory or enforcement measures that could disrupt our operations.

Any of these actions could cause significant disruption to our business operations, and may materially and adversely affect our business, results of operations and financial condition. In addition, it is unclear whether PRC government actions would have any impact on us, and our ability to receive economic benefits from our VIE Hospitals through the Contractual Arrangements, if the PRC government authorities deem our legal structure and Contractual Arrangements to be in violation of PRC laws, rules and regulations.

On February 17, 2023, at the press conference held for the Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "Overseas Listing Trial Measures"), officials from the CSRC clarified that, as for companies seeking overseas listing with contractual arrangements, the CSRC will solicit opinions from relevant regulatory authorities and complete the filing of the overseas listing of such companies if they duly meet the compliance requirements, to support the development and growth of these companies by utilizing two markets and two kinds of resources. If we fail to complete the filings with the CSRC in a timely manner or at all, for the [**REDACTED**], any future offerings, listing or any other capital raising activities under the Overseas Listing Trial Measures with respect to our Contractual Arrangements, our ability to raise or utilize funds could be materially and adversely affected, and we may even need to unwind our Contractual Arrangements or restructure our business operations to complete the filings.

The interpretation and implementation of the FIL may be subject to changes from time to time, and it remains to be seen how it may impact the viability of our current corporate structure, corporate governance and business operations.

The FIL and its current implementation and interpretation rules do not explicitly classify whether variable interest entities that are controlled through contractual arrangements would be deemed as foreign-invested enterprises if they are ultimately "controlled" by foreign investors. However, it has a catch-all provision under the definition of "foreign investment" that includes investments made by foreign investors in China through other means as provided by laws, administrative regulations, or the State Council. See "Regulatory Overview — Regulations on Foreign Investment in China." Therefore, it still leaves leeway for future laws, administrative regulations, or provisions of the State Council to provide for contractual arrangements as a form of foreign investment. Therefore, there can be no assurance that our control of interest by way of the Contractual Arrangements in our VIE Hospitals will not be deemed to be a foreign investment in the future and our Contractual Arrangements will not be deemed to be in violation of the market access requirements for foreign investment under the PRC laws and regulations.

The FIL grants national treatment to foreign-invested entities, except for those foreign-invested entities that operate in industries specified as either "restricted" or "prohibited" from foreign investment in the "Negative List" effective at the relevant time. The FIL provides that foreign-invested entities shall not invest in "prohibited" industries and shall meet the investment conditions stipulated under the negative list for any "restricted" industries. If our VIE Hospitals are deemed as foreign investment in the future, and any of our operations through Contractual Arrangements is classified as "restricted" or "prohibited" industries, we may be deemed to be in violation of the FIL, our Contractual Arrangements may be deemed as invalid and illegal, and we may be required to unwind such Contractual Arrangements or restructure our business operations, any of which may have a material and adverse effect on our results of operations.

Furthermore, future changes to foreign investment-related laws and regulations may require us to take further actions to maintain control over our VIE Hospitals or continuously comply with [**REDACTED**] requirements. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure and business operations.

In the extreme scenario, we may be required to unwind the Contractual Arrangements and/or dispose of our interest in the VIE Hospitals received through the Contractual Arrangements. In the event that we no longer have a sustainable business after the aforementioned unwinding or disposal, or such measures do not comply with the relevant laws and regulations, the regulatory authorities may take enforcement actions against us, which may have a material and adverse effect on the [**REDACTED**] of our Shares or even result in [**REDACTED**] of our Company.

Our Contractual Arrangements may not be as effective in providing operational control as direct ownership. Our VIE Hospitals may fail to perform its obligations under our Contractual Arrangements.

We rely on a series of Contractual Arrangements to maintain effective maximum control as commercially practicable over and to obtain the economic benefits derived from the VIE Hospitals. Specifically, we directly hold 70% of equity interest in each of the VIE Hospitals, and rely on the Contractual Arrangements to control the remaining equity interest as much as commercially practicable.

The Contractual Arrangements may not be as effective as direct ownership in providing us with control over our interest in the VIE Hospitals. Under the Contractual Arrangements, for example, Puxiang Ren'ai and our VIE Hospitals could breach their Contractual Arrangements with us by, among other things, failing to conduct the operations of our VIE Hospitals in an acceptable manner or taking other actions that are detrimental to our interests. Under such circumstances, we may have to (1) incur substantial costs, (2) expend resources to enforce those arrangements, and (3) resort to litigation or arbitration and rely on legal remedies under PRC laws. These remedies may include seeking specific performance or injunctive relief and claiming damages, any of which may not be effective. In the event we are unable to enforce our Contractual Arrangements or we experience significant delays or other obstacles in the process of enforcing these Contractual Arrangements, our ability to receive economic benefits from our VIE Hospitals as stipulated under the Contractual Arrangements may be undermined, which, as a result, could materially and adversely affect our results of operations and financial condition. See "— Certain terms of the Contractual Arrangements may not be enforceable."

Our ability to receive economic benefits of our VIE Hospitals that are material to our business operations may be undermined if our VIE Hospitals declare bankruptcy or become subject to a dissolution or liquidation proceeding.

Puxiang Ren'ai, a company wholly owned by Beijing Haotai, holds 30%, 30%, 25.25%, 21.75% and 15.46% of the equity interest in Dashanzi Hospital, Puxiang Oncology Hospital, Yanlong Hospital, Dahuangzhuang Hospital and Puxiang TCM Hospital, respectively. Beijing Haotai is owned by Ms. Bian and Mr. Xu as to 99% and 1%, respectively. The Contractual Arrangements contain terms that specifically provide that our VIE Hospitals may not be voluntarily liquidated. However, in the event of dissolution, reorganization, liquidation or bankruptcy of any of our VIE Hospitals, all or part of their assets may become subject to liens or rights of third-party creditors and we may be unable to continue some or all of our business operations, which could materially and adversely affect our business, results of operations and financial condition.

The registered shareholders of our VIE Hospitals may have conflicts of interest with us, which may materially and adversely affect our business.

Puxiang Ren'ai, which holds 30%, 30%, 25.25%, 21.75% and 15.46% of the equity interest in Dashanzi Hospital, Puxiang Oncology Hospital, Yanlong Hospital, Dahuangzhuang Hospital and Puxiang TCM Hospital, respectively, is indirectly owned by Ms. Bian and Mr. Xu as to 99% and 1%, respectively, through Beijing Haotai. In addition, certain minority interest in Yanlong Hospital, Dahuangzhuang Hospital and Puxiang TCM Hospital is held by other third parties that are not subject to the Contractual Arrangements. Conflicts of interest between our Company and them may arise.

We cannot assure you that when conflicts of interest arise, these individuals will act in the best interests of our Company or that conflicts of interest will be resolved in our favor. We also cannot assure you that these registered shareholders will ensure our VIE Hospitals not to breach the existing Contractual Arrangements. If we cannot resolve any conflict of interest or dispute between us and these shareholders, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings. These uncertainties may impede our ability to enforce the Contractual Arrangements. If we are unable to resolve any such conflicts, or if we experience significant delays or other obstacles as a result of such conflicts, our business and operations could be severely disrupted, which could materially and adversely affect our results of operations and damage our reputation.

Certain terms of the Contractual Arrangements may not be enforceable.

The Contractual Arrangements provide for dispute resolution by way of arbitration in the China International Economic and Trade Arbitration Commission (the "CIETAC") in accordance with the then effective arbitration rules. The arbitration shall be conducted in Beijing.

The Contractual Arrangements contain provisions to the effect that the arbitral body may award remedies over the shares and/or assets, injunctive relief and/or order the winding up of our VIE Hospitals. These agreements also contain provisions to the effect that courts of competent jurisdictions are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal. However, these terms may not be enforceable. For instance, under PRC laws, an arbitral body does not have the power to grant injunctive relief or to issue a provisional or final liquidation order for the purpose of protecting assets of or equity interest in our VIE Hospitals in case of disputes. In addition, interim remedies or enforcement order granted by overseas courts such as Hong Kong and the Cayman Islands are subject to recognition and enforcement by PRC courts according to the applicable laws and regulations. PRC laws allow the arbitral body to grant an award of transfer of assets of or equity interest in our VIE Hospitals in favor of the claimant. In the event of non-compliance with such award, enforcement measures may be sought from the court. However, the court may or may not support the award of an arbitral body when deciding whether to take enforcement measures.

In the case the Contractual Arrangements provide that courts in competent jurisdictions may grant and/or enforce interim remedies or in support of arbitration, such interim remedies (even if granted by courts in competent jurisdictions in favor of an aggrieved party) are subject to recognition and enforcement by PRC courts according to relevant laws and regulations. As a result, in the event that our VIE Hospitals or their registered shareholders breach any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to receive economic benefits from our VIE Hospitals and conduct our business could be materially and adversely affected.

Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities, and a finding that we owe additional taxes could substantially reduce our consolidated net income and the value of your [REDACTED].

Under applicable PRC laws and regulations, arrangements and transactions among related parties, such as our Contractual Arrangements, may be subject to scrutiny by the PRC tax authorities and could result in taxes and interest imposed by the tax authorities. We could face material and adverse tax consequences if the PRC tax authorities determine that the Contractual Arrangements do not represent an arms-length price and adjust our income and expenses in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction, for PRC tax purposes, of expense deductions recorded by our VIE Hospitals, which could in turn increase their tax liabilities. In addition, the PRC tax authorities may impose late payment fees and other penalties to our VIE Hospitals for under-paid taxes. Our results of operations may be materially and adversely affected if our tax liabilities increase or if we are found to be subject to late payment fees or other penalties.

If we exercise the option to acquire the remaining equity interest in our VIE Hospitals which is currently controlled through the Contractual Arrangements, the transfer of equity interest may subject us to substantial costs.

We may incur substantial costs in the exercise of the option to acquire the equity interest in our VIE Hospitals. Pursuant to the Contractual Arrangements, Puxiang Investment has the exclusive option to purchase all or any part of the remaining equity interest in the VIE Hospitals at the lowest price permitted under PRC laws. In the event of such transfer, the lowest price permitted by PRC law may be substantially higher than the aforesaid actual capital contributions in case of purchasing the equity interest, or the competent tax authority may require us to pay enterprise income tax for ownership transfer income with reference to the market value, instead of the price stipulated under the Contractual Arrangements. In such case, we may be subject to a substantial amount of tax, and our financial condition may be materially and adversely affected.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

We may be subject to the approval, filing or other regulatory requirements of the CSRC or other PRC governmental authorities in connection with overseas offerings, listings and capital raising activities.

On February 17, 2023, the CSRC released the Overseas Listing Trial Measures and five supporting guidelines, which came into effect on March 31, 2023, pursuant to which, domestic companies that seek overseas offering and listing, either directly or indirectly, shall fulfill the filing procedure and report relevant information to the CSRC. The Overseas Listing Trial Measures also requires subsequent reports to be submitted to the CSRC on material events, such as change of control or voluntary or forced delisting of the issuer(s) who have completed overseas offerings and listings. See "Regulatory Overview — Regulations on Overseas Listing."

We cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements or restrictions on us or our financing activities. If it is determined that approval from or filing with the CSRC or other regulatory authorities or other procedures are required for future capital raising activities or other major events, we may fail to obtain such approval, perform such filing procedures or meet such other requirements in a timely manner or at all. As a result, these regulatory authorities may impose fines and penalties on us, limit our operating activities in the PRC, limit our ability to pay dividends outside the PRC, delay or restrict the repatriation of the [**REDACTED**] from such future financing activities into the PRC or take other actions to restrict our financing activities, which could have a material and adverse effect on our financial condition and business prospects.

Changes in the economic, political and social conditions in China could have a material effect on our business, results of operations and financial condition.

We conduct all of our business operations in China. Accordingly, our business, results of operations and financial condition are, to a significant degree, subject to the economic, political and social conditions in China. In particular, factors such as consumer, corporate and government spending, business investment, level of economic development, and resource allocation could affect the growth of our business. The PRC economy has experienced significant growth over the past decades since the implementation of China's reform and opening-up policy. In recent years, the PRC government has implemented measures emphasizing the utilization of market forces in economic reform and the establishment of sound corporate governance practices in business enterprises.

These economic reform measures may be adaptively adjusted from industry to industry or across different regions of the country. If the business environment in China changes, our business and its growth prospects may be adversely affected.

Failure to comply with PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident Shareholders to personal liability, may limit our ability to acquire PRC companies or to inject capital into our PRC subsidiaries, may limit the ability of our PRC subsidiaries to distribute profits to us or may otherwise materially and adversely affect us.

PRC residents are required to register with SAFE or its local branches in connection with their direct or indirect offshore investment activities in accordance with the Circular on Issues concerning Foreign Exchange Administration over the Overseas Investment and Financing and Round-trip Investment by Domestic Residents via Special Purpose Vehicle (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the "Circular 37") and the Notice of SAFE on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (the "Circular 13"). See "Regulatory Overview — Regulations on Foreign Exchange."

Each of Mr. Wang, Mr. Xu, Mr. Yan Hengqiu and Mr. Zhang Jianwei, the ultimate individual Shareholders of our Company subject to the registration requirements under Circular 37 and Circular 13, has completed the initial foreign exchange registrations on November 30, 2020, respectively, pursuant to Circular 37 and Circular 13 in relation to their offshore investments. However, we cannot assure you that all of our Shareholders who are PRC residents will comply with our request to make or obtain any applicable registrations or comply with other requirements required by Circular 37, Circular 13 or other related rules. Any future failure by any of our shareholders who is a PRC resident, or controlled by a PRC resident, to comply with relevant requirements under the regulation could subject us to fines or sanctions imposed by the PRC government, including restrictions on WFOE' s abilities to pay dividends or make distributions to us and our ability to increase investment in our PRC subsidiaries, which could adversely affect our business and prospects.

Developments in the legal system could have a material effect on our business and operations.

Our business and operations are primarily conducted in China. Our PRC subsidiaries and VIE Hospitals are subject to various PRC laws and regulations generally applicable to companies in China. Since the late 1970s, the Chinese government has significantly enhanced China's legislation and regulations to provide protection to various forms of foreign investments in China. As these laws and regulations are evolving in response to changing economic and other conditions, they may affect our business, results of operations, financial condition and prospects. Furthermore, the PRC regulatory framework governing offshore holding structure is evolving. Any future changes may require us to restructure our corporate ownership or take additional compliance measures, which may increase our costs or materially and adversely affect our business and operations. Any adverse changes in related laws or their interpretations may also affect our ability to maintain control over our PRC subsidiaries.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights, and it may be difficult to predict the outcome of administrative and court proceedings. Furthermore, our understanding of evolving policies may differ from that of relevant authorities. As a result, we may not be aware of our violation of these policies and rules until sometime after the violation. Such uncertainties, including over the scope and effect of our contractual, property (including intellectual property) and procedural rights, and any failure to respond to changes in the regulatory environment in China, could materially and adversely affect our business and impede our ability to continue our operations.

The custodians or authorized users of our controlling non-tangible assets, including chops and seals, may fail to fulfill their responsibilities, or misappropriate or misuse these assets.

Under the PRC law, legal documents for corporate transactions, including agreements and contracts are executed using the chop or seal of the signing entity or with the signature of a legal representative whose designation is registered and filed with relevant PRC market regulation administrative authorities.

Our internal control procedures for using chops and seals may not be sufficient to prevent all instances of abuse or negligence. There is a risk that our employees could abuse their authority, for instance, by entering into a contract not approved by us or seeking to gain control of one of our subsidiaries or our affiliated entities or their subsidiaries. If any employee obtains, misuses or misappropriates our chops and seals or other controlling non-tangible assets for whatever reason, we could experience disruption to our normal business operations. We may have to take corporate or legal action, which could involve significant time and resources to resolve and divert management from our operations, and we may not be able to recover our loss due to such misuse or misappropriation if the third party relies on the apparent authority of such employees and acts in good faith.

Regulatory requirements of currency conversion and future fluctuation of Renminbi exchange rates could have a material adverse impact on our results of operations and financial condition, and may reduce the value of, and dividends payable on, our Shares in foreign currency terms.

There are certain regulatory procedures on the convertibility of the Renminbi into foreign currencies required by the PRC government and, in certain cases, the remittance of currency out of China. We receive all of our revenue in Renminbi. Under our current corporate structure, our Company in the Cayman Islands relies on dividend payments from our PRC subsidiaries to fund any cash and financing requirements. Under existing PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without the prior approval of SAFE, by complying with certain procedural requirements. Therefore, our PRC subsidiaries are able to pay dividends in foreign currencies to our Company without prior approval from SAFE, subject to certain procedures under PRC foreign exchange regulations. However, approval from or registration with appropriate governmental authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses. If we are prevented from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders. Further, there is no assurance that new regulations will not be promulgated in the future that would have the effect of further restricting the remittance of Renminbi into or out of China.

The value of Renminbi against the Hong Kong dollar, the U.S. dollar and other currencies fluctuates, and is affected by PRC government's policies, domestic and international economic and political developments as well as local supply and demand. It is difficult to predict how market forces or government policies may impact the exchange rate between the Renminbi and the Hong Kong dollar, the U.S. dollar or other currencies in the future.

The [**REDACTED**] from the [**REDACTED**] will be received in Hong Kong dollars. As a result, any appreciation of the Renminbi against the Hong Kong dollar may result in a decrease in the value of our [**REDACTED**] from the [**REDACTED**]. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, the Shares in foreign currency terms. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. All of these factors could materially and adversely affect our business, results of operations and financial condition, and could reduce the value of, and dividends payable on, the Shares in foreign currency terms.

We may be classified as a PRC resident enterprise for PRC enterprise income tax purposes under the EIT Law, and our income may be subject to PRC withholding tax under the EIT Law.

Under the EIT Law, an enterprise established outside of the PRC with a "de facto management body" within China is considered a resident enterprise and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules (the "EIT Rules") define the term "de facto management body" as the body that exercises full and substantial control over, and overall management of, the business, production, personnel, accounts and properties of an enterprise. The Notice Regarding the Determination of Chinese-controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) issued by the SAT, known as Circular 82 provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners like us, the criteria set forth in the circular may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China and will be subject to PRC enterprise income tax on its global income upon satisfaction of certain conditions.

We believe none of our entities outside of China is a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities, and how to determine "de facto management body" and how the tax residency rule will apply to our case are subject to further interpretation and enforcement. If the PRC tax authorities determine that our Company or any of our subsidiaries outside of the PRC is a PRC resident enterprise for PRC enterprise income tax purposes, our Company or such subsidiary could be subject to PRC tax at a rate of 25% on its worldwide income, which could materially reduce our net profit. In addition, we will also be subject to PRC enterprise income tax reporting obligations. Furthermore, if the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, gains realized on the sale or other disposition of our ordinary shares may be subject to PRC tax, at a rate of 10% in the case of non-PRC enterprises or 20% in the case of non-PRC individuals (in each case, subject to the provisions of any applicable tax treaty), if such gains are deemed to be from PRC sources. It is unclear whether non-PRC shareholders of our Company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your [**REDACTED**] in our Shares.

The M&A Rules and certain other PRC regulations establish complex procedures for some acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

Pursuant to the Provisions on Foreign-funded Mergers and Acquisitions of Domestic Enterprises (《關於外國投資者併購境內企業的規定》) (the "M&A Rules"), along with relevant rules and regulations, certain additional procedures and requirements are established, making merger and acquisition activities by foreign investors more time-consuming and complex, including advance notice of any change-of-control transaction and strict review for "national security" concerns. Moreover, the Anti-Monopoly Law requires that transactions which are deemed concentrations and involve parties with specified turnover thresholds must be cleared by the relevant anti-monopoly authority before they can be completed.

In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from MOFCOM or its local counterparts, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

PRC regulation of loans to and direct investments in PRC entities by offshore holding companies may delay or prevent us from using the [REDACTED] of the [REDACTED] to make loan or additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

We are an offshore holding company conducting our operations in China through our PRC subsidiaries and our VIE Hospitals. We may make loans to our PRC subsidiaries and VIE Hospitals, subject to the administrative procedures and limitation of amount, or we may make additional capital contributions to our PRC subsidiaries in China.

Any funds we transfer to our PRC subsidiaries, either as a shareholder loan or as an increase in registered capital, are subject to reporting with or approval by or registration with the relevant governmental authorities in China. According to the relevant PRC regulations on foreign-invested enterprises in China, capital contributions to our PRC subsidiaries are subject to the requirement of making necessary reports in the Foreign Investment Comprehensive Management Information System, and registration with a local bank authorized by SAFE. Any medium or long-term loan to be provided by us to our VIE Hospitals must be applied for review and registration with the NDRC and recorded by SAFE or its local branches pursuant to applicable PRC regulations. We may not be able to complete such recording, filing or registrations on a timely basis, if at all, with respect to future capital contributions or foreign loans by us directly to our PRC subsidiaries. If we fail to complete such recording, filing or registrations, our ability to use the [**REDACTED**] of the [**REDACTED**] and to capitalize our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

Furthermore, SAFE issued the Circular on Reforming the Administration Measures on Conversion of Foreign Exchange Registered Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "Circular 19") and the Circular Regarding Further Promotion of the Facilitation of Cross-Border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) ("SAFE Circular 28"), allowing foreign-invested enterprises to use RMB converted from foreign currency denominated capital for equity investments in the PRC if within their business scope or under certain conditions. See

"Regulatory Overview — Regulations on Foreign Exchange." However, the interpretation and implementation in practice remained subject to further explanations and elaborations. The Circular 19 and SAFE Circular 28 may limit our ability to transfer to and use in China the [**REDACTED**] from the [**REDACTED**], which may adversely affect our business, results of operations and financial condition.

Dividends payable by us to our foreign investors and gains on the [REDACTED] of our Shares may become subject to withholding taxes under PRC tax laws.

Under the PRC EIT Law and the EIT Rules, subject to any applicable tax treaty or similar arrangement between the PRC and your jurisdiction of residence that provides otherwise, we may be deemed as a PRC resident enterprise by the PRC tax authorities for tax purpose. PRC income tax at the rate of 10% is applicable to dividends payable by a PRC "resident enterprise" to investors that are "non-resident enterprises" to the extent such dividends have their source within China. Similarly, any gain realized on the transfer of shares by such enterprises is also subject to 10% PRC income tax if such gain is regarded as income derived from sources within China. If the dividends we pay to our shareholders are regarded as income derived from sources within China, we may be required to withhold a 10% PRC withholding tax for the dividends we pay to our investors who are non-PRC enterprise shareholders.

Under PRC IIT Law and the EIT Rules, dividends from sources within China paid to foreign individual investors who are not PRC residents and gains from PRC sources realized by such investors on the transfer of share are generally subject to PRC income tax at a rate of 20% for individuals. Any PRC tax may be reduced or exempted under applicable tax treaties or similar arrangements.

If we are treated as a PRC resident enterprise, dividends we pay with respect to our Shares, or the gain realized from the transfer of our Shares, may be treated as income derived from sources within China and as a result be subject to the PRC income taxes described above. See "— We may be classified as a PRC resident enterprise for PRC enterprise income tax purposes under the EIT Law, and our income may be subject to PRC withholding tax under the EIT Law." However, shareholders who are not PRC tax residents and seek to enjoy preferential tax rates under relevant tax treaties may apply to the PRC tax authorities to be recognized as eligible for such benefits in accordance with the Announcement of State Taxation Administration on Promulgation of the Administrative Measures on Non-resident Taxpayers Enjoying Treaty Benefits (《國家稅務總局關於發佈<非居民納稅人享受協定待遇管理辦法>的公告》). If determined to be ineligible for the applicable tax treaty benefits, gains obtained from [**REDACTED**] of our Shares and dividends on our Shares paid to such Shareholders would subject to higher PRC tax rates. In such cases, the value of your [**REDACTED**] in our Shares may be materially and adversely affected.

The heightened scrutiny over indirect transfers of PRC assets by the PRC tax authorities may have a negative impact on our business operations, our acquisition or restructuring strategy or the value of your [REDACTED] in us.

The Public Notice Regarding Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-Tax Resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) (the "SAT Public Notice 7") issued by the SAT establishes the current tax framework for indirect transfers by non-resident enterprises. See "Regulatory Overview — Regulations on Taxation — Enterprise Income Tax." Where a non-resident enterprise transfers taxable asset indirectly by disposing of the equity interests of an overseas holding company, which is an indirect transfer, the non-resident enterprise as either transferor or transferee, or the PRC entity that directly owns the taxable assets, may report such indirect transfer to the relevant tax authority. Using a "substance over form" principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10% for the transfer of equity interests in a PRC resident enterprise. Both the transferor and the transferee may be subject to penalties under PRC tax laws if the transferee fails to withhold the taxes and the transferor fails to pay the taxes.

The Public Notice of SAT on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source (《關於非居民企業所得稅源泉扣繳有關問題的公告》) issued by the SAT (the "SAT Public Notice 37") further details and clarifies the tax withholding methods in respect of income of non-resident enterprises. Where the non-resident enterprise fails to declare the tax payable pursuant to the EIT Law, the tax authority may order it to pay the tax due within required time limits, and the non-resident enterprise shall declare and pay the tax payable within such time limits specified by the tax authority; however, if the non-resident enterprise voluntarily declares and pays the tax payable before the tax authority orders it to do so within required time limits, it shall be deemed that such enterprise has paid the tax in time.

SAT Public Notice 7 and SAT Public Notice 37 remain subject to further clarification and interpretation on certain key issues, including the scope of "indirect transfer," the extent of the PRC tax authorities' jurisdiction, and the applicable reporting requirements and procedures. In addition, there are no formal declarations with regard to how to determine whether a foreign investor has adopted an abusive arrangement in order to reduce, avoid or defer PRC tax. SAT Public Notice 7 and SAT Public Notice 37 may be determined by the tax authorities to be applicable to previous investments by non-resident investors in our Company, if any of such transactions were determined by the tax authorities to lack reasonable commercial purpose. As a result, we and our existing non-resident investors may become at risk of being taxed under both notices and may be required to expend valuable resources to ensure compliance, which may have a material adverse effect on our results of operations and financial condition or such non-resident investors' investments in us. We may conduct acquisitions involving changes in corporate structures, and historically we surrendered Shares and reissued them to our current shareholders. We cannot assure you that the PRC tax authorities will not, at their discretion, adjust any capital gains and impose tax return filing obligations on us or require us to assist with the investigation of PRC tax authorities with respect thereto. Any PRC tax imposed on a transfer of our Shares, or any adjustment of such gains would cause us to incur additional costs and may have a negative impact on the value of your [**REDACTED**] in us.

It may be difficult to effect service of process upon us or our directors or officers named in this document or to enforce foreign court judgments against them.

We are a company incorporated under the laws of the Cayman Islands. All of our assets and operations are located in China. In addition, all of our Directors and senior management reside within China, and most of the assets of our Directors and senior management are likely to be located within China. As a result, it may be difficult for you to effect service of process outside China upon us or these persons, or to bring an action against us or these individuals.

On January 18, 2019, the Supreme People's Court of China and Hong Kong government entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "2019 Arrangement"), which took effect on January 29, 2024. The 2019 Arrangement seeks to afford greater clarity and certainty for reciprocal recognition and enforcement of judgments in civil and commercial matters. Despite the effectiveness of the 2019 Arrangement, we still cannot guarantee that all foreign court judgments made against us or our management will fully fall into the scope of 2019 Arrangement and thus be recognized and effectively enforced.

Furthermore, an original action may only be brought in China against us or our Directors and senior management if the actions are not required to be arbitrated by PRC laws and upon satisfaction of the conditions for commencing a cause of action pursuant to the PRC civil procedure law. As a result of the conditions set forth in the PRC civil procedure law and the discretion of the PRC courts to determine whether the conditions are satisfied and whether to accept the action for adjudication, it is uncertain whether investors will be able to bring an original action in China in this manner.

Any failure to comply with PRC regulations regarding our employee equity incentive plans may subject the participants or us to fines and other legal or administrative sanctions.

Upon the completion of the [**REDACTED**], we, along with our Directors, executive officers and other employees who may be granted options, may be subject to the Notice on Foreign Exchange Administration PRC Residents Participating in Share Incentive Plans of Offshore Listed Companies (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), issued by SAFE. According to the foregoing Notice, employees, directors, supervisors and other management members who are PRC citizens or non-PRC citizens residing in China for a continuous period of no less than one year participating in any stock incentive plan of an overseas publicly listed company, subject to limited exceptions, are required to register with SAFE and complete certain other procedures. Failure to complete SAFE registrations may subject them to fines and other legal sanctions and may also limit their ability to make payment under the equity incentive plans or receive dividends or sales proceeds related thereto, or our ability to contribute additional capital into our PRC subsidiaries and our PRC subsidiaries' ability to distribute dividends to us.

In addition, SAT and MOFCOM have issued certain circulars with respect to employee share option. Under these circulars, our employees working in China will be subject to PRC individual income tax if they exercise share options. Our PRC subsidiaries have the obligation to make filings with the relevant tax authorities and may be required to withhold individual income tax for those employees. If our employees fail to pay income tax, or if we fail to make the filings or withhold income tax in any case as required, we may face sanctions imposed by the relevant tax authorities.

Our Shareholders may not have the same protection of their shareholder rights under Cayman Islands law comparing to what they would have under Hong Kong law.

Our corporate affairs are governed by our Memorandum of Association and Articles of Association, the Companies Act, and the common law of the Cayman Islands. The rights of Shareholders to take action against the Directors, the rights of minority Shareholders to institute actions and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The rights of our Shareholders and the fiduciary responsibilities of our Directors under Cayman Islands law may not be the same as they would be under statutes or judicial precedent of other jurisdictions.

RISKS RELATING TO THE [REDACTED]

There has been no prior [REDACTED] for our Shares, and the [REDACTED] and [REDACTED] of our Shares following the [REDACTED] may be volatile, which could result in rapid and substantial losses for our Shareholders.

Prior to the [**REDACTED**], there has been no [**REDACTED**] for our Shares. The initial [**REDACTED**] range disclosed to the [**REDACTED**] for our [**REDACTED**] was the result of negotiations among us and the Joint [**REDACTED**], and the [**REDACTED**] may differ significantly from the [**REDACTED**] for the [**REDACTED**] following the [**REDACTED**]. We have applied to [**REDACTED**] and [**REDACTED**] in the Shares on the Stock Exchange. We cannot assure you that the [**REDACTED**] will result in the development of an active, [**REDACTED**] for the Shares. In addition, the [**REDACTED**] and [**REDACTED**] volumes of the Shares may be volatile due to various factors, including actual or anticipated fluctuations in our operating performance and financial results; competitive developments, acquisitions or strategic alliances in our industry; our ability to execute our strategies; unexpected business interruptions; market reaction to any indebtedness or securities issuances; changes in market valuations of comparable companies; changes in laws or regulations or their interpretation affecting our regulatory approvals; intellectual property protection or related disputes; litigation costs and unfavorable outcomes of business claims and governmental investigations; and general political, financial, social and economic conditions.

Moreover, the capital market has from time to time experienced significant [**REDACTED**] and [**REDACTED**] volume fluctuations that were unrelated or not directly related to the operating performance of the underlying companies in the [**REDACTED**]. These broad market and industry fluctuations may have a material and adverse effect on the [**REDACTED**] and [**REDACTED**] volume of our Shares.

Furthermore, our Directors and employees may face additional exposure to claims and lawsuits, including class action lawsuits, as a result of their position in other public companies. The existence of litigation, claims, investigations and proceedings against our Directors and employees, even if they do not involve our Company, may harm our reputation and adversely affect the [**REDACTED**] of our Shares.

As the [REDACTED] is substantially higher than the consolidated net tangible book value per Share, [REDACTED] of our Shares in the [REDACTED] may experience immediate dilution upon such [REDACTED].

As the [**REDACTED**] of our Shares is higher than the consolidated net tangible assets per share immediately prior to the [**REDACTED**], [**REDACTED**] of our Shares in the [**REDACTED**] will experience an immediate dilution. Our existing Shareholders will receive an increase in the [**REDACTED**] adjusted consolidated net tangible asset value per share of their shares. In addition, holders of our Shares may experience further dilution of their interest if the [**REDACTED**] exercise the [**REDACTED**] or if we issue additional shares in the future to raise additional capital.

Our Controlling Shareholders Group may exert substantial influence over our operations and may not always be aligned with interests of the independent Shareholders.

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and without taking into account of any Shares that may be [**REDACTED**] under the Pre-[**REDACTED**] Share Option Scheme), our Controlling Shareholders Group will control the majority of voting power at the general meetings of our Company. See "History, Reorganization and Corporate Structure." Therefore, our Controlling Shareholders Group will be able to exercise significant influence over matters requiring Shareholders' approval, including the election of Directors and the approval of certain significant corporate transactions. Such concentration of ownership also may have the effect of delaying, preventing or deterring a change in control of the Group that would otherwise benefit the Shareholders. Furthermore, the members of our Controlling Shareholders Group may participate in, develop, operate or engage in other businesses that may be directly or indirectly subject to negative publicity or regulatory actions, which may have a material and adverse impact on our business. Additionally, the interests of the members of our Controlling Shareholders Group may not always coincide with our or the [**REDACTED**] best interests. If the interests of the members of our Controlling Shareholders Group conflict with our interests or those of the other Shareholders, or if the members of our Controlling Shareholders Group choose to cause our business to pursue strategic objectives that conflict with our interests or those of the other Shareholders, we or those other Shareholders, including you, may be disadvantaged as a result.

Any future [REDACTED], or perceived [REDACTED], of a substantial amount of our Shares in the [REDACTED] could have a material and adverse effect on the prevailing [REDACTED] of our Shares and our ability to raise capital in the future.

Future sales of a substantial amount of our Shares by our existing Shareholders, or the possibility of such sales, could negatively impact the [**REDACTED**] of our Shares from time to time. Although the members of our Controlling Shareholders Group are subject to restrictions on the sales of Shares held by them as described in "[**REDACTED**]," and our pre-[**REDACTED**] investors will be subject to a lock-up of 180 days upon the [**REDACTED**], future sales of a significant number of our Shares by our existing Shareholders in the [**REDACTED**] after the [**REDACTED**], or the perception that these sales could occur, could cause the [**REDACTED**] of our Shares to decline and could materially impair our future ability to [**REDACTED**] capital through [**REDACTED**] of our Shares. Future sales of Shares by our existing Shareholders, or the issuance of Shares by our Company, or the market perception that such sale or issuance may occur, could materially and adversely affect the prevailing [**REDACTED**] of our Shares.

We may not be able to pay any dividends on our Shares.

We cannot guarantee when and in what form dividends will be paid on our Shares following the [**REDACTED**]. The declaration of dividends is proposed by the Board and is based on, and limited by, various factors, including without limitation, our business and financial performance, capital and regulatory requirements and general business conditions. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable. See "Financial Information — Dividends."

If securities or industry analysts do not publish research reports about our business, or if they adversely change their recommendations regarding our Shares, the [REDACTED] and [REDACTED] volume of our Shares may decline.

The [**REDACTED**] for our Shares may be influenced by research reports that industry or securities analysts publish about us or our business. If one or more analysts who cover us downgrade our Shares or publish negative opinions about us, the [**REDACTED**] of our Shares would likely decline regardless of the accuracy of the information. If one or more of these analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause the [**REDACTED**] or [**REDACTED**] volume of our Shares to decline.

Forward-looking statements contained in this document are subject to risks and uncertainties.

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, and growth opportunities for existing operations, plans and objectives of management, certain [**REDACTED**] information and other matters.

The words "anticipate," "believe," "could," "potential," "continue," "expect," "intend," "may," "plan," "seek," "will," "would," "should" and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including, among others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessary estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set out in "Risk Factors" in this document. Accordingly, such statements are not a guarantee of future performance and you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

Certain facts, forecasts and statistics contained in this document are derived from official government sources and they may not be reliable.

Certain facts, forecasts and statistics in this document relating to the PRC, the PRC economy and industries relevant to us have been derived from various official government publications, China Insights Consultancy and other publicly available sources. We have taken reasonable care in the reproduction or extraction of such information for the purpose of disclosure in this document. However, the information from official government sources has not been independently verified by us, the Joint Sponsors, the Joint [**REDACTED**], the Joint [**REDACTED**], the [**REDACTED**], any of their respective directors and advisers, or any other persons or parties involved in the [**REDACTED**]. Therefore, we cannot assure you as to the accuracy and reliability of such facts and statistics, which may not be consistent with other information compiled inside or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable with statistics produced for other economies, and you should not place undue reliance on them. In all cases, you should consider carefully how much weight or importance you should attach to or place on such information or statistics.

You should read the entire document carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the [REDACTED].

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the [**REDACTED**]. Prior to the publication of this document, there may have been press and media coverage regarding us and the [**REDACTED**]. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and you should not rely on such information.