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OVERVIEW

We are a recognized provider of integrated healthcare and eldercare (IHE) (醫養結合) services in North China, building upon our expertise in professional medical care. Unlike traditional eldercare asset operations, we are committed to serving middle-aged and elderly people in community settings with comprehensive offerings covering clinical diagnosis and treatment, rehabilitation, nursing, palliative care, and other extended services. We ranked No. 2 among all integrated healthcare and eldercare service providers in North China in terms of in-network revenue* in 2025. Notably, according to the same source, we achieved the highest revenue growth rate from 2022 to 2025 among the top five integrated healthcare and eldercare service providers in North China. We also ranked No. 1 among the top five service providers in the market in terms of the proportion of elderly patients in 2025, which underscores our significant exposure to and experience in serving the “silver economy” market.

We benefit from our healthcare and eldercare assets (醫養資產) with first-mover advantages. Since the operation of our first medical institution in 2005, we have accumulated more than 20 years of operational experience and insights into the needs of the aging population, and are now operating a network of 13 medical institutions located in areas of high population density and aging rates, including six self-owned medical institutions (including two self-established and four acquired), five managed medical institutions and two invested medical institutions. In particular, 11 of them are located in Beijing, establishing us as the No. 1 integrated healthcare and eldercare service provider in the city in terms of the number of non-tertiary institutions. These medical institutions are distributed across six districts, which together account for over 60% of the total population of Beijing. Given the inherently regional nature of integrated healthcare and eldercare, we can gain patient trust by fostering stable and lasting physician-patient relationships in our communities. Moreover, our competitive edge is expected to be reinforced by local regulations that set various criteria for the establishment of new medical institutions. For example, in Beijing, there are high regulatory entry barriers for establishing new medical institutions in core urban areas due to the scarcity of compliant medical-use properties, and the potentially stricter requirements and/or fiercer competition in medical institution practicing license application and medical insurance designated medical institution application, among others. See “— Recent Regulatory Changes — Beijing Municipal Healthcare Facilities Special Plan (2020-2035)” for details. As these regulations evolve, we are allowed to leverage our established medical institutions to grow our patient base and expand our coverage into adjacent communities.

We are committed to promoting the efficient allocation of medical and care resources and optimizing our operating leverage to achieve sustained growth. We have developed a unique business model characterized by “basic generality with strong specialties (小綜合+大專科),” tailored to the care needs of middle-aged and elderly people in community settings. This model provides broad coverage through general departments to address the basic medical needs of patient demographics, build trust and foster a loyal patient base, while also guiding them towards more precise and targeted specialized treatment, rehabilitation, long-term medical care, consumer healthcare and other extended services. As such, we can enable the coordinated development of healthcare and eldercare services. Ultimately, this model aims to achieve precise demand-based services and tiered demand management, in order to effectively capture the all-round needs of patients in our communities and improve the overall efficiency of our asset operations. Additionally, leveraging our unique model and ability to provide cost-effective service offerings, we maintain a balanced payment structure with contributions from both medical insurance reimbursements and out-of-pocket payments, which contributes to the financial sustainability of our operations.

We have established a comprehensive integration and operational system that is adaptable and can be readily applied to all our newly acquired and newly established medical institutions, to continuously replicate our success. Specifically, we implement a standardized, systematic due diligence and evaluation process for potential new medical institutions based on multiple factors, which allows us to make informed decisions and minimize related risks. In addition, leveraging our precise positioning capability, we focus on capturing the diverse needs and supporting the lifelong well-being of patients in our communities. Moreover, we dynamically adapt our specialty clinical departments and nursing services in response to the needs of the surrounding patients. We also strive for integrated and refined operations to ensure the consistently high quality of our medical services. Through our integration and operational capabilities, we have established a replicable model that safeguards both service quality and operational efficiency. Most of our medical institutions achieved profitability within 15 months of commencing operations, significantly shorter than the typical 36 months observed in the industry.

* Includes the aggregate revenue generated from providing integrated healthcare and eldercare services by all medical institutions within the network of relevant service providers.

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Targeting the characteristics of chronic diseases among the middle-aged and elderly, we have developed an integrated service system that covers the entire lifecycle of disease prevention, diagnosis and treatment, chronic disease management, rehabilitation and long-term nursing care. Middle-aged and elderly patients often experience multimorbidity, necessitating multi-disciplinary collaboration to provide personalized treatment and medication plans. Leveraging our medical team that covers general and specialty services and nursing care, we can effectively address common illnesses and chronic diseases with our multi-disciplinary capabilities. We have established comprehensive internal medicine and surgery departments, with six key specialty clinical departments comprising oncology, traditional Chinese medicine, rehabilitation, ophthalmology, pain management and nephrology, to address common illnesses among middle-aged and elderly patients. In 2024, patients aged 60 and above accounted for approximately 50% of our total outpatient visits and approximately 72% of our total inpatient visits, highlighting our commitment to serving this population and their confidence in our ability to meet their needs effectively. Furthermore, to increase health awareness and promote healthcare knowledge in our communities, especially among middle-aged and elderly patients, we regularly organize public welfare activities, such as free lectures on disease prevention and public insurance policies and free health checks and clinics. Through sustained public welfare activities in nearby communities, we have earned broad recognition and established significant trust among our target patients, creating valuable word-of-mouth effects.

We attribute our successful track record to the expertise and professionalism of our dedicated healthcare and eldercare team, which includes 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 our managed medical institutions had 130 physicians, including 74 full-time physicians and 56 multi-site practice physicians. Our physicians possess extensive clinical experience in general care, covering a wide range of medical conditions from common illnesses to chronic diseases, as well as in specialty care within their respective medical fields. As of the same date, we also had a total of 300 other medical professionals, primarily comprising nurses, pharmacists, radiographers and laboratory technicians, to ensure all-round care for patients. Moreover, we are also establishing a structured framework for nursing services that combine our clinical expertise and standardized clinical protocols, therefore enhancing professionalism of our nursing practice and ensuring consistent, high-quality care for our patients. In addition, we benefit from access to top-tier expert consultants through various medical consortiums that comprise over 1,000 medical professionals. We maintain active dialogue and collaboration with medical groups, being groups formed by physicians and other medical professionals collaboratively, to continually enhance our specialty training and deliver quality healthcare. We have also strategically designed our talent development system to provide ongoing professional enhancement for our core medical professionals.

We experienced steady growth during the Track Record Period. We generated revenue primarily from (1) integrated healthcare and eldercare business, through operation of self-owned medical institutions and medical institution management services, as well as (2) supply of medical equipment and consumables. Our revenue increased by 18.6% from RMB421.9 million in 2023 to RMB500.4 million in 2024, and amounted to RMB471.4 million in 2025. Our profit for the year increased by 12.0% from RMB39.2 million in 2023 to RMB43.9 million in 2024, and amounted to RMB33.4 million in 2025 primarily due to the recognition of [REDACTED] expenses of RMB[REDACTED] million in the same year. Our adjusted net profit (non-IFRS measure) continued to improve during the Track Record Period, amounting to RMB39.2 million, RMB59.2 million and RMB63.3 million in 2023, 2024 and 2025, respectively. See “Financial Information — Non-IFRS Measures” for a reconciliation of our profit for the year to adjusted net profit (non-IFRS measure).

MARKET OPPORTUNITY

China has a large and rapidly growing population of middle-aged and elderly people, along with an expansive integrated healthcare and eldercare services industry. The integrated healthcare and eldercare service model represents a comprehensive, community-based approach that combines medical diagnosis and treatment, rehabilitation therapy, nursing and eldercare resources into a unified health management platform, creating a consistent one-stop solution.

Given the supply gap due to the disconnect between healthcare and eldercare services, along with the increasing aging population in China and the gradual implementation of a tiered diagnosis and treatment system, the potential of integrated healthcare and eldercare services, especially in community settings, is set to rise. Our market also benefits from strong and ongoing policy support from the government. Currently, there is notable backing at various levels for the integration of healthcare and eldercare. The resolution made at the Third Plenary Session of the 20th Central Committee of the CPC emphasizes the need to, among others, optimize the supply of basic elderly care services, nurture community eldercare institutions, and advance the integration of healthcare

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and eldercare. Furthermore, both the 2025 Central Economic Work Conference and the 2025 Government Work Report explicitly highlight the importance of actively developing the “silver economy” and further promoting home-based and community-based eldercare. The market size for integrated healthcare and eldercare services in China, in terms of revenue, is expected to increase from RMB309.5 billion in 2026 to RMB473.0 billion in 2030 at a CAGR of 11.2%. Additionally, the market size for integrated healthcare and eldercare services in North China, in terms of revenue, is expected to increase from RMB32.1 billion in 2026 to RMB48.1 billion in 2030 at a CAGR of 10.6%.

Specifically, the strengthening laws, regulations and policies for integrated healthcare and eldercare has provided strong support and clear guidance for our growth. Since 2013, central authorities have issued a series of directives promoting the integration of healthcare and eldercare and encouraging cooperation between medical and eldercare institutions, which have established a solid policy foundation. Recent measures have further enhanced payment assurance by enabling long-term care insurance and improving management, cost review and supervision, creating opportunities for integrated service providers to scale and improve profitability while raising requirements for quality, internal controls and compliance. In addition, market-based pricing for for-profit providers and liberalized multi-site practice for physicians have improved operational flexibility, talent attraction and service capability.

The integrated healthcare and eldercare services industry operates through a multi-stakeholder ecosystem, connecting upstream resource providers, midstream service providers, and downstream end-users. Upstream resource providers mainly include pharmaceutical manufacturers and rehabilitation product suppliers, while downstream participants comprise patients with diverse healthcare and eldercare needs. We primarily operate in the midstream segment of the industry chain, as an integrated healthcare and eldercare service provider. The North China’s integrated healthcare and eldercare services industry remains highly fragmented and competitive, characterized by numerous small to medium-sized service providers alongside emerging regional leaders. Specifically, by the end of 2024, there were over 5,000 integrated healthcare and eldercare service providers across the region. With our over 20 years of industry experience and coordinated services covering disease prevention, diagnosis and treatment, chronic disease management, rehabilitation and long-term nursing care, we believe we are capable of capitalizing on the growth opportunities presented by the aging population, favorable regulatory policies and overall economic development.

COMPETITIVE STRENGTHS

We believe the following competitive strengths have contributed to our success and differentiated us from our competitors.

Recognized presence underpinned by quality healthcare and eldercare assets with strategic locations and first-mover advantages

We are a recognized provider of integrated healthcare and eldercare services in North China, building upon our expertise in professional medical care. We ranked No. 2 among all integrated healthcare and eldercare service providers in North China in terms of in-network revenue* in 2025. Notably, according to the same source, we achieved the highest revenue growth rate from 2022 to 2025 among the top five integrated healthcare and eldercare service providers in North China. We also ranked No. 1 among the top five service providers in the market in terms of the proportion of elderly patients in 2025, which underscores our significant exposure to and experience in serving the “silver economy” market. As of the Latest Practicable Date, we had a network of 13 medical institutions, including six self-owned medical institutions, five managed medical institutions and two invested medical institutions. This diverse portfolio enables us to deliver comprehensive and high-quality services tailored to the needs of our patients.

* Includes the aggregate revenue generated from providing integrated healthcare and eldercare services by all medical institutions within the network of relevant service providers.

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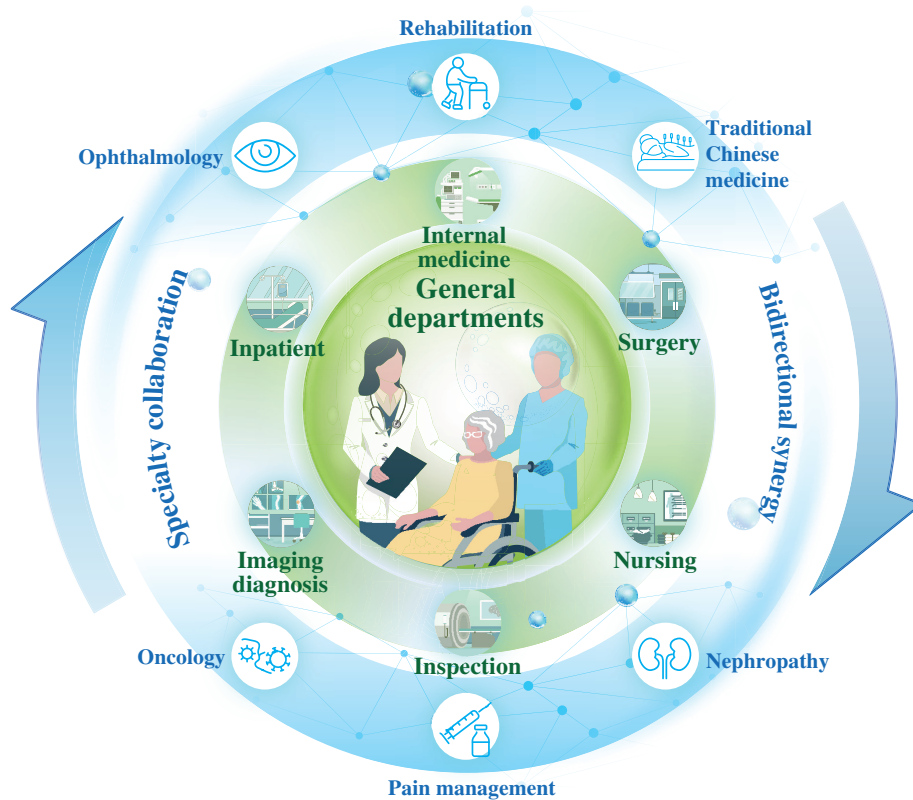
Our healthcare and eldercare assets (醫養資產) are located in areas of high population density and aging rates to maximize our coverage of potential patient base and support our sustainable growth. We have designed differentiated market positionings for our assets that are closely aligned with the surrounding demographic structure to cater to the medical needs of local communities. Specifically, our operational strategy takes into account various factors, such as the regional positioning of target medical assets, surrounding population demographics, disease prevalence, and availability of nearby medical resources and public hospital systems. For example, following our thorough analysis of the local market, we have evolved Puxiang TCM Hospital into a comprehensive Class II TCM hospital with TCM, rehabilitation and ophthalmology as core pillars, and have equipped Dahuangzhuang Hospital with advanced dialysis facilities in response to the increases in the elderly population and patients with chronic kidney disease in the local community. Given the inherently regional nature of integrated healthcare and eldercare, we can gain patient trust by fostering stable and lasting physician-patient relationships in our communities.

We have established a recognized position in the integrated healthcare and eldercare services industry in North China, while also building strong awareness of our “Puxiang (普祥)” brand and achieving significant network effects. Leveraging our deep industry insights and accumulation, we can solidify our presence in North China and strategically extend our geographic reach to other high-density regions with large aging populations, therefore continuously enhancing our brand influence. Moreover, our competitive edge is expected to be reinforced by local regulations that set various criteria for the establishment of new medical institutions. For example, in Beijing, there are high regulatory entry barriers for establishing new medical institutions in core urban areas. As such, we are allowed to leverage our established medical institutions to grow our patient base and expand our coverage into adjacent communities. Taking Beijing as an example, our 11 in-network medical institutions located in Beijing are distributed across six districts, which together account for over 60% of the total population of Beijing. Our industry accumulation also equips us with a profound understanding of regulatory dynamics and resilience amid healthcare reform, enabling us to effectively navigate changes while maximizing opportunities in a rapidly evolving market.

Unique basic generality with strong specialties model to maximize resource utilization and optimize asset operating leverage

We are committed to promoting the efficient allocation of medical and care resources and optimizing our operating leverage to achieve sustained growth. Leveraging two decades of deep industry insights, we have developed a unique business model characterized by “basic generality with strong specialties,” tailored to the care needs of middle-aged and elderly people in community settings. This model provides broad coverage through general hospitals and comprehensive internal medicine and surgery departments to serve a wide patient demographic, primarily addressing common illnesses and chronic diseases. Meanwhile, we deepen our service coverage by developing distinct advantages in specialty medical areas such as oncology, traditional Chinese medicine and rehabilitation, thereby better accommodating the patient needs in our communities. Furthermore, leveraging our clinical capabilities and to capture the evolving needs of patients, we have also extended our service chain to cover eldercare and nursing services. We are thus able to thoroughly meet the needs of our patients and support their lifelong well-being.

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We have built a tiered diagnosis and treatment mechanism supported by our general and specialty competencies. Specifically, patients requiring further specialized treatment after an initial assessment at our general hospitals can be easily referred to specialty departments or our in-network specialty hospitals for tailored services. Our consultation committee comprised of experienced experts participates in diagnosis and treatment as well as multi-disciplinary consultations at both general and specialty hospitals. This system ensures a smooth transition from general care to specialty treatment, providing closed-loop support throughout the patient journey to enhance patient outcomes and satisfaction. Additionally, by addressing medical needs with precision, we can effectively allocate valuable medical resources across the network according to the complexity of patient needs and achieve synergy. General departments ensure the accessibility of medical services, while specialty departments are equipped with specialized equipment and expert teams to attend to diverse patient needs. Implementing a tiered mechanism also allows for improved patient flow and optimized costs, therefore enhancing the overall efficiency of our operations.

To further provide more convenient and accessible healthcare and eldercare services to middle-aged and elderly patients, we have established comprehensive medical insurance coverage. All of our self-owned and managed medical institutions are Medical Insurance Designated Medical Institutions (醫療保險定點醫療機構) eligible for public medical insurance coverage. We can now deliver extensive healthcare and eldercare services under the public insurance payment system leveraging our refined operations and ability to provide cost-effective service offerings.

Strategic acquisition and effective asset integration and operational capabilities to continuously expand and replicate our success

Since the operation of our first medical institution in 2005, we have accumulated more than 20 years of operational experience and established a comprehensive integration and operational system that is adaptable and can be readily applied to all our newly acquired and newly established medical institutions. In recent years, we have expanded our network primarily through strategic acquisitions and equity investments, and have also leveraged management agreements to manage the daily operations of third-party medical institutions. We believe that this approach allows us to efficiently accelerate our expansion plans by limiting upfront investments, lowering risks and shortening the development and ramp-up period and path to profitability for new medical institutions.

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At the cornerstone of our integration and operational capabilities is a standardized, systematic due diligence and evaluation process, which we utilize to determine the strategic layout of our medical institutions. This thorough process allows us to make informed decisions that align with our long-term goals and minimize related risks. Our focus areas for evaluation primarily include population demographics, disease prevalence, competitive landscape, local medical insurance policies, talent reserves and future expansion potential. We also conduct a comprehensive evaluation on acquisition and equity investment targets themselves, taking into consideration their licensing and regulatory compliance, operations and business scalability, medical professional qualifications and clinical departments, etc. See “Business — Our Future Expansion.”

We then develop differentiated positionings to effectively address the needs of the communities we serve. Specifically, we analyze the age distribution, population growth trend and the specific healthcare needs of the middle-aged and elderly population of the target community. Additionally, we assess the existing healthcare infrastructure in the vicinity to identify the unmet needs. We also dynamically adapt our specialty clinical departments and nursing services in response to the needs of the surrounding patients. Leveraging our precise positioning capability, we focus on capturing the diverse needs and supporting the lifelong well-being of patients in our communities through departmental collaboration. This ultimately improves patient experience and retention, providing comprehensive, convenient and high-quality healthcare and eldercare services to local communities.

In addition, we strive to ensure that our rapid expansion efforts do not compromise the consistently high quality of our medical services. We are committed to integrated operations across our self-owned and managed medical institutions. We manage our teams of operational staff and medical professionals, along with our medical resources, holistically to ensure efficient allocation, and provide comprehensive support at the group level. We have also implemented a centralized management framework covering critical areas such as patient management, clinical quality control and regulatory compliance, supported by a series of unified healthcare informatics systems that facilitate data management and inter-departmental communications and collaboration. In addition, we maintain centralized financial control and ensure coordinated procurement and delivery of high-quality medical supplies through supply chain management. This approach allows for streamlined management and operations of our medical institutions.

Through our integration and operational capabilities, we have established a replicable model that safeguards both service quality and operational efficiency. Most of our medical institutions achieved profitability within 15 months of commencing operations, significantly shorter than the typical 36 months observed in the industry. For example, during the Track Record Period, we successfully acquired and integrated Puxiang TCM Hospital, which was operating at a loss with limited operational scale. Following our acquisition in July 2022, we implemented our integration and operational system alongside a comprehensive rebranding strategy including, among others, strengthening its TCM department with experienced medical professionals, adding internal medicine to address common illnesses, upgrading stomatology facilities to provide comprehensive non-oral-maxillofacial treatments, establishing a medical consortium partnership with a nearby specialty hospital, and capturing the local ophthalmology market following the closure of a competing ophthalmology hospital. As a result, Puxiang TCM Hospital achieved remarkable financial performance in 2024, with the annual revenue reaching RMB149.9 million and the net profits of RMB9.3 million. See “— Our Integrated Healthcare and Eldercare Business — Our Self-owned Medical Institutions — Beijing Puxiang Traditional Chinese Medicine Hospital (北京普祥中醫院)” for details.

Positioning to address the market gap amid the population aging trend leveraging our community-based offerings

According to data from the NBSC, by the end of 2024, China’s population aged 60 and above had exceeded 310 million, with more than 220 million aged 65 and above. This shift presents significant challenges, as China grapples with both a large elderly population and a rapidly aging society. The degree of aging is expected to intensify, leading to a growing demand for related healthcare and eldercare services. This demand is further exacerbated by the prevalence of chronic diseases and the uneven, fragmented nature of related medical resources, making it imperative to develop integrated services that can effectively address the needs of middle-aged and elderly people. We have positioned ourselves to address these industry pain points and fill the market gap. Based on our long and meticulous dedication to the middle-aged and elderly people in community settings, we have earned ourselves reputation and trust, making us the medical institution of their choice. In 2024, patients aged 60 and above accounted for approximately 50% of our total outpatient visits and approximately 72% of our total inpatient visits, highlighting our commitment to serving this population and their confidence in our ability to meet their needs effectively.

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Targeting the characteristics of chronic diseases among the middle-aged and elderly, we have developed an integrated service system that covers the entire lifecycle of disease prevention, diagnosis and treatment, chronic disease management, rehabilitation and long-term nursing care. Middle-aged and elderly patients often experience multimorbidity, necessitating multi-disciplinary collaboration to provide personalized treatment and medication plans. Leveraging our medical team that covers both general and specialty services and nursing care, we can effectively address common illnesses and chronic diseases with our multi-disciplinary capabilities. Our generalists are deeply engaged at the community level and in communications with patients, allowing them to comprehensively understand middle-aged and elderly ailments. They also organize multi-disciplinary expert consultations and coordinate with experts from various specialties to provide integrated and personalized treatment approaches and medication management. In 2024, we strategically invested in a nursing service company, Puxiang Chunhui, and are gradually extending our services to provide home-based and community-based nursing services for the middle-aged and elderly people. Going forward, we plan to continue to expand our portfolio of integrated healthcare and eldercare services so as to address patients’ ongoing healthcare needs and support the development of a stable patient base.

We believe that our reputation has always been and will continue to be rooted in the quality of our services, with satisfied patients serving as our most effective marketing channel through spontaneous word-of-mouth referrals. Furthermore, to increase health awareness and promote healthcare knowledge in our communities, especially among middle-aged and elderly patients, we regularly organize public welfare activities, such as free lectures on disease prevention and public insurance policies and free health checks and clinics. Through sustained public welfare activities in nearby communities, we have earned broad recognition and established significant trust among our target patients, creating valuable word-of-mouth effects. In 2024, our selling expense as a percentage of total revenue was only 1.0%. We have established lasting relationships and strong retention in our communities, as manifested by an average revisit rate for outpatients of approximately 75% in 2024 for our self-owned and managed medical institutions.

Top-tier medical experts and professionals supported by solid talent development system to ensure quality service delivery

We attribute our successful track record to the expertise and professionalism of our dedicated healthcare and eldercare team, which includes 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 our managed medical institutions had 130 physicians, including 74 full-time physicians and 56 multi-site practice physicians. Our physicians possess extensive clinical experience in general care, covering a wide range of medical conditions from common illnesses to chronic diseases, as well as in specialty care within their respective medical fields. Notably, generalists practicing at our self-owned medical institutions have an average of over 20 years of experience in community-level medical services. Our specialists are equipped with strong academic backgrounds and professional competencies in their respective fields. As of the same date, we also had a total of 300 other medical professionals, primarily comprising nurses, pharmacists, radiographers and laboratory technicians, to ensure all-round care for patients. Moreover, we leverage the professional nursing staff from Puxiang Chunhui to enable nursing support, especially for aging populations. We are also establishing a structured framework for nursing services that combine our clinical expertise and standardized clinical protocols, therefore enhancing professionalism of our nursing practice and ensuring consistent, high-quality care for our patients.

We benefit from access to top-tier expert consultants through various medical consortiums that comprise over 1,000 medical professionals. Such expert consultants includes consultation experts of the Central Healthcare Committee (中央保健委員會), members of the Center for Drug Evaluation of the NMPA (國家藥品監督管理局藥品審評中心), vice presidents of Class III Grade A hospitals, etc. This diverse expertise across multiple specialties guarantees the quality of our medical services. We also maintain active dialogue and collaboration with medical groups, being groups formed by physicians and other medical professionals collaboratively, to continually enhance our specialty training and deliver quality healthcare. Such collaborations, coupled with our in-house teams of medical professionals, serve to further strengthen our capabilities across multiple disciplines.

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Our talent development system is strategically designed to provide ongoing professional enhancement for our core medical professionals. We have established a committee comprised of consultation experts, including opinion leaders from top-tier hospitals and experienced traditional Chinese medicine masters, responsible for the top-level design and comprehensive training for our talent development initiatives. In addition, we have implemented a structured, ongoing internal training system and offered comprehensive external training opportunities in collaboration with Class III Grade A hospitals, enabling our medical professionals to continuously improve their skills and stay current with industry advancements. We believe such training not only enhances the professional development of our core medical professionals but also strengthens our reputation and market recognition as a comprehensive training hub. This, in turn, helps us attract other general medical professionals in the integrated healthcare and eldercare services industry to support our sustained growth.

Through our comprehensive talent development system, continuous opportunities for skill enhancement and well-structured promotion mechanism, we have cultivated a skilled and stable team of medical professionals. In 2024 and 2025, the turnover rate for full-time physicians at our self-owned medical institutions was approximately 9.2% and 7.6%, respectively, significantly lower than the industry average of 20% to 30%. As such, we are able to provide exceptional services to our patients in a consistent manner, effectively sustaining our competitiveness.

Visionary management team featuring diverse backgrounds and high-caliber operational management staff

We believe that our success is also attributable to our visionary management team and high-caliber operational management staff, both of whom are well-versed in China’s healthcare and eldercare services industry. Our management team, leveraging their diverse and complementary backgrounds in healthcare, enterprise management and investment, has played a vital role in our strategic planning, effective asset integration and operational capabilities and ongoing development and compliance. Our management team is also stable and committed, with the core team having worked collaboratively for more than 10 years, fostering a cohesive environment for continued growth. Mr. Wang Weibin (王偉斌), our chairman of the Board, brings over 30 years of management experience, along with keen insights into the dynamics of China’s healthcare and eldercare services industry. Ms. Bian Jiao (下嬌), our executive Director and chief executive officer, has extensive experience in business operations and management in the healthcare industry, with her focus on strategic business direction and the comprehensive supervision and management on the business of our Group. Mr. Dong Lei (東磊), our executive Director and executive president, is responsible for promoting the development and implementation of the rehabilitation and care business of our Group, drawing on his years of practical experience in the insurance and general healthcare industries. Ms. Zhang Dan (張丹), our executive president, is primarily responsible for the management of the daily operations of our medical institutions. Ms. Zhang has decades of experience in clinical practice and hospital management, with deep expertise in medical quality control, department operations and hospital strategic planning. Their strategic vision and extensive industry knowledge and experience empower us to navigate the ever-evolving industry landscape.

Furthermore, the operational management staff at our medical institutions boast solid academic backgrounds and specialized skills, leading innovation and development within their respective medical fields. Mr. Yan Hengqiu (閻衡秋), for example, currently serves as the president of Puxiang Oncology Hospital. He holds a doctor of medicine degree from Peking University School of Clinical Oncology and is well-versed in oncology related clinical practice. He is well recognized as an expert in clinical oncology and hospital management in the industry. Ms. Zhen Jing (甄靜) currently serves as the president of Puxiang TCM Hospital and the expert president of Puxiang Ophthalmology Hospital. She is recognized as a leading ophthalmology expert in China with nearly 20 years of clinical experience, and is well-known for her contributions to myopia control in youth and refractive surgery. Our integrated healthcare and eldercare consultant, Dr. Chen Zijing (陳紫靜), possesses extensive practical and theoretical knowledge in nursing care, elderly care and palliative care. She holds a doctor’s degree in nursing from University of Washington and a bachelor’s degree in nursing from Peking Union Medical College.

Together, our management team and operational management staff are committed to high standards, driving our mission to deliver quality healthcare and eldercare services while continually adapting to the needs of our patients and the market.

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GROWTH STRATEGIES

We intend to pursue the following strategies to further grow our business.

Strategically expand our geographic footprint in and beyond mainland China and pursue long-term growth opportunities

We plan to accelerate our regional expansion across China by building a strategic presence in key city clusters. Currently, our operations are primarily concentrated in North China, where we intend to further deepen our presence. In regions where we have established competitive advantages, we will continue to consolidate our market position. In the near term, our expansion efforts will focus on the North China and Yangtze River Delta regions, primarily including Zhejiang, Anhui and Jiangsu provinces, as well as other suitable emerging Tier-1 cities, which feature favorable demographic aging profiles and trends, with rising demand for quality healthcare and eldercare services. Our long-term geographic development plan includes the Yangtze River Delta, the Chengdu-Chongqing region and the Pearl River Delta. See “— Our Future Expansion” for details.

In addition to our business expansion in mainland China, we intend to advance our business presence in the Greater China and Southeast Asia. With an initial focus on the ethnic Chinese patient population, we plan to establish a management headquarters in Hong Kong and a business development hub in Singapore, and expand gradually into other countries in the region, such as Malaysia and Indonesia. This international layout is intended to serve as a platform for our longer-term international development.

Extend the coverage of our integrated healthcare and eldercare services

We plan to further elevate the breadth and depth of our integrated healthcare and eldercare service offerings in response to the growing and diverse needs of China’s aging population. Leveraging our clinical capabilities, we intend to develop a comprehensive ecosystem around rehabilitation, nursing and chronic disease management for the middle-aged and elderly patients to strengthen the healthcare and eldercare integration. We plan to enhance the elderly-friendliness of our medical institutions to improve service accessibility, safety and comfort for elderly patients. We also plan to offer services such as physical therapy and exercise therapy tailored to post-operative rehabilitation and post-stroke recovery.

In parallel, we aim to expand the professionalism and capabilities of our nursing teams. We are establishing a structured framework for our nursing services, including standardized service protocols, structured training programs, effective assurance mechanisms, and internal operating guidelines. For patients requiring more complex or high-risk care, we plan to strengthen our ability to deliver specialized services, such as long-term bedridden care and post-operative nursing. Additionally, we intend to broaden our provision of community- and home-based support, including daytime care, temporary residential care and scheduled home visits. We also plan to deepen collaborations with external medical institutions to facilitate smooth transitions from clinical treatment to ongoing care, thereby supporting a continuous care pathway for middle-aged and elderly patients.

In addition, by leveraging our clinical strengths, we intend to further extend our integrated healthcare and eldercare value chain to cover the upstream supply of pharmaceuticals, medical consumables and medical equipment. Such value chain extension will enable us to enhance service continuity, optimize supply chain synergies, and support the delivery of more personalized and comprehensive healthcare and eldercare services. Ultimately, by leveraging direct control over our supply chain, we will reinforce our competitive barriers and advantages along the industry value chain.

Employ digital platforms and AI technologies to support precision health management and refined operational management

We intend to develop a digital framework powered by AI and data-driven platforms and algorithms to enhance our precision health management model, as well as improve our operational efficiency and decision-making capabilities. To this end, we aim to promote our data governance and analysis capabilities and leverage advanced AI tools.

Specifically, we aim to enhance our capabilities in chronic disease management and medical and elderly care with advanced AI and other technological tools. Leveraging our insights into healthcare needs across different communities, we plan to strengthen our data governance and analysis capabilities, and develop disease-specific analysis and prediction models by employing

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models for common geriatric conditions. Additionally, we will analyze multi-dimensional data such as medication records, health check indicators and medical visit frequency to enable early warning and proactive management of chronic diseases. We also intend to leverage intelligent voice interaction system tailored to elderly users, offering functionalities such as voice-enabled health consultations, medication reminders and follow-up appointment scheduling, thereby deepening the breadth and quality of our service offerings. Through an integrated online-and-offline service model, we seek to build a full-cycle, closed-loop health management system that covers disease prevention, early screening, diagnosis and treatment, rehabilitation care and patient navigation.

We further plan to construct a unified data middle platform to support increasingly refined operational management. By analyzing historical data such as outpatient volume peaks, disease distribution and drug consumption, we aim to enable accurate demand forecast and analysis to optimize staff scheduling, medical supply procurement and equipment utilization efficiency. In addition, we plan to improve public medical insurance compliance oversight by integrating medical knowledge graphs and DRG/DIP-based payment rules into our data platform. This will support the optimization of diagnosis and treatment pathways, along with real-time cost monitoring and early warning of overruns. We also intend to establish a cloud-based medical imaging system so that physicians of our and other medical institutions can jointly view the results online to facilitate more accurate and efficient diagnosis, and integrate AI technologies in medical imaging analysis to assist physicians with preliminary screenings and reduce the risk of missed diagnoses.

Diversify our payment and settlement structure to support accessibility and commercial sustainability

We plan to further diversify our payment and settlement mechanisms to create a balanced and diversified payment structure combining public medical insurance reimbursements, commercial insurance reimbursements and out-of-pocket payments.

In particular, we intend to increase the contribution from commercial insurance reimbursements by introducing VIP clinics at selected medical institutions and progressively rolling them out across our network. Additionally, we plan to establish commercial insurance customer service and operations team to support the payment and settlement process. We also plan to collaborate with commercial insurance providers to launch tailored products for specific patient groups, such as high-income individuals and those with chronic diseases, and for designated service offerings, including premium health screening, international medical services and specialized treatment such as ophthalmology. These products are intended to facilitate integrated settlement of outpatient, inpatient and pharmaceutical expenses under both public and commercial insurance.

To further improve reimbursement experience and reduce the administrative burden for our patients, we plan to improve our data governance system according to the technical requirements of commercial insurance providers and third-party administrators (TPAs) to enhance integration, connectivity and utilization. As such, patients will be able to initiate insurance claims during hospitalization and settle both public and commercial insurance payments at discharge. Claims can be submitted online, streamlining the reimbursement process and enhancing convenience. We anticipate these measures will not only improve patient experience but also contribute to the financial sustainability of our operations.

OUR NETWORK OF INTEGRATED HEALTHCARE AND ELDERCARE SERVICES

As a recognized provider of integrated healthcare and eldercare services in North China, we provide coordinated services including disease prevention, diagnosis and treatment, chronic disease management, rehabilitation and long-term nursing care for middle-aged and elderly people. We have pioneered a unique “basic generality with strong specialties (小綜合+大專科)” model, which ensures the accessibility of medical services through comprehensive departments while equipping our medical institutions with distinct advantages in specialty medical areas, such as oncology, traditional Chinese medicine, rehabilitation, ophthalmology, pain management and nephrology, to better accommodate the patient needs in our communities. We have designed differentiated market positionings for our medical institutions and dynamically adapt our specialty clinical departments in response to the needs of the surrounding patients. Our community-based approach combines clinical expertise with personalized care solutions, creating an interconnected ecosystem that bridges outpatient services with inpatient care, institutional treatment with home-based support, and acute interventions with ongoing maintenance. As such, we can further enable quality healthcare truly neighborhood-accessible while addressing the complex needs of aging populations through integrated coordination of healthcare and eldercare.

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Notably, beyond our healthcare operations, we have further developed services that broaden our integrated healthcare and eldercare services portfolio. We have tailored our approach to address the unique needs of aging populations in North China. This foundation has informed the development of our coordinated system for integrated healthcare and eldercare services, guiding our proficiency in complex nursing and care. Our services cover post-stroke recovery, dementia, chronic illnesses, and terminal diseases, with advanced expertise in managing dialysis and tube/catheter dependencies. Additionally, we extend our services beyond facilities through flexible service options including home visits and hourly nursing support, all provided by a team of qualified nursing staff trained in standardized clinical protocols for both daily living assistance and continuous health monitoring. These nursing staff are also available for full-time onsite deployment at our medical institutions, ensuring consistent care continuity with integrated quality control. In 2024, we strategically invested in a nursing service company, Puxiang Chunhui, which offers integrated medical and nursing services for the aging population across multiple locations in Beijing, thereby furthering our nursing care capabilities.

We provide a full cycle of integrated healthcare and eldercare services to patients through our self-owned medical institutions. In addition, as part of our network, we manage and operate a number of medical institutions pursuant to management agreements, and hold minority interests in select medical institutions. As of the Latest Practicable Date, we had a network of 13 medical institutions. Specifically, we (1) own and operate six private for-profit medical institutions, (2) manage four private not-for-profit medical institutions and one private for-profit medical institution, and (3) invest in two private for-profit medical institutions. By leveraging our expertise and resources, we aim to improve operational efficiencies and support the growth of our in-network medical institutions while fostering collaboration and synergy to ensure a treatment and care continuum for our patients. With respect to the two invested medical institutions, our role is limited to that of a financial investor. We do not participate in their day-to-day operations, nor do we engage in their management or decision-making processes, and we do not exercise control or decisive influence over their governance. Our involvement, if any, is confined to strategic-level communications customary for minority investments, in accordance with applicable laws and contractual arrangements. During the Track Record Period and up to the Latest Practicable Date, we had not owned or managed any internet hospitals, or provided any internet medical services.

Moving forward, our strategic expansion is anchored in a meticulously planned regional development framework that leverages Beijing’s position as China’s premier healthcare hub while systematically strengthening our integrated service network across North China. Our current footprint demonstrates exceptional market penetration, with each medical institution effectively serving a catchment area of approximately 150,000 residents within a short three-kilometer radius. Capitalizing on our established market position, we are implementing a strategic regional expansion focused on North China and Yangtze River Delta in the near term. See “— Growth Strategies — Strategically expand our geographic footprint in and beyond mainland China and pursue long-term growth opportunities.”

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The following table sets forth a summary of our network of medical institutions as of December 31, 2025.

No.	Medical institution	Nature	Location	GFA (sq. m.)	Self-established/ acquired	Date of commencement of operations ⁽¹⁾	Number of full-time physicians	Number of multi-site practice physicians	Number of other medical professionals ⁽²⁾	Registered beds	Outpatient/ Inpatient services
Self-owned											
1. .	Beijing Puxiang Chinese Medicine Oncology Hospital (北京普祥中醫腫瘤醫院)	Class II specialty hospital	Beijing	14,908	Self-established	June 2006	36	8	90	200	Outpatient and inpatient services
2. .	Beijing Puxiang Traditional Chinese Medicine Hospital (北京普祥中醫醫院)	Class II general hospital	Beijing	6,956	Acquired	July 2022	37	87	105	85	Outpatient and inpatient services
3. .	Beijing Dashanzi Puxiang Traditional Chinese Medicine Hospital (北京大山子普祥中醫醫院)	Class I general hospital	Beijing	1,706	Self-established	March 2005	23	22	34	38	Outpatient and inpatient services
4. .	Beijing Dahuangzhuang Hospital (北京大黃莊醫院)	Class I general hospital	Beijing	3,596	Acquired	November 2019	27	16	39	70	Outpatient and inpatient services
5. .	Beijing Zhonglian Yanlong Hospital (北京中聯燕龍醫院)	Class I general hospital	Beijing	2,746	Acquired	August 2020	15	21	27	35	Outpatient and inpatient services
6. .	Tianjin Jinan District Davi Renren Outpatient Center (天津市津南區大醫仁仁門診所)	Outpatient center ⁽⁴⁾	Tianjin	373	Acquired	April 2019	7	1	5	N/A	Outpatient services only
Managed											
7. .	Beijing Daxing District Xingtao Community Healthcare Service Center (北京市大興區興壽社區衛生服務站)	Community healthcare center ⁽⁴⁾	Beijing	450	N/A	January 2013	8	20	25	N/A	Outpatient services only
8. .	Beijing Harmonious Integrative Traditional Chinese and Western Medicine Hospital (北京和諧中西醫結合醫院)	Class I integrative traditional Chinese and Western medicine hospital	Beijing	4,748	N/A	December 2020	12	4	59	93	Outpatient and inpatient services
9. .	Beijing Fengtai Yikang Hospital (北京豐台怡康醫院)	Class I general hospital	Beijing	1,888	N/A	January 2022	29	16	35	20	Outpatient and inpatient services

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No.	Medical institution	Nature	Location	GFA (sq.m.)	Self-established/ acquired	Date of commencement of operations ⁽¹⁾	Number of full-time physicians	Number of multi-site practice physicians	Number of other medical professionals ⁽²⁾	Registered beds	Outpatient/ Inpatient services
10	Beijing Daxing District Tongxin Jiayuan Community Healthcare Service Center (北京市大興區佟馨家園社區衛生服務站)	Community healthcare center ⁽⁴⁾	Beijing	345	N/A	January 2022	8	7	11	N/A	Outpatient services only
11	Gu an Puxiang Hospital (固安普祥醫院)	Class I general hospital	Langfang, Hebei	4,005	N/A	April 2021	17	9	18	80	Outpatient and inpatient services
Invested⁽³⁾											
12	Beijing Puxiang Ophthalmology Hospital (北京普祥眼科醫院)	Non-graded specialty hospital	Beijing	4,162	N/A	June 2023	6	3	27	49	Outpatient and inpatient services
13	Beijing Puxiang Ankang Traditional Chinese Medicine Hospital (北京普祥安康中醫醫院)	Class I general hospital	Beijing	800	N/A	May 2025	7	20	13	20	Outpatient and inpatient services

Notes:

- (1) For our self-established medical institutions, the date of commencement of operations refers to the date when the medical institution obtained the relevant Medical Institution Practicing License or the business license (whichever is later). For acquired or invested medical institutions, the date of commencement of operations refers to the date of our acquisition of majority interest or investment. For managed medical institutions, the date of commencement of operations refers to the date when we entered into a medical institution management agreement with the medical institution.
- (2) Number of other medical professionals includes primarily nurses, pharmacists, radiographers and laboratory technicians.
- (3) We hold 5% of the equity interests in Puxiang Ophthalmology Hospital, and Puxiang Consulting, which is owned by Ms. Bian and Mr. Xu as to 99% and 1%, respectively, holds an additional 10.1% of the equity interests. We hold 17% of the equity interests in Beijing Puxiang Ankang Traditional Chinese Medicine Hospital.
All other registered shareholders of Puxiang Ophthalmology Hospital and Beijing Puxiang Ankang Traditional Chinese Medicine Hospital are Independent Third Parties. As we do not have control over these two medical institutions, their operating results are not consolidated into our financial statements.
- (4) Under applicable PRC laws and regulations, an outpatient center generally refers to a medical institution that focuses on outpatient diagnosis and treatment. A community healthcare center is a primary-level medical institution that, in addition to basic outpatient services, is designated to provide community-based basic medical care and public health services to residents in its catchment area, such as health education, chronic disease management and preventive care.

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During the Track Record Period, we generated revenue primarily from (1) integrated healthcare and eldercare business and (2) supply of medical equipment and consumables. Specifically, in our integrated healthcare and eldercare segment, we generate revenue from operating our self-owned medical institutions and providing inpatient and outpatient services, and from managing and operating, and receiving management fees from managed medical institutions. We also supply medical equipment and consumables to both our managed medical institutions and other medical institutions and generate revenue therefrom, thereby extending our integrated healthcare and eldercare value chain with a view to enhancing service continuity and optimizing supply chain synergies. The following table sets forth a breakdown of our revenue (in an absolute amount and as a percentage of our total revenue), gross profit and gross profit margin by business lines for the periods indicated.

Year ended December 31,												
2023				2024				2025				
Revenue		Gross Profit	Gross Profit Margin	Revenue		Gross Profit	Gross Profit Margin	Revenue		Gross Profit	Gross Profit Margin	
RMB	%	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%	
<i>(in thousands, except for percentages)</i>												
Integrated healthcare and eldercare business												
Inpatient and outpatient services . .	400,356	94.9	80,940	20.2	469,917	93.9	99,272	21.1	435,662	92.4	84,759	19.5
Medical institution management services .	9,422	2.2	9,012	95.6	11,330	2.3	9,791	86.4	14,920	3.2	12,131	81.3
Subtotal	409,778	97.1	89,952	22.0	481,247	96.2	109,063	22.7	450,582	95.6	96,890	21.5
Supply of medical equipment and consumables												
	12,136	2.9	4,905	40.4	19,180	3.8	8,396	43.8	20,841	4.4	8,818	42.3
Total	421,914	100.0	94,857	22.5	500,427	100.0	117,459	23.5	471,423	100.0	105,708	22.4

OUR INTEGRATED HEALTHCARE AND ELDERCARE BUSINESS

Our Self-owned Medical Institutions

We have established or acquired six self-owned medical institutions, enabling us to provide the full spectrum of integrated healthcare and eldercare services, serving the broad patient bases in North China. In 2023, 2024 and 2025, revenue generated from integrated healthcare and eldercare services provided by our self-owned medical institutions was RMB400.4 million, RMB469.9 million and RMB435.7 million, respectively, representing 94.9%, 93.9% and 92.4% of our total revenue for the same periods, respectively.

As representative examples of our operations, we provide below detailed disclosures on three of our self-owned medical institutions, selected based on their significant revenue contribution, operational scale, and strategic importance to our growth. The selected medical institutions in aggregate contributed 69.4%, 73.2% and 74.9% of our total revenue in 2023, 2024 and 2025, respectively.

Beijing Puxiang Chinese Medicine Oncology Hospital (北京普祥中醫腫瘤醫院)

Beijing Puxiang Chinese Medicine Oncology Hospital, or Puxiang Oncology Hospital, commenced operations in June 2006 and has since been developed into a prominent Class II specialty hospital distinguished by its unique integration of traditional Chinese medicine (“TCM”) with modern oncology practices. As of December 31, 2025, Puxiang Oncology Hospital occupied a total floor area exceeding 14,000 square meters and maintained a capacity of 200 inpatient beds. Puxiang Oncology Hospital is committed to providing comprehensive oncology care that combines advanced medical treatments with specialized nursing services, rehabilitation therapies, and psychological support.

With a patient-centered approach, Puxiang Oncology Hospital combines time-honored TCM therapies with advanced Western medical technologies to provide comprehensive, individualized care for cancer patients. Recognizing cancer as a chronic condition requiring long-term management, we have developed specialized programs for extended disease management, incorporating continuous monitoring, personalized rehabilitation plans, and integrative treatment

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adjustments throughout the patient journey. This chronic disease management model, combined with our team of experienced TCM physicians and oncology specialists working in synergy, has established Puxiang Oncology Hospital as a trusted medical institution in TCM oncology.

Puxiang Oncology Hospital offers a full spectrum of services, including early-stage cancer prevention, integrative treatment for mid-to-late-stage malignancies, pain and symptom management, and post-treatment rehabilitation, through its two core departments of Oncology and TCM. Its oncology department features comprehensive diagnostic and therapeutic support facilities, including our specialized nuclear medicine center and radiation therapy center, one of the notable nuclear medicine radiotherapy facilities in Daxing district, Beijing, along with advanced medical imaging equipment such as PET-CT scanners, CT machines, MRI systems, and ultrasound equipment. By leveraging the strengths of both TCM and Western medicine and equipment, we aim to improve treatment efficacy and reduce side effects for our patients.

Furthermore, Puxiang Oncology Hospital delivers specialized end-of-life oncology care that integrates palliative medicine with comprehensive nursing and TCM therapy services. Our therapeutic approach combines TCM symptom management with Western pain control protocols, supported by around-the-clock specialized nursing care, rehabilitation therapies, and psychological counseling, ensuring terminal patients receive medically sophisticated yet compassionate care that preserves dignity and maximizes quality of life throughout their final stages.

Beijing Puxiang Traditional Chinese Medicine Hospital (北京普祥中醫院)

Beijing Puxiang Traditional Chinese Medicine Hospital, or Puxiang TCM Hospital, was acquired by us in July 2022 and has since been developed into a comprehensive Class II TCM hospital integrating medical treatment, scientific research, disease prevention, healthcare, and rehabilitation services. Puxiang TCM hospital, situated in Haidian district, Beijing, occupies approximately 6,500 square meters.

At the time of acquisition, the hospital as a whole was operating at a loss with limited operational scale. Following a thorough analysis of the local market, we implemented a comprehensive rebranding strategy. Puxiang TCM Hospital has undergone a strategic clinical transformation, evolving into a multi-disciplinary medical institution to include core departments such as TCM physical therapy, stomatology, surgery, rehabilitation medicine, ophthalmology and gastroenterology endoscopy center. Specifically, Puxiang TCM Hospital has further enhanced its service capabilities through the establishment of a technologically advanced surgical center, a cutting-edge medical rehabilitation center supported by innovative digital healthcare infrastructure including a cloud-based imaging platform and intelligent ECG monitoring system, and a gastrointestinal endoscopy center, where it also carries out diagnostic and treatment services for gastroenterology department. Its surgical center features five laminar flow operating rooms with varying cleanliness standards to support diverse surgical procedures. It also operates 85 inpatient beds including VIP wards, all equipped with private bathrooms. To ensure quality services, Puxiang TCM Hospital has assembled an elite medical team comprising senior specialists from recognized tertiary hospitals across multiple disciplines.

To date, Puxiang TCM Hospital has established itself as a trusted medical institution in specialized disciplines, with TCM, rehabilitation and ophthalmology serving as core academic pillars. Our pain management center has experienced rapid growth and emerged as one of the fastest-growing specialty departments at our institution. Such solid academic structure reinforces our initiative of “basic generality with strong specialties,” creating an integrated clinical system where our TCM therapies synergize effectively with modern rehabilitation techniques and our interdisciplinary pain management protocols combine acupuncture with contemporary treatment methods. Notably, our optimized revenue structure demonstrates strong market positioning, with nearly equal reliance on public insurance reimbursements and revenue generated from self-pay services for Puxiang TCM Hospital in 2024, which reflects both the broad accessibility of our specialized care offerings and the high value patients attribute to them.

Through strategic resource integration and operational optimization, Puxiang TCM Hospital achieved remarkable financial performance in 2024, with the annual revenue reaching RMB149.9 million and the net profit of RMB9.3 million, and continued to record solid performance in 2025. This successful transformation has established a replicable model for our future growth, validating our integration and operational capabilities in executing strategic investments and acquisitions. See “— Our Historical Acquisitions and Future Expansion” for details.

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Beijing Dahuangzhuang Hospital (北京大黃莊醫院)

Beijing Dahuangzhuang Hospital, or Dahuangzhuang Hospital, a Class I general hospital, was acquired by us in November 2019. As an accredited medical institution, the hospital spans more than 3,000 square meters and offers a wide range of clinical and diagnostic services, including general practice, internal medicine, surgery, gynecology and obstetrics, traditional Chinese medicine, dentistry, otolaryngology, medical laboratory testing, and medical imaging. Dahuangzhuang Hospital also features a fully equipped inpatient department with 70 beds, aiming to deliver essential medical treatment, preventive care, and health management services to approximately 200,000 local residents in Chaoyang district, Beijing.

Recognized by the Beijing Municipal Health Commission as an “Elderly-friendly Medical Institution,” Dahuangzhuang Hospital has strategically tailored its clinical services to meet the needs of aging populations. Our geriatric-focused organizational structure features specialized departments including nephrology — with a dedicated renal dialysis center providing critical support for middle-aged and elderly patients — along with stomatology and rehabilitation medicine services specifically designed for elderly care needs. This is further enhanced by our dedicated nursing care team that delivers integrated healthcare and daily support services, ensuring consistent continuity of care throughout treatment, recovery and maintenance phases.

Dahuangzhuang Hospital places patients at the core of its practice, supported by a team of experienced healthcare professionals and a well-structured management framework. In its role as a vital community-based integrated healthcare and eldercare provider, Dahuangzhuang Hospital has undertaken continuous upgrades to its infrastructure and services, such as strategic enhancements in specialized departments, particularly TCM and rehabilitation services. The hospital maintains a clean, modern environment and benefits from a convenient location, with easy access to nearby neighborhoods and public transportation.

The following table sets forth certain key operating metrics of our self-owned medical institutions for the periods or as of the dates indicated.

	As of/For the year ended December 31,		
	2023	2024	2025
<i>Beijing Puxiang Chinese Medicine Oncology Hospital (北京普祥中醫腫瘤醫院)</i>			
Outpatient visits (thousands)	19.5	24.2	17.6
Inpatient visits (thousands)	2.1	2.1	1.7
Registered beds	200	200	200
Occupancy rate of registered beds	103.8% ⁽¹⁾	94.7%	90.7%
Surgeries	N/A	N/A	N/A
Average spending per outpatient visit (RMB) . . .	2,423.1	2,987.6	3,567.3
Average spending per inpatient visit (RMB)	40,139.4	41,841.1	43,183.8
Average length of stay per inpatient visit (days) .	34.0	34.0	38.1
<i>Beijing Puxiang Traditional Chinese Medicine Hospital (北京普祥中醫醫院)</i>			
Outpatient visits (thousands)	50.9	76.7	86.3
Inpatient visits (thousands)	1.5	2.2	2.1
Registered beds	85	85	85
Occupancy rate of registered beds	69.8%	83.4%	87.2%
Surgeries	1,732	2,320	2,237
Average spending per outpatient visit (RMB) . . .	1,284.8	1,241.9	1,346.1
Average spending per inpatient visit (RMB)	27,395.6	24,851.3	24,562.2
Average length of stay per inpatient visit (days) .	14.7	12.8	13.8
<i>Beijing Dashanzi Puxiang Traditional Chinese Medicine Hospital (北京大山子普祥中醫醫院)</i>			
Outpatient visits (thousands)	77.2	75.2	59.5
Inpatient visits (thousands)	0.3	0.4	0.4
Registered beds	38	38	38
Occupancy rate of registered beds	70.0%	73.1%	73.3%
Surgeries	N/A	N/A	N/A
Average spending per outpatient visit (RMB) . . .	577.2	562.6	665.8
Average spending per inpatient visit (RMB)	33,518.0	27,501.8	26,440.8
Average length of stay per inpatient visit (days) .	32.6	26.3	27.3

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	As of/For the year ended December 31,		
	2023	2024	2025
Beijing Dahuangzhuang Hospital (北京大黃莊醫院)			
Outpatient visits (thousands)	59.9	52.8	58.4
Inpatient visits (thousands)	1.0	0.9	0.9
Registered beds	70	70	70
Occupancy rate of registered beds	87.5%	93.8%	90.3%
Surgeries	N/A	N/A	N/A
Average spending per outpatient visit (RMB)	551.3	618.3	526.2
Average spending per inpatient visit (RMB)	20,684.2	25,676.0	23,449.3
Average length of stay per inpatient visit (days)	34.4	31.1	33.4
Beijing Zhonglian Yanlong Hospital (北京中聯燕龍醫院)			
Outpatient visits (thousands)	45.6	47.1	44.6
Inpatient visits (thousands)	0.1	0.2	0.2
Registered beds	20	35	35
Occupancy rate of registered beds	53.1%	50.7%	39.3%
Surgeries	N/A	N/A	N/A
Average spending per outpatient visit (RMB)	594.9	567.0	520.4
Average spending per inpatient visit (RMB)	29,694.4	27,297.3	26,916
Average length of stay per inpatient visit (days)	31.9	32.8	29.6
Tianjin Jinnan District Dayi Renren Outpatient Center (天津市津南區大醫仁仁門診部)			
Outpatient visits (thousands)	7.9	9.0	8.1
Inpatient visits (thousands)	N/A	N/A	N/A
Registered beds	N/A	N/A	N/A
Occupancy rate of registered beds	N/A	N/A	N/A
Surgeries	N/A	N/A	N/A
Average spending per outpatient visit (RMB)	323.6	319.0	233.6
Average spending per inpatient visit (RMB)	N/A	N/A	N/A
Average length of stay per inpatient visit (days)	N/A	N/A	N/A
Tangshan Weikang Hospital (唐山維康醫院)⁽²⁾			
Outpatient visits (thousands)	2.5	3.4	1.1
Inpatient visits (thousands)	1.5	1.6	0.3
Registered beds	90	90	90
Occupancy rate of registered beds	84.6%	77.9%	35.8%
Surgeries	N/A	N/A	N/A
Average spending per outpatient visit (RMB)	380.7	456.5	418.6
Average spending per inpatient visit (RMB)	6,541.6	4,726.7	4,819.5
Average length of stay per inpatient visit (days)	18.2	16.5	14.4
Tangshan Puxiang Traditional Chinese Medicine Hospital (唐山普祥中醫醫院)⁽²⁾			
Outpatient visits (thousands)	6.0	7.0	3.5
Inpatient visits (thousands)	1.6	1.6	0.4
Registered beds	79	79	79
Occupancy rate of registered beds	82.0%	80.5%	44.8%
Surgeries	N/A	N/A	N/A
Average spending per outpatient visit (RMB)	260.6	169.8	133.3
Average spending per inpatient visit (RMB)	5,206.8	4,372.3	4,563.4
Average length of stay per inpatient visit (days)	14.0	13.2	12.7

Notes:

- (1) The occupancy rate of registered beds of Puxiang Oncology Hospital exceeded 100% in 2023 due to the addition of temporary beds to satisfy patient demands during peak patient periods, which we believe was in line with our social responsibilities. We have been advised by our PRC Legal Advisor that current PRC laws and regulations do not explicitly state that setting up temporary beds at the requests of patients constitutes a violation of the relevant PRC laws and regulations. Given that (i) Puxiang Oncology Hospital passed the medical institution inspection conducted by competent health authorities according to PRC laws during the Track Record Period; and (ii) as of the Latest Practice Date, no administrative penalty had ever been imposed on us for the over-utilization of registered beds, our PRC Legal Advisor is of the view that the fact that Puxiang Oncology Hospital set up temporary beds at the requests of our patients in 2023 will not have a material adverse impact on our operations.
- (2) The key operating metrics of Tangshan Hospitals as of/for the year ended December 31, 2025 reflect the results as of/for the six months ended June 30, 2025, as we strategically disposed of our equity interests in Tangshan Hospitals in June 2025.

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- We recorded gross losses at Tianjin Outpatient Center throughout the Track Record Period, primarily because of its small operating scale, which resulted in limited revenue generation that was insufficient to cover its cost of sales. In addition, the operating performance of Tianjin Outpatient Center was further adversely affected in 2025 amid the general economic slowdown.
- We recorded a gross loss margin of 97.5% at Tangshan Weikang Hospital in 2025, as compared to a gross profit margin of 5.4% in 2024, primarily due to a decline in revenue following our strategic re-alignment in the Tangshan market. Having assessed the regional market as lacking significant growth opportunities for us, and concluded that the Tangshan market no longer aligned with our strategic focus, we gradually scaled down the operations of Tangshan Hospitals. In June 2025, we strategically disposed of our equity interests in Tangshan Weikang Hospital, along with its wholly-owned subsidiary, Tangshan Puxiang TCM Hospital, 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. The financial performance of these medical institutions for the year ended December 31, 2025 reflect the results for the six months ended June 30, 2025. See “History, Reorganization and Corporate Structure — Acquisition and Disposal — Disposals of Tangshan Hospitals.”

The following table sets forth a breakdown of the revenue, gross profit, gross profit margin and operating profit of our self-owned medical institutions by medical institution classification for the periods indicated.

	2023			2024			2025					
	Gross Profit	Gross Profit Margin	Operating Profit*	Revenue	Gross Profit	Gross Profit Margin	Operating Profit*	Revenue	Gross Profit	Gross Profit Margin	Operating Profit*	
	RMB	%	RMB	RMB	RMB	%	RMB	RMB	RMB	%	RMB	
				(in thousands, except for percentages)								
Class II hospital	239,188	42,988	18.0	26,366	310,683	62,959	20.3	45,661	301,179	54,519	18.1	38,525
Class I hospital	158,758	28,948	18.2	2,845	156,502	25,433	16.3	353	132,683	19,101	14.4	2,457
Outpatient center	2,410	(894)	(37.1)	(1,080)	2,732	(685)	(25.1)	(1,084)	1,800	(933)	(51.8)	(1,756)
Total	400,356	71,042	17.7	28,131	469,917	87,707	18.7	44,930	435,662	72,687	16.7	39,226

Note:

* "Operating profit" refers to profit from our operating activities and excludes finance costs, income tax and other non-operating items.

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The following table sets forth a breakdown of our revenue of our self-owned medical institutions by specialty, patient nature and patient age group, each in an absolute amount and as a percentage of our revenue generated from our self-owned medical institutions, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
<i>By specialty</i>						
TCM	102,625	25.6	126,931	27.0	117,706	27.0
Internal medicine	116,029	29.0	114,632	24.4	100,851	23.1
Dermatology	17,583	4.4	17,538	3.7	17,052	3.9
Oncology	54,982	13.7	82,940	17.6	73,703	16.9
Surgery	33,323	8.3	38,760	8.2	31,214	7.2
Dentistry	12,981	3.2	13,626	2.9	16,376	3.8
Orthopedics	15,150	3.8	16,467	3.5	8,628	2.0
Ophthalmology	15,072	3.8	16,643	3.5	19,599	4.5
Nephrology	6,257	1.6	6,815	1.5	6,865	1.6
Rehabilitation medicine . .	12,709	3.2	20,002	4.3	20,255	4.6
Pain management	4,655	1.2	5,708	1.2	5,267	1.2
Others ⁽¹⁾	8,990	2.2	9,855	2.2	18,147	4.2
Total	400,356	100.0	469,917	100.0	435,662	100.0
<i>By patient nature</i>						
Inpatient	178,192	44.5	195,359	41.6	160,311	36.8
Outpatient	222,164	55.5	274,558	58.4	275,351	63.2
Total	400,356	100.0	469,917	100.0	435,662	100.0
<i>By patient age group⁽²⁾</i>						
Elderly patients	234,069	58.5	270,000	57.4	244,275	56.1
Middle-aged patients	104,054	26.0	123,913	26.4	113,070	26.0
Other patients	62,233	15.5	76,004	16.2	78,318	18.0
Total	400,356	100.0	469,917	100.0	435,662	100.0

Notes:

- (1) Others primarily include medical aesthetics, gynecology, and gastroenterology.
- (2) Elderly patients, middle-aged patients and other patients represent patients who are over 60 years old, between 40 and 60 years old and below 40 years old, respectively.

Our Medical Institution Management Services

We currently manage and operate, and receive management fees from, five medical institutions, including Beijing Harmonious Integrative Traditional Chinese and Western Medicine Hospital (“Harmonious Integrative Hospital”), which operates as a private for-profit entity, along with four non-profit entities including Beijing Fengtai Yikang Hospital, Gu’an Puxiang Hospital, Tongxin Jiayuan Service Center and Beijing Daxing District Xingtiao Community Healthcare Service Center (“Daxing Xingtiao Service Center”). As of the Latest Practicable Date, all of our managed medical institutions were Medical Insurance Designated Medical Institutions.

Through these managed medical institutions, we deliver integrated healthcare and eldercare services tailored to the needs of aging populations. Our facilities offer coordinated care including chronic disease management, rehabilitation therapies, and long-term nursing support. Details of each of our managed medical institutions are set forth as below.

Daxing Xingtiao Service Center. Daxing Xingtiao Service Center is a non-profit community healthcare center located in Daxing district, Beijing. It primarily serves surrounding community residents, with a patient base mainly consisting of middle-aged and elderly individuals. The service center focuses on primary healthcare services, chronic disease management and basic diagnostic services within the community setting. The key specialties of Daxing Xingtiao Service Center include internal medicine, traditional Chinese medicine and medical laboratory services.

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Harmonious Integrative Hospital. Harmonious Integrative Hospital is a private for-profit Class I integrative traditional Chinese and western medicine hospital located in Chaoyang district, Beijing. It primarily serves patients from surrounding communities who require rehabilitation and long-term functional recovery, including elderly patients and individuals recovering from surgery, stroke or chronic illnesses. The hospital focuses on providing structured rehabilitation programs supported by multi-disciplinary medical teams, with an emphasis on improving patients’ mobility, functional independence and quality of life. The key specialty of Harmonious Integrative Hospital is rehabilitation medicine.

Beijing Fengtai Yikang Hospital. Beijing Fengtai Yikang Hospital is a non-profit Class I general hospital located in Fengtai district, Beijing. It primarily serves surrounding community residents, with a patient base mainly consisting of middle-aged and elderly individuals. The hospital focuses on providing basic outpatient medical services and inpatient care, with an emphasis on traditional Chinese medicine-based treatments and rehabilitation services. The key specialties of Beijing Fengtai Yikang Hospital include traditional Chinese medicine, dentistry, health examination services, internal medicine, rehabilitation medicine and inpatient services.

Tongxin Jiayuan Service Center. Tongxin Jiayuan Service Center is a non-profit community healthcare center located in Daxing district, Beijing. It primarily serves nearby community residents, with a patient base mainly consisting of middle-aged and elderly individuals. The service center provides primary medical services, preventive healthcare and basic diagnostic support to meet routine community healthcare needs. The key specialties of Tongxin Jiayuan Service Center include internal medicine, traditional Chinese medicine and medical laboratory services.

Gu’an Puxiang Hospital. Gu’an Puxiang Hospital is a non-profit Class I general hospital located in Langfang, Hebei province. It primarily serves residents in the community and nearby areas, with a patient population mainly comprising middle-aged and elderly residents. The hospital provides basic medical and rehabilitation services, integrating traditional Chinese and western medicine, and focuses on routine diagnosis and treatment of common diseases. The key specialties of Gu’an Puxiang Hospital include traditional Chinese medicine, internal medicine, surgery (primarily rehabilitation-related and basic surgical procedures), dentistry, health examination services, ophthalmology and rehabilitation medicine. Gu’an Puxiang Hospital also features dedicated eldercare beds specifically designed for geriatric patients requiring specialized long-term support.

The following table sets forth certain key operating metrics of our managed medical institutions for the periods indicated.

	As of/For the year ended December 31,		
	2023	2024	2025
Beijing Daxing District Xingtao Community Healthcare Service Center (北京市大興區興濤社區衛生服務站)			
Outpatient visits (thousands)	81.5	86.1	78.2
Inpatient visits	N/A	N/A	N/A
Registered beds	N/A	N/A	N/A
Occupancy rate of registered beds	N/A	N/A	N/A
Surgeries	N/A	N/A	N/A
Average spending per outpatient visit (RMB)	490.6	483.5	478.0
Average spending per inpatient visit (RMB)	N/A	N/A	N/A
Average length of stay per inpatient visit (days) .	N/A	N/A	N/A
Management fees paid to us (RMB’000)	2,904	1,867	2,425
Beijing Harmonious Integrative Traditional Chinese and Western Medicine Hospital (北京和諧中西醫結合醫院)			
Outpatient visits (thousands)	4.8	4.9	2.8
Inpatient visits	548	521	432
Registered beds	55	74	93
Occupancy rate of registered beds	99.9%	98.4%	95.1%
Surgeries	N/A	N/A	N/A
Average spending per outpatient visit (RMB)	993.2	582.8	664.1
Average spending per inpatient visit (RMB)	97,822.2	104,356.2	113,723.8
Average length of stay per inpatient visit (days) . .	54.5	87.8	79.6
Management fees paid to us (RMB’000)	1,887	2,642	3,019

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	As of/For the year ended December 31,		
	2023	2024	2025
Beijing Fengtai Yikang Hospital (北京豐台怡康醫院)			
Outpatient visits (thousands)	33.7	49.1	55.9
Inpatient visits	192	234	155
Registered beds	20	20	20
Occupancy rate of registered beds	77.0%	89.0%	64.0%
Surgeries	N/A	N/A	N/A
Average spending per outpatient visit (RMB)	583.8	634.2	586.0
Average spending per inpatient visit (RMB)	28,179.2	25,278.8	24,398.2
Average length of stay per inpatient visit (days)	28.9	27.9	30.1
Management fees paid to us (RMB'000)	3,774	3,774	3,774
Beijing Daxing District Tongxin Jiayuan Community Healthcare Service Center (北京市大興區佟馨家園社區衛生服務站)			
Outpatient visits (thousands)	20.8	35.4	36.3
Inpatient visits	N/A	N/A	N/A
Registered beds	N/A	N/A	N/A
Occupancy rate of registered beds	N/A	N/A	N/A
Surgeries	N/A	N/A	N/A
Average spending per outpatient visit (RMB)	371.5	402.1	430.0
Average spending per inpatient visit (RMB)	N/A	N/A	N/A
Average length of stay per inpatient visit (days)	N/A	N/A	N/A
Management fees paid to us (RMB'000)	–	303	425
Gu'an Puxiang Hospital (固安普祥醫院)			
Outpatient visits (thousands)	33.1	31.2	35.0
Inpatient visits	14	74	6
Registered beds	50	80	80
Occupancy rate of registered beds	0.2%	2.6%	0.4%
Surgeries	N/A	N/A	N/A
Average spending per outpatient visit (RMB)	340.7	409.9	334.4
Average spending per inpatient visit (RMB)	1,384.5	7,507.3	4,370.7
Average length of stay per inpatient visit (days)	0.8	12.5	6.1
Management fees paid to us (RMB'000)	765	1,273	1,271

We have entered into a medical institution management agreement with each of our managed institutions, with terms expiring between 2027 and 2033, subject to priority renewal upon negotiation prior to expiry. In 2022, one of our then managed medical institutions terminated its management agreement with us due to its acquisition by a third-party hospital management group, and compensated us as stipulated in the agreement. Aside from this, during the Track Record Period and up to the Latest Practicable Date, neither we nor any of our managed medical institutions have terminated or materially breached these management agreements.

As advised by our PRC Legal Advisor, each of our management agreements is valid, binding, and enforceable under applicable PRC laws and regulations during its entire term of effectiveness. Set forth below are key contractual terms in our agreements with our managed medical institutions:

- **Service term.** The agreement is valid typically for 10 years, with exclusivity. We have priority renewal rights under the same conditions.
- **Scope of services.** We provide comprehensive management support and dispatch management teams and medical experts to improve the managed medical institution's technology, human resources, medical resources, management systems, etc. Such support includes advising on the establishment and standardization of management systems, including internal policies and procedures for clinical operations, quality control, procurement, staff training, performance assessment and daily medical institution administration. We make available clinical technology, expert resources, and training opportunities to the managed medical institution. In addition, we help the managed medical institution improve its information systems and provide related technical support. We also provide services in category selection, commercial negotiation, and order management for procurement of pharmaceuticals, medical consumables, and medical equipment.
- **Service fee.** Our management fees typically represent 5% to 15% of the managed medical institution's annual gross revenues, subject to negotiation based on its annual operating conditions. The service fee is charged annually.

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- ***Rights and obligations of managed medical institution.*** The managed medical institution shall guarantee its legal status and ability to enter into and perform the agreement, and ensure our management rights and pay service fees on time. In addition, the managed medical institution shall disclose existing debts and other matters affecting its operations.
- ***Our rights and obligations.*** We are entitled to management fees under the agreement. We shall urge the managed medical institution to comply with laws and regulations and improve employee benefits. We must not engage in acts harmful to the managed medical institution’s interests or reputation. We shall not bear the managed medical institution’s debts unless due to our own illegal acts, willful misconduct or gross negligence.
- ***Modification, termination and cancellation.*** Neither party may unilaterally modify, terminate, or cancel the agreement without consensus or legal grounds. We may terminate the agreement due to changes in laws or failure to obtain necessary approvals, and the managed medical institution shall pay the outstanding service fees.

We implement a dynamic management fee framework for the medical institutions under our management, taking into account each institution’s stage of development, operating scale and financial performance. During the Track Record Period and up to the Latest Practicable Date, the applicable charging basis for each managed medical institution was determined pursuant to the relevant management agreement, and may be adjusted from time to time upon mutual agreement to reflect its current status and service requirements. Our management fees were generally determined based on one of the following two charging bases.

First, for certain managed medical institutions, the management fees charged by us during the relevant period are determined on a fixed-fee basis. This charging basis is primarily adopted for newly managed or early-stage medical institutions that have not yet reached stable operations or profitability. As of the Latest Practicable Date, managed medical institutions adopting a fixed-fee charging basis included Beijing Fengtai Yikang Hospital, Gu’an Puxiang Hospital and Harmonious Integrative Hospital. The fixed management fee is confirmed and may be adjusted periodically based on the actual operating condition. It is designed primarily to cover our management costs during the initial stage of management, when we generally devote relatively more personnel and other resources, while such institutions are still in the revenue ramp-up phase and have not yet achieved stable profitability. Once the relevant medical institution enters a more mature and stable operating phase, and its revenue base becomes more predictable, we may, subject to mutual agreement, transition the charging basis to a revenue-linked fee structure.

Second, for managed medical institutions with more established operations, we charge management fees based on a percentage of the institution’s annual gross revenues, generally ranging from 5% to 15%. The specific percentage applied to each institution is determined through negotiation based on its operating conditions. This revenue-based charging model aligns our interests with those of the managed medical institutions and allows us to benefit from their growth as revenues increase.

During the Track Record Period, certain managed medical institutions were loss-making, primarily due to factors such as being in the early stage of operations, undergoing operational restructuring, or investing in service capacity expansion and quality improvements under our management. Specifically, Tongxin Jiayuan Service Center recorded a loss in 2023, primarily because it commenced operations in 2023 and incurred start-up and ramp-up costs during its initial year of operation, and became profitable thereafter. Beijing Fengtai Yikang Hospital recorded losses in 2023 and 2024, primarily because it commenced operations in 2023 and remained in the early stage of business development during such period. Gu’an Puxiang Hospital recorded losses throughout 2023, 2024 and 2025, primarily because it remained in the early stage of operations during the Track Record Period, while continuing to invest in business development and operational improvement, including in connection with its integrated healthcare and eldercare services. Harmonious Integrative Hospital also recorded losses throughout 2023, 2024 and 2025, primarily because it commenced operations in 2022 and remained in the development stage during the Track Record Period, while continuing to invest in service capacity building and operational expansion. For these institutions, we generally adopted a fixed-fee charging basis during their loss-making or early-stage operation periods, as described above, although the charging basis applicable to a particular institution may change upon its entering a more mature and stable operating phase.

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The management fees charged by us, whether on a fixed-fee basis or as a percentage of gross revenues, are determined on an arm’s-length basis. According to China Insights Consultancy, management fees charged by comparable healthcare management service providers in China are commonly structured either as fixed fees for early-stage or smaller institutions or as revenue-based fees typically ranging from mid-single-digit to mid-teen percentages for more mature institutions. Our fee levels and charging bases are therefore comparable to, and not materially different from, those adopted by our industry peers.

In 2023, 2024 and 2025, revenue generated from medical institution managements services was RMB9.4 million, RMB11.3 million and RMB14.9 million, respectively, representing 2.2%, 2.3% and 3.2% of our total revenue for the same periods, respectively.

As advised by our PRC Legal Advisor, each of our managed not-for-profit medical institutions is registered as an independent legal person under the Interim Regulations on the Management of Registration for Private Non-enterprise Entities, and has obtained the registration certificate for private non-enterprise entity (legal person) (民辦非企業單位登記證書(法人)). Our managed for-profit medical institution operates as a limited liability company and obtains business license in accordance with the Company Law of the PRC. Each of our managed medical institutions is therefore fully responsible for its own actions under applicable PRC laws and regulations. In particular, as discussed below, Puxiang Consulting’s role as a sponsor with respect to two of our managed not-for-profit medical institutions is limited to acting as the founding entity during their establishment and registration in accordance with applicable PRC laws and regulations, and does not confer ownership rights, control, or responsibility for their ongoing operations. As a result, neither we nor our Directors are responsible for any liabilities, misconduct, or regulatory breaches, including medical liabilities, of our managed medical institutions under applicable PRC laws and regulations solely by virtue of Puxiang Consulting’s capacity as sponsor, our nomination of members to their councils, or our provision of management services to them, except to the extent that any such liabilities arise directly from illegal acts, gross negligence, or willful misconduct by us.

With respect to the not-for-profit managed medical institutions, under PRC laws and regulations, they do not have shareholders or ultimate beneficial owners in the conventional sense. Instead, such institutions are established by a sponsor (舉辦者), i.e., the founding entity that establishes a not-for-profit social service organization utilizing non-state-owned assets under the Interim Regulations on the Management of Registration for Private Non-enterprise Entities (《民辦非企業單位登記管理暫行條例》). Among our managed not-for-profit institutions, Gu’an Puxiang Hospital and Tongxin Jiayuan Service Center were established by Puxiang Consulting as sponsor. In its capacity as sponsor, Puxiang Consulting was responsible solely for undertaking the preparatory work required for the establishment of these institutions, assuming the legal responsibilities applicable during their formation, and facilitating their registration in compliance with applicable PRC laws and regulations. Such sponsorship does not confer any ownership rights, control or economic interests in the operations of these institutions. Puxiang Consulting does not participate in their day-to-day operations, nor does it bear responsibility for their ongoing liabilities or obligations following establishment. The remaining not-for-profit managed medical institutions were established by their respective sponsors, each of which is an Independent Third Party.

As for our for-profit managed medical institution, i.e., Harmonious Integrative Hospital, based on publicly available information, its ultimate beneficial owner is a natural person who is an Independent Third Party. Such individual has extensive experience in the investment sector and has been involved in investments in, among others, medical device companies, dental management platforms and hospital management companies. Neither we nor any of our Directors or Controlling Shareholders holds any equity interest in, or exercises control over, Harmonious Integrative Hospital.

In addition, Harmonious Integrative Hospital does not have a board of directors and is managed by an executive director, who performs his duties in such capacity. Such executive director has extensive experience in hospital financial operations, mergers and acquisitions and pre-investment due diligence, and has served in senior finance and audit management roles within our Group. The remaining not-for-profit managed medical institutions do not have boards of directors and are instead governed by councils, which are primarily responsible for high-level oversight matters, while the day-to-day operations of the institutions are conducted by their respective management teams. Under the medical institution management arrangements, we hold seats on the councils of the managed medical institutions to facilitate the performance of our management and oversight responsibilities, consistent with industry practice. The members of the councils of the managed medical institutions are generally employees of either the relevant institution or our Group. None of the councils of the managed medical institutions includes any of our Directors or Controlling Shareholders.

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Other than the provision of medical institution management services by us pursuant to the relevant management agreements and the sponsorship, employment and governance arrangements disclosed above, there were and are no other past or present relationships between us and any of the managed medical institutions, or their sponsors, director, council members or, where applicable, ultimate beneficial owners, including but not limited to employment, family, trust, financing, shareholding or other arrangements. In particular, neither we nor our Directors or Controlling Shareholders exercise ownership, control or decisive influence over the managed medical institutions through governance arrangements, personnel arrangements or otherwise.

SUPPLY OF MEDICAL EQUIPMENT AND CONSUMABLES

We have established business cooperation with medical institutions by supplying them with (1) medical equipment, such as digital linear radiography that uses linear diode arrays to generate digital X-ray images, ultrasonography machine that uses high-frequency sound waves to visualize internal organs, tissues and blood flow, and dental X-ray machine, as well as (2) medical consumables, which generally are single-use, disposable items used for patient care and procedures, such as disposable sterile acupuncture needles, disposable sterile syringes, disposable oral instrument kits, and disposable sterile catheterization kits. Our customers for supply of medical equipment and consumables primarily include managed and other medical institutions. Leveraging our long-term collaboration with our supplier partners and accumulated industrial experience, we ensure access to a reliable supply of high-quality medical equipment and consumables at competitive prices. By bridging the supply side with target medical institutions, we can enhance our control over the supply chain and achieve synergy in supply chain management, which fosters improved efficiency, reduces costs, and ultimately contributes to better treatment outcomes for patients. In 2023, 2024 and 2025, our revenue generated from supply of medical equipment and consumables was RMB12.1 million, RMB19.2 million and RMB20.8 million, respectively, representing 2.9%, 3.8% and 4.4% of our total revenue during the respective periods.

Key contractual terms for our sales of medical equipment are outlined below:

- **Payment terms.** The payment terms typically include an initial deposit payable within three days of contract signing.
- **Delivery and acceptance.** We should deliver the equipment within five days after receiving the deposit. The buyer must inspect the equipment within two days after installation. Failure to inspect will be deemed as acceptance.
- **Responsibilities.** (1) We provide installation, debugging, and warranty services excluding damage caused by misuse and force majeure, and issue VAT invoices within 60 days after receiving the deposit. (2) The buyer must pay on time, and bear risks for refusal or poor storage of delivered goods.
- **Warranty and liabilities.** Warranty excludes human-induced damage or force majeure, and damage from non-original materials. We should be liable for late delivery and a 3‰ daily penalty on delayed amount.

Key contractual terms for our sales of medical consumables are outlined below:

- **Product supply and orders.** The buyer must submit orders five days in advance, specifying product name, quantity, and specifications. We should ship products within seven days after order confirmation, and ensure timely, quality-assured deliveries based on the buyer's orders.
- **Inspection.** The buyer must verify product name, specifications, manufacturer, batch number, quantity, expiry date, and packaging upon delivery. If there is any quality issue, the buyer must notify us in writing within three days for replacements.
- **Returns.** We do not accept returns for non-defective products.
- **Product standards.** Products must comply with latest national regulatory standards. We are required to provide supporting documents (e.g., business license, production permit, and product registration).
- **Payment terms.** The buyer must pay within 40 days after delivery. Any delays will incur a 3‰ daily penalty on unpaid amount.

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OUR HISTORICAL ACQUISITIONS AND FUTURE EXPANSION

With over 20 years of operational expertise since establishing our first medical institution in 2005, we have developed a distinctive growth strategy that combines organic expansion with strategic acquisitions. We have continuously pursued a disciplined acquisition approach as part of our broader strategy to expand service coverage and enhance operational synergies. Our acquisition approach focuses on identifying institutions with untapped potential in key markets, then implementing our proven integration framework while preserving each medical institution’s unique strengths.

We have developed a comprehensive evaluation framework to assess acquisition targets, utilizing flexible expansion methods in core cities such as Beijing, where our expertise allows for various expansion methods including greenfield projects, mergers and acquisitions, and medical institution management services. For other regional markets, our expansion typically focuses on acquiring high-tier medical institutions with scalable operational infrastructure, demonstrated capacity to integrate solid healthcare resources, stable management teams and compliance to facilitate smooth integration. These facilities will serve as regional hubs, implementing our proven operational model in Beijing to establish a scalable integrated healthcare and eldercare network across the region. Specifically, we evaluate medical institution targets based on a number of criteria, including regulatory compliance, operational scalability and financial viability, quality of medical professionals and staff, lease stability, location, patient demographics and market demand, investment and ongoing operating requirements, return potential, historical medical performance and reputation, and compatibility with our corporate culture and existing in-network medical institutions.

Following the completion of the acquisition, we will implement a phased integration and operational strategy that balances standardization with customization. The initial phase will focus on quality control and standardization upgrades, encompassing the unification of brand identity, information systems, and operational processes to ensure healthcare service quality aligns with our standards. Building upon this foundation, we will conduct in-depth operational optimization tailored to the unique characteristics of individual medical institutions. Specifically, our expert teams evaluate regional demographics, existing service strengths, and local healthcare needs to determine optimal development pathways. Leveraging big data analytics to examine the demographic composition, disease profiles, and consumption patterns of surrounding patient populations, we will dynamically adjust departmental configurations. For instance, in aging communities, priority will be given to developing rehabilitation care and chronic disease management specialties, while high-net-worth neighborhoods will focus on the introduction of premium health screening and other medicine programs. In addition, we may also expand specialty services for acquired institutions based on identified market gaps. This systematic yet adaptive approach has enabled us to consistently enhance treatment efficacy, service quality, and ultimately, operational efficiency and financial performance across our network.

The acquisition of Puxiang TCM Hospital was consummated through a series of transactions since December 2021. In July 2022, we acquired the majority interest of Puxiang TCM Hospital. See “History, Reorganization and Corporate Structure — Acquisition and Disposal — Acquisition of Puxiang TCM Hospital” for details. Accordingly, the financial performance of Puxiang TCM Hospital has been fully reflected in our results of operations for the entire Track Record Period since then. Prior to acquisition, the hospital operated departments including surgery, TCM physical therapy, and dermatology, with only the dermatology department maintaining stable operations. At the time of acquisition, the hospital as a whole was operating at a loss with limited operational scale. Following a thorough analysis of the local market, we implemented a comprehensive rebranding strategy. This included optimizing clinical departments by strengthening its TCM department with the introduction of experienced TCM medical professionals, upgrading stomatology facilities to provide comprehensive non-oral-maxillofacial treatments, establishing a medical consortium partnership with a nearby specialty hospital, and capturing the local ophthalmology market following the closure of a competing ophthalmology hospital. Through strategic resource integration and operational optimization, Puxiang TCM Hospital achieved remarkable financial performance in 2024, with the annual revenue reaching RMB149.9 million and the net profit of RMB9.3 million, representing 21.1% of our total net profit for the corresponding period. In addition, Puxiang TCM Hospital recorded net losses of RMB0.8 million and RMB0.4 million in 2022 and 2023, respectively, and a net profit of RMB8.1 million for the year ended December 31, 2025.

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Dahuangzhuang Hospital was acquired by us in November 2019. Recognizing its potential as a key integrated healthcare and eldercare service provider for aging populations, our strategy is to develop it into an elderly-friendly, community-based medical institution. Subsequent to the acquisition, we conducted a systematic upgrade of its service offerings and operational model, with a focus on establishing a geriatric-focused organizational structure and clinical department settings. This included setting up a nephrology department with a dedicated renal dialysis center to address chronic conditions prevalent among middle-aged and elderly patients, as well as expanding stomatology and rehabilitation medicine services specifically designed for geriatric care. This is further enhanced by our dedicated nursing care team that delivers integrated healthcare and daily support throughout treatment, recovery and maintenance phases. Following our acquisition of Dahuangzhuang Hospital in 2019, based on our unaudited management accounts, its revenue increased from RMB21 million in 2018 to approximately RMB24 million in 2019, further increased to approximately RMB32 million in 2020, and reached RMB52.1 million in 2025, demonstrating sustained post-acquisition performance improvement.

Yanlong Hospital was acquired by us in August 2020. Following our acquisition, we executed a comprehensive upgrade program to enhance clinical capacity, patient experience, and service coverage. Key initiatives included: (1) establishing and expanding specialty departments such as stomatology and gynecology, alongside a full refurbishment of core clinical and patient areas; (2) restarting and upgrading the inpatient department, including a full renovation to resume inpatient admissions; (3) broadening TCM rehabilitation and physiotherapy services; (4) introducing a preventive healthcare department and launching health examination services; and (5) extending community outreach through on-site medical services for nearby facilities, with services currently provided to three nursing homes and five schools. Reflecting these initiatives, based on our unaudited management accounts, Yanlong Hospital’s revenue increased from approximately RMB21 million in 2020 to approximately RMB22 million in 2021, while its profitability improved from a net loss of approximately RMB2 million in 2020 to a net profit of approximately RMB2 million in 2021.

Tianjin Outpatient Center was acquired by us in April 2019. Operations in the first year following our acquisition were adversely affected by pandemic-related lockdowns, including community closures that led to intermittent suspensions of services. As restrictions eased, we executed a targeted upgrade and recovery plan focused on restoring continuity of care and optimizing the service mix. Key measures included: (1) establishing a TCM rehabilitation and physiotherapy clinic to strengthen differentiated outpatient offerings; (2) prioritizing the expansion of TCM and dental services to capture resilient demand and improve margins; and (3) refining clinic workflows and resource allocation to enhance patient throughput and service quality. These initiatives are designed to accelerate post-pandemic volume recovery, improve case mix and operating efficiency, and lay a foundation for sustainable growth of the outpatient center under our management.

We believe our historical acquisitions are consistent with our long-term business development goals and form part of our normal and logical business growth trajectory. During the Track Record Period, our growth has been driven by a balanced combination of organic expansion and strategic acquisitions. In 2023, 2024 and 2025, revenue derived from our acquired medical institutions was RMB194.8 million, RMB239.5 million and RMB247.1 million, respectively, representing 47.5%, 49.8% and 54.8% of our total revenue for integrated healthcare and eldercare business during the same periods.

The qualitative synergies from our acquisition approach are manifested in three key dimensions: operational, financial, and clinical. Operationally, we have established a vertical management structure spanning business, finance, and internal controls to ensure consistent policy implementation across all institutions. Financially, centralized procurement and inventory management systems have strengthened cost control, particularly in pharmaceuticals consumption and equipment purchasing. Clinically, our hospital information system enables the dynamic storage of medical business data, thereby ensuring overall data security and driving the continuous improvement of patient care standards.

Going forward, we plan to continue to expand our network of medical institutions primarily by strategic acquisitions. Our expansion strategy mainly focuses on North China, the Yangtze River Delta, the Chengdu-Chongqing region and the Pearl River Delta, especially targeting Tier-1 and emerging Tier-1 cities. This is based on our comprehensive analysis of healthcare policies and regional market trends. These regions feature mature healthcare systems, efficient regulatory and business ecosystems, consistent consumer healthcare and eldercare consumption ability, abundant high-caliber medical resources and a reliable talent supply. In addition to expanding in mainland China, we aim to grow our presence in Greater China and Southeast Asia.

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We plan to finance the above intended acquisitions through a combination of [REDACTED] from the [REDACTED], internal financial resources, and/or bank financing. As of the Latest Practicable Date, we had not entered into any letters of intent or agreements with respect to acquisitions and had not identified any definite acquisition targets.

Our expansion plans are inevitably subject to our operations and the market conditions from time to time and we may make adjustments accordingly for our best interests. Please see “Risk Factors — Risks Relating to Our Business and Industry — We may face challenges in executing expansion plans and integrating acquired medical institutions, which could result in operating difficulties, divert our management’s attention and negatively impact our financial condition.”

OUR MEDICAL PROFESSIONALS

The qualification and expertise of physicians and other medical professionals practicing at our medical institutions are vital to our service quality and competitiveness. There are generally three types of physicians practicing at our medical institutions: (1) physicians who are employees of our medical institutions and practice at our medical institutions on a full-time basis; (2) physicians who have formally retired from their original medical institutions (including either our or third-party medical institutions) in accordance with PRC retirement policies (typically marked by receiving a pension) and now provide full-time services or engage in multi-site practice on a part-time basis at our medical institutions through service contracts; and (3) multi-site practice physicians who practice at our medical institutions on a part-time basis.

Our medical institutions maintain two contractual relationships with physicians. We enter into standard employment contracts with full-time physicians who practice exclusively at our facilities as our direct employees, under which our institutions assume full responsibility for making all required social insurance and housing provident fund contributions in accordance with applicable PRC laws and regulations. Such physicians are subject to our internal management and supervision, and any medical malpractice or professional misconduct arising in the course of their employment is primarily borne by our medical institutions under applicable PRC laws and regulations.

Separately, we engage certain physicians through service contracts, including both retired physicians who work full-time or engage in multi-site practice on a part-time basis at our facilities and multi-site practice physicians who provide part-time services. Under the applicable PRC laws and regulations, we are not required to pay the social insurance and housing provident fund contributions for these physicians, who generally arrange and bear responsibility for such statutory benefits through their primary employers or other lawful means. As advised by our PRC Legal Advisor, such arrangement does not violate the relevant PRC laws and regulations. With respect to medical liability, as advised by our PRC Legal Advisor, physicians engaged under service contracts remain professionally responsible for their own medical practice, while our medical institutions bear medical liability to patients in accordance with applicable PRC laws and regulations and may seek contractual remedies against such physicians in cases of material breach, gross negligence, or willful misconduct.

Our medical institutions also engage multi-site practice physicians on a part-time basis. Certain of our multi-site practice physicians are experienced physicians at public and private hospitals.

We believe our practices align with the industry norms in the healthcare sector in China. These differentiated approaches enhance our ability to attract and retain talent while ensuring full compliance with applicable regulatory obligations.

As of December 31, 2025, our self-owned medical institutions had 300 physicians, including 145 full-time physicians (including 114 employee physicians through employment contracts and 31 retiree physicians through service contracts) and 155 multi-site practice physicians (through service contracts); and our managed medical institutions had 130 physicians, including 74 full-time physicians (including 65 employee physicians through employment contracts and nine retiree physicians through service contracts) and 56 multi-site practice physicians (through service contracts). In 2023, 2024 and 2025, the turnover rate for full-time physicians at our self-owned medical institutions was approximately 14.0%, 9.2% and 7.6%, respectively. During the same periods, the aggregate revenue attributable to the five highest-earning physicians at our self-owned medical institutions amounted to RMB54.8 million, RMB64.7 million and RMB64.1 million, respectively, representing 13.0%, 12.9% and 13.6% of our total revenue for the corresponding periods.

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Qualification of Our Medical Professionals

In the PRC, licensed physicians are subject to periodic assessment of their professional skills, achievements and professional ethics by institutions or organizations authorized by the public health department in the PRC. There are three major qualifications and professional ranks for physicians in the PRC: (1) junior qualification (初級職稱) for resident physicians who typically undertake entry-level tasks such as preparing patients’ medical records and performing routine clinical duties; (2) mid-end qualification (中級職稱) for attending physicians who may supervise resident physicians and typically undertake routine medical treatment, teaching, research and disease prevention work; and (3) senior qualification (高級職稱) for (i) associate chief physicians who may supervise attending and resident physicians, direct research work of a specific field, and typically undertake complex medical cases and (ii) chief physicians who typically command the highest level of medical capability in a specific field and are generally the head of a clinical department.

As of December 31, 2025, chief physicians and associate chief physicians practicing at our self-owned medical institutions had an average of approximately 30 years of industry experience, primarily focusing on surgery, internal medicine, traditional Chinese medicine, radiology, ultrasonography and ophthalmology. As of the same date, attending physicians practicing at our self-owned medical institutions had an average of approximately 20 years of industry experience and resident physicians practicing at our self-owned medical institutions had an average of approximately 15 years of industry experience, primarily focusing on traditional Chinese medicine, internal medicine and surgery. Our medical institutions regularly review the profile of their physicians and reminds them to apply for their next professional rank when they become eligible.

Additionally, we have physician assistants at our medical institutions, primarily consisting of medical graduates who serve as assistants to the outranking physicians for at least one year and can take up the role of resident physicians after successfully obtaining the physician qualification certificates (醫師資格證書). As of December 31, 2025, physician assistants at our self-owned medical institutions had an average of approximately two years of industry experience, primarily focusing on traditional Chinese medicine, ophthalmology and nursing.

The following table sets forth a breakdown of physicians at our self-owned and managed medical institutions by qualification as of the dates indicated.

	As of December 31,		
	2023	2024	2025
<i>Self-owned</i>			
Chief physician	2	5	5
Associate chief physician	13	24	22
Attending physician	57	71	82
Resident physician	65	73	77
Assistant physician	17	16	16
Retiree physician	86	90	98
Total	240	279	300
<i>Managed</i>			
Chief physician	2	4	5
Associate chief physician	7	5	7
Attending physician	28	33	36
Resident physician	34	37	46
Assistant physician	11	15	10
Retiree physician	24	23	26
Total	106	117	130

As of December 31, 2025, our self-owned medical institutions and our managed medical institutions had 300 and 148 other medical professionals, respectively. Other medical professionals comprise primarily nurses, pharmacists, radiographers and laboratory technicians.

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As of the Latest Practicable Date, each of the physicians practicing at our self-owned and managed medical institutions had obtained the physician qualification certificate, and each of the other medical professionals practicing at these medical institutions had obtained the necessary qualification certificate for medical practice in the PRC. We also closely monitor the qualification registration and licensing records on a continuing basis to ensure that all physicians practicing at our medical institutions comply with all applicable PRC laws and regulations, in particular, each physician’s practice is within the scope of his or her qualification certificate. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any material complaints or penalties in relation to physicians of our self-owned and managed medical institutions practicing beyond the scope of their respective qualification certificates.

Specifically, we maintain a coordinated internal control system to monitor the qualification status of all medical professionals. This system encompasses thorough initial credential verification, real-time tracking of qualification expirations and continuing education compliance via a centralized digital system, and periodic competency reassessments incorporating clinical performance metrics. This multi-layered process features automated renewal alerts, biennial comprehensive evaluations, and incident-responsive audits, all supported by documented workflows and third-party validation to ensure adherence to both regulatory requirements and our high institutional standards for service delivery.

For retired physicians engaged through service contracts, we maintain exacting requirements to ensure continued practice suitability. These professionals must possess currently valid physician practice certificates (醫師執業證書) covering our medical institutions and maintain all specialty-specific certifications while fulfilling mandatory continuing education obligations. Based on periodic competency and fitness evaluations, we may limit their clinical privileges to procedures and services for which they have demonstrated competence. All rehired retirees are also required to maintain active malpractice coverage.

Recruitment and Retention of Our Medical Professionals

In selecting new physicians and other medical professionals, our medical institutions assess, among others, their academic and professional qualifications, years of relevant experience, as well as their character and integrity. We also place strong emphasis on the recruitment and development of mid-career physicians particularly well-suited for integrated healthcare and eldercare services. The performance of medical professionals is reviewed regularly with reference to performance targets set primarily based on their positions and their respective clinical departments. The results of such reviews will later be used in salary determinations, bonus awards and promotion appraisals.

Physicians and other medical professionals practicing at our medical institutions regularly receive academic and clinical trainings by internal and external experts. In particular, we have active dialogues and exchanges of information with well-respected medical institutions in China and developed overseas markets, and invite leading experts or well-known specialists to share with us their clinical experiences and latest developments in the industry.

QUALITY ASSURANCE

We maintain high standards in service delivery through an integrated quality management system that coordinates medical treatment and nursing services across all care settings. Our approach combines rigorous standardization with personalized attention to ensure consistent, high-quality treatment and care for every patient. By implementing uniform clinical protocols and operational procedures spanning inpatient facilities, outpatient service centers and home care environments, we achieve consistent quality oversight throughout our coordinated healthcare and eldercare services. This system is strengthened through ongoing staff training, evidence-based clinical pathways and continuous monitoring, ensuring all patients receive equally reliable services that meet our established clinical and operational benchmarks.

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SALES AND MARKETING

We consider that our success depends to a significant extent on the goodwill of our brand and reputation in the integrated healthcare and eldercare services industry as a recognized and trustworthy service provider. Word-of-mouth marketing is vital for us to establish our brand recognition and awareness for attracting new customers and retaining existing ones.

We aim to further promote our brand awareness by providing healthcare education to the public on our official social media accounts, organizing community engagement activities featuring free health screenings and educational lectures at neighborhood centers, and updating our information channels. Additionally, our official social media accounts serve as important marketing channels and contain comprehensive information of our business profile, contact details, location of our medical institutions and our integrated healthcare and eldercare service offerings.

CUSTOMERS AND SUPPLIERS

Customers

Our customers primarily include (1) patients that receive integrated healthcare and eldercare services at our self-owned medical institutions, (2) our managed medical institutions, and (3) medical institutions procuring our medical equipment and consumables. Currently, all our customers are based in China.

Revenue generated from our top five customers in each year during the Track Record Period accounted for 2.9%, 3.1% and 5.1% of our total revenue in 2023, 2024 and 2025, respectively, and revenue generated from our largest customer in each year during the Track Record Period accounted for 1.0%, 0.8% and 2.3% of our total revenue in the same periods, respectively.

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Customer	Transaction amount (RMB in thousands)	Percentage of total revenue (%)	Year of commencement of business relationship	Principal business	Products or services purchased	Credit terms
For the year ended December 31, 2023						
Beijing Fengtai Yikang Hospital . . .	4,315	1.0%	2022	Integrated healthcare and eldercare service to patients	Management services; BIPAP machine, infusion pump, ECG machine and other disposable Class I and II medical consumables	90 days or charged annually
Daxing Xingtiao Service Center . . .	2,972	0.7%	2013	Integrated healthcare and eldercare service to patients	Management services; magnetic vibration heat therapy device, and medical cotton swabs	60 days or charged annually
Harmonious Integrative Hospital . . .	1,887	0.4%	2020	Integrated healthcare and eldercare service to patients	Management services	Charged annually
Puxiang Ophthalmology Hospital . . .	1,722	0.4%	2023	Integrated healthcare and eldercare service to patients	Ophthalmic laser therapy system, femtosecond laser refractive surgery system, excimer laser corneal refractive system and other ophthalmic consumables	60 days
Customer A ⁽¹⁾	1,525	0.4%	2022	Integrated healthcare and eldercare service to patients	Radiofrequency thermocoagulation electrode cannula needles and interference screws	Due in the fourth month after three months of actual usage
Total	12,421	2.9%				
For the year ended December 31, 2024						
Beijing Fengtai Yikang Hospital . . .	4,172	0.8%	2022	Integrated healthcare and eldercare service to patients	Management services; disposable vacuum blood collection tubes, and other dental machine	90 days or charged annually
Customer B ⁽²⁾	3,766	0.8%	2023	Electronic components service provider	Cranio-maxillofacial fixation system components and other orthopedic consumables	Payment before delivery
Puxiang Ophthalmology Hospital . . .	3,200	0.6%	2023	Integrated healthcare and eldercare service to patients	Auto refractionmeter, electrothermal constant-temperature incubator and other ophthalmic consumables	60 days
Harmonious Integrative Hospital . . .	2,642	0.5%	2020	Integrated healthcare and eldercare service to patients	Management services	Charged annually
Daxing Xingtiao Service Center . . .	1,934	0.4%	2013	Integrated healthcare and eldercare service to patients	Management services; cervical traction unit, magnetic vibration heat therapy device and pneumatic nebulizer	60 days or charged annually
Total	15,713	3.1%				
For the year ended December 31, 2025						
Customer C ⁽³⁾	10,850	2.3%	2025	Healthcare and public health administration	Ophthalmic equipment	30% in advance, 60% on delivery acceptance, 10% on final acceptance
Beijing Fengtai Yikang Hospital . . .	4,001	0.8%	2022	Integrated healthcare and eldercare service to patients	Management services; disposable lancets, sterile press needles, vacuum blood collection tubes and other medical consumables	90 days or charged annually
Puxiang Ophthalmology Hospital . . .	3,432	0.7%	2023	Integrated healthcare and eldercare service to patients	Rebound tonometer probes, contact laser fundus lenses, soft hydrophilic contact lenses and other medical consumables	60 days
Harmonious Integrative Hospital . . .	3,019	0.6%	2020	Integrated healthcare and eldercare service to patients	Management services	Charged annually
Daxing Xingtiao Service Center . . .	2,525	0.5%	2013	Integrated healthcare and eldercare service to patients	Management services; disposable sterile acupuncture needles and other medical consumables	60 days or charged annually
Total	23,827	5.1%				

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Notes:

- (1) Established in 2015, Customer A is a tertiary specialized rehabilitation hospital located in Changping district, Beijing, with a registered capital of RMB80 million. Its principal business is the provision of professional rehabilitation and related medical services.
- (2) Established in 2018, Customer B is an electronic components service provider specializing in integrated supply chain solutions, headquartered in Beijing, with a registered capital of RMB1 million.
- (3) Customer C is a municipal government agency located in Hebei province. As a local health authority, its principal functions include the administration of public health, the regulation of medical services, disease prevention and control, and the implementation of healthcare policies within the municipality.

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To the best knowledge of our Directors, as of the Latest Practicable Date, except for Puxiang Ophthalmology Hospital, none of our Directors, their close associates or any Shareholders which owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our top five customers in each year during the Track Record Period.

Suppliers and Procurement

Our medical institutions primarily require pharmaceuticals, medical consumables and medical equipment for their operations. We have a centralized procurement department at our headquarters, which is responsible for approving supply channels and negotiating the terms for our purchases. Our medical institutions consolidates and regularly reports its procurement needs to such department, which then aggregates all procurement needs and selects quality suppliers. We believe centralized procurement allows us to achieve economies of scale and to better control the quality of our procurements.

We select our suppliers based on stringent criteria and applicable laws and regulations to ensure quality. When selecting suppliers, we consider, among other things, their product offerings, pricing, reputation, service or product quality and delivery schedule. Our suppliers are required to possess all licenses and permits necessary to conduct their operations. Currently, most of our suppliers are based in China.

Purchase from our top five suppliers in each year/period during the Track Record Period accounted for 45.8%, 42.6% and 35.1% of our total purchases in 2023, 2024 and 2025, respectively, and purchase from our largest supplier in each year during the Track Record Period accounted for 14.2%, 10.1% and 12.4% of our total purchases in the same periods, respectively. The following table sets forth certain information of our top five suppliers in each year during the Track Record Period.

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Supplier	Transaction amount (RMB in thousands)	Percentage of total purchases (%)	Year of commencement of business relationship	Principal business	Products or services procured
For the year ended December 31, 2023					
Supplier A ⁽¹⁾	34,910	14.2%	2007	Sales of pharmaceuticals and medical equipment	Western medicines and Chinese proprietary medicines, including bemislobarbit injection and gadopentetate dimeglumine injection
Supplier B ⁽²⁾	32,244	13.1%	2009	Sales of pharmaceuticals	Herbal medicine
Supplier C ⁽³⁾	18,672	7.6%	2009	Sales of pharmaceuticals and medical equipment	Western medicines and Chinese proprietary medicines, including terbutaline sulfate injection and lysine acetylsalicylate for injection; medical equipment, including bandages used for treatment couches
Supplier D ⁽⁴⁾	14,450	5.9%	2023	Corporate strategy and business consulting	Femtosecond laser and intraoperative OCT ophthalmic surgical microscope
Supplier E ⁽⁵⁾	12,250	5.0%	2020	Sales of pharmaceuticals	Chinese herbal decoction pieces, including spine date seed and cicada slough
Total	112,526	45.8%			
For the year ended December 31, 2024					
Supplier B ⁽²⁾	25,456	10.1%	2009	Sales of pharmaceuticals	Herbal medicine
Supplier C ⁽³⁾	22,897	9.1%	2009	Sales of pharmaceuticals and medical equipment	Western medicines and Chinese proprietary medicines, including terbutaline sulfate injection and lysine acetylsalicylate for injection; medical equipment, including bandages used for treatment couches
Supplier F ⁽⁶⁾	22,738	9.1%	2022	Sales of pharmaceuticals and medical equipment	Chinese medicine decoction services; Chinese herbal decoction pieces, including spine date seed and cicada slough
Supplier A ⁽¹⁾	21,884	8.7%	2007	Sales of pharmaceuticals and medical equipment	Western medicines and Chinese proprietary medicines, including bemislobarbit injection and gadopentetate dimeglumine injection
Supplier G ⁽⁷⁾	14,138	5.6%	2006	Sales of pharmaceuticals	Western medicines and Chinese proprietary medicines, including bemislobarbit injection, and vancomycin hydrochloride for injection
Total	107,113	42.6%			
For the year ended December 31, 2025					
Supplier F ⁽⁶⁾	38,890	12.4%	2022	Sales of pharmaceuticals and medical equipment	Chinese medicine decoction services; Chinese herbal decoction pieces, including spine date seed, deer antler glue and cicada slough
Supplier C ⁽³⁾	26,566	8.5%	2009	Sales of pharmaceuticals and medical equipment	Western medicines and Chinese proprietary medicines, including terbutaline sulfate injection, compound E'jiao syrup and lysine acetylsalicylate for injection; medical equipment, including bandages used for treatment couches
Supplier H ⁽⁸⁾	19,500	6.2%	2025	Sales of pharmaceuticals and medical equipment	Positron emission tomography/X-ray computed tomography system
Supplier G ⁽⁷⁾	17,025	5.4%	2006	Sales of pharmaceuticals	Western medicines and Chinese proprietary medicines, including bemislobarbit injection and vancomycin hydrochloride for injection
Supplier I ⁽⁹⁾	7,879	2.5%	2023	Sales of pharmaceuticals	Medical film and high-pressure injector
Total	109,860	35.1%			

Notes:

- (1) Established in 1999, Supplier A is a leading state-owned pharmaceutical company headquartered in Beijing, with a registered capital of RMB75.5 million, listed on Shanghai Stock Exchange in 2002. It specializes in the distribution, wholesale, and retail of pharmaceuticals, medical devices, and healthcare products, serving hospitals, pharmacies, and healthcare institutions nationwide.
- (2) Established in 2003, Supplier B is a pharmaceutical company headquartered in Beijing, with a registered capital of RMB2 million, specializing in the wholesale, distribution, and retail of pharmaceuticals, traditional Chinese medicines, and healthcare products.

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- (3) Established in 1999 and headquartered in Wuhan, Hubei province, Supplier C is a leading healthcare service provider in China, with a registered capital of RMB5.0 billion, listed on Shanghai Stock Exchange in 2010. It specializes in pharmaceutical and medical device distribution, retail chain operations, logistics, and supply chain solutions.
- (4) Established in 2022, Supplier D is a professional consulting firm headquartered in Beijing, with a registered capital of RMB1 million. It specializes in enterprise management consulting, business process optimization, and organizational development solutions.
- (5) Established in 2003 and headquartered in Beijing, Supplier E specializes in the production and distribution of traditional Chinese medicine products, with a registered capital of RMB8 million. It is a privately held pharmaceutical company and its principal business includes the manufacturing, processing and distribution of traditional Chinese medicine products and related formulations, which are primarily supplied to medical institutions and pharmaceutical distributors in the PRC.
- (6) Established in 2009, Supplier F is a leading Chinese herbal medicine manufacturer headquartered in Beijing, China, with a registered capital of RMB30 million. It is a privately held company and its principal business includes the manufacturing and processing of Chinese herbal medicines and related pharmaceutical products, which are mainly supplied to hospitals, pharmaceutical companies and healthcare service providers in the PRC.
- (7) Supplier G is a healthcare-focused company registered in the Cayman Islands, with its primary operating assets in China. It specializes in pharmaceutical distribution, hospital management services, and medical equipment trading.
- (8) Established in 2020 and headquartered in Beijing, Supplier H is a pharmaceutical technology company with a registered capital of RMB10 million. It is a privately held company and its principal business focuses on pharmaceutical technology research and development, medical technology consulting, and the distribution of healthcare products and medical devices, primarily serving medical institutions and healthcare providers in the PRC.
- (9) Established in 2015, Supplier I is a medical technology company headquartered in Beijing, with a registered capital of RMB26.5 million. It is a privately held enterprise specializing in the research, development, and distribution of medical equipment and healthcare technology solutions. Its core business includes providing medical devices and related technical support services to hospitals and healthcare facilities across the PRC.

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The higher concentration of our largest supplier for 2025 was mainly due to a change in our supplier mix. From 2023 to 2024, Supplier B had been one of our top five suppliers. In the second half of 2024, Supplier B ceased its pharmaceutical supply business. As a result, we shifted most of the relevant purchases previously made from Supplier B to Supplier F, leading to an increase in Supplier F’s proportion of our total purchases in 2025.

To the best knowledge of our Directors, as of the Latest Practicable Date, none of our Directors, their close associates or any Shareholders which owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our top five suppliers in each year/period during the Track Record Period.

The salient terms of our agreements with suppliers are set forth as follows:

- **Qualification.** Both our self-owned medical institutions and suppliers guarantee their compliance with applicable laws and regulations, and possess valid licenses or certificates. We should provide updated licenses to suppliers within three days of any changes.
- **Pricing and delivery.** Prices and products are confirmed via suppliers’ delivery documents (e.g., delivery slips, and invoices). The delivery is primarily by suppliers’ own logistics. We must inspect goods upon delivery, and any discrepancies must be reported within five days.
- **Quality of products.** Suppliers guarantee legally sourced, quality-compliant products. We must halt sales and notify suppliers within 48 hours for quality complaints or regulatory inspections.
- **Returns.** No returns for non-defective products, except by mutual agreement.
- **Payment terms.** Suppliers typically extend credit-based payment terms to us. The initial credit limit shall be determined by suppliers and may be adjusted periodically. Suppliers reserve the right to require full settlement of outstanding balances one to two times annually. Should we fail to make payment within the agreed credit period, a late payment penalty of 0.04% per day shall be applied to all overdue amounts until payment is received in full.
- **Invoicing.** Suppliers issue invoices per our tax information, and any disputes must be raised within three days. Payment is due regardless of invoice certification status.

PRICING AND PAYMENT

Price Control and Pricing

As a private medical institution operator, we are not directly subject to the pricing regulations that public medical institutions must abide by. We price the integrated healthcare and eldercare services provided by our self-owned and managed medical institutions based on a number of factors, including complexity of the treatment, operating costs, local market conditions and competitors’ pricing of similar services. At our not-for-profit medical institutions, we are subject to the price ceilings prescribed by the National Standard Price List of Healthcare Services, and as Medical Insurance Designated Medical Institutions (醫療保險定點醫療機構), we are required to set the prices for all services in accordance with the pricing guidelines adopted under the public medical insurance programs. 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, and for the services not covered by such programs, we are generally entitled to set the prices at our own discretion.

Our medical institutions are generally entitled to set the retail prices of pharmaceuticals and medical consumables at their own discretion with the exception of items under centralized procurement, which are subject to government-set prices. However, for pharmaceuticals and medical consumables covered by the public medical insurance programs, our medical institutions that are Medical Insurance Designated Medical Institutions are subject to the pricing guidelines set by the relevant local healthcare administrative authorities and the pharmaceutical zero mark-up policy (藥品零加成政策), which is a requirement to sell essential pharmaceuticals to patients at the procurement bidding price without any mark-up.

As of the Latest Practicable Date, all of our self-owned and managed medical institutions were Medical Insurance Designated Medical Institutions and, the majority of services provided by these institutions, primarily comprising basic medical services listed in the public medical insurance catalog, are covered by public medical insurance programs and are therefore subject to the relevant pricing guidelines promulgated by the relevant public medical insurance authorities and local

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healthcare administrative authorities applicable to Medical Insurance Designated Medical Institutions. In 2023, 2024 and 2025, our self-owned medical institutions recorded 221,860, 248,139 and 236,417 patient visits that settled their medical bills through public medical insurance programs, respectively. During the same periods, we derived revenue of RMB272.6 million, RMB316.9 million and RMB278.3 million in our self-owned medical institutions from public medical insurance programs, respectively, representing 64.6%, 63.3% and 59.0% of our total revenue for the same periods. Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we did not experience any material delay in settlement of payments under such public medical insurance programs.

As of the Latest Practicable Date, certain of our western medicines, Chinese patent medicines and TCM decoction pieces were subject to the centralized volume-based procurement regime pursuant to the relevant catalogs, and all of the western medicines and Chinese patent medicines were subject to the zero mark-up policy for pharmaceuticals. Specifically, during the Track Record Period, western medicines subject to the centralized procurement primarily included acarbose tablets, mecobalamin tablets and levocarnitine injection, while Chinese patent medicines subject to the regime primarily included Shuanghuanglian oral liquid, Bailing tablets and Ginkgo leaf oral liquid. Our TCM decoction pieces were not subject to the zero mark-up policy for pharmaceuticals; however, 45 varieties of our TCM decoction pieces, including Dried Tangerine Peel (Chenpi), Poria (Fuling) and Platycodon Root (Jiegeng), became subject to the first batch of centralized procurement with effect from September 15, 2025. 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 in September 2025.

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. We expect to maintain consistent pricing policies for our integrated healthcare and eldercare services and the supply of medical equipment and consumables in the foreseeable future, which shall take into account relevant pricing guidelines adopted under the public medical insurance programs and changes in the demand and supply in the integrated healthcare and eldercare services industry.

Furthermore, we do not anticipate any recent regulatory developments or policy changes in this regard that may materially affect our operations or financial performance. We will continue to monitor the regulatory landscape for potential changes that could impact our pricing flexibility or reimbursement structures in the future.

Payment and Medical Insurance Coverage

Our patients settle their medical bills through multiple sources, including public medical insurance, commercial medical insurance, and out-of-pocket payments. As of the Latest Practicable Date, all of our self-owned and managed medical institutions were Medical Insurance Designated Medical Institutions, such that their patients are eligible for public medical insurance coverage. In such case, patients generally settle a portion of their medical bills through out-of-pocket payments, with the remainder being covered by the public medical insurance programs. The specific percentage covered under different public medical insurance programs may vary based on criteria including type of the insurance program, age of the patient, type of treatment involved and pharmaceuticals sold.

For the portion of the medical bills covered and payable by the local public medical insurance authorities, our medical institutions typically receive reimbursement of a majority of such portion in the current month or the following month, with the remainder to be settled in the following year. However, depending on the relevant practice of the public medical insurance programs, a Medical Insurance Designated Medical Institution may be subject to a government-approved annual quota for the reimbursable medical bills for inpatient services. For the amounts in excess of the quota, the reimbursement will typically be settled in the following year.

The designation as a Medical Insurance Designated Medical Institution in the PRC is governed by the Interim Measures for the Administration of Medical Insurance Designated Medical Institutions (《醫療機構醫療保障定點管理暫行辦法》) and local implementing rules. Institutions must (1) meet staffing, equipment and premises standards under the Basic Standards for Medical Institutions (Trial) (《醫療機構基本標準(試行)》), (2) evidence a minimum operating period

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before application (e.g., three months in Beijing), (3) establish an internal medical insurance management function with dedicated personnel and comprehensive policies covering finance, statistics, and core medical quality and safety, (4) ensure IT connectivity to the healthcare security information platform in line with national coding and interface standards to enable direct settlement and maintain master data for reimbursable items, and (5) comply with the regulatory pricing and catalog requirements. The approval process typically involves self-assessment, filing of the application with supporting documents (including the practicing license, internal policies, IT interface materials and fund usage forecast), technical connectivity testing, on-site inspection as required, execution of the medical insurance service agreement and public accreditation, after which the institution may commence medical insurance-linked services. Following designation, institutions are required to timely file change notifications (e.g., regarding the legal entity, bed count, or departments), comply with reimbursement catalogs and payment standards, manage patient out-of-pocket ratios, maintain complete and traceable pharmaceuticals and consumable ledgers, and prevent violations including hospitalization splitting, prescription splitting, excessive diagnosis and treatment, and overcharges.

Against this framework, each of our self-owned and managed medical institutions obtained the designation after completing governance and IT onboarding in their respective localities. Specifically, the designation as a Medical Insurance Designated Medical Institution was granted to: Puxiang Oncology Hospital on December 21, 2006; Puxiang TCM Hospital on July 1, 2022; Dashanzi Hospital on April 1, 2005; Dahuangzhuang Hospital on September 25, 2008; Yanlong Hospital on August 1, 2009; Tianjin Outpatient Center on November 27, 2013; Daxing Xingtiao Service Center on December 28, 2012; Harmonious Integrative Hospital on February 8, 2021; Beijing Fengtai Yikang Hospital on February 1, 2023; Tongxin Jiayuan Service Center on January 8, 2023; and Gu’an Puxiang Hospital on July 10, 2019.

In the PRC, the public medical insurance payment system has undergone reform toward diagnosis related group (“DRG”) model or diagnosis-intervention packet (“DIP”) model based on the big data technology. In comparison with the public medical insurance payment system with application of certain government-approved quota, the DRG model and the DIP model are featured with distinct methods for determining and settling the reimbursement amount of inpatient service costs based on disease groups. Under the relevant reform guidelines, for common diseases, medical institutions should implement the principle of “same disease with same treatment, same quality and same price” to narrow the service-cost disparities and to support the tiered diagnosis and treatment system. These measures aim to enhance the service capabilities of primary and secondary medical institutions and, as a result, guide patients to seek care at appropriate levels.

Below are the key differences in the traditional public medical insurance payment model and the DIP and DRG models:

	Traditional Model	DRG Model	DIP Model
Payment scheme	The public medical insurance authority pays according to the actual costs (service items) of patients in the medical institution.	A case combination classification scheme, which classifies patients into different diagnostic groups based on the factors such as age, disease diagnosis, comorbidities, complications, treatment modalities, disease severity and resource consumption levels.⁽¹⁾ The public medical insurance authority pays according to the payment standard of the diagnosis related group that the case enters.	A management system which classifies medical record data based on the common characteristics of disease diagnosis and treatment methods, and calculates points based on the total annual medical insurance payment, the portion of medical insurance payment and the total score of cases in medical institutions.⁽²⁾ The public medical insurance authority forms the payment standard based on the disease score and the score point value.
Whether medical institutions can adopt payment models at their discretion	/	The applicability of DRG and DIP payment systems is determined by local public medical insurance authorities based on factors such as hospital scale, service scope, information system capabilities, and data reporting quality.	

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	Traditional Model	DRG Model	DIP Model
Impact on the business operation of our self-owned, managed and invested medical institutions	The inpatient services provided by certain of our medical institutions are subject to the government-approved annual quota for the service costs reimbursable from the relevant public medical insurance authority. For amounts in excess of the relevant quota, the authorities may reimburse all or part of these amounts in the next year according to relevant local policies.	Our medical institutions which adopt DIP or DRG model will be reimbursed according to the reimbursement standard of the disease group that the patient belongs, and no longer in accordance with the actual costs incurred. Accordingly, we will take the initiative to strengthen cost control and improve operational efficiency in order to minimize the non-reimbursable amounts. DRG and DIP payment systems also promote standardized management, diagnosis and treatment process. 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. 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. Looking forward, we expect that the gradual expansion of the DIP and/or DRG payment systems may have an impact on our business operations, particularly in relation to disease mix and operational efficiency. As our self-owned medical institutions primarily operate as primary- and secondary-level institutions, they mainly treat common and basic diseases, which are generally classified as lower-weight disease groups under the DIP and DRG frameworks. As a result, such disease groups may generate relatively lower reimbursement amounts and, if not effectively managed, could exert pressure on margins. In addition, our patient population includes a relatively high proportion of elderly patients, who typically require rehabilitation or long-term care. Accordingly, key operational metrics such as average length of hospital stay and bed turnover rate will be essential to controlling medical service costs and improving cost efficiency. Failure to effectively manage these indicators could result in actual treatment costs exceeding the applicable reimbursement standards, thereby adversely affecting profitability. Notwithstanding the above, our Directors believe that, by continuously optimizing clinical pathways, strengthening cost management, and enhancing operational efficiency, we are well positioned to adapt to the ongoing reform of public medical insurance payment systems, and that the implementation of the DIP and DRG payment models is not expected to have a material adverse impact on our overall business operations and financial performance.	
Impact on the pricing policy of our self-owned, managed and invested medical institutions		As all of our self-owned and managed medical institutions are Medical Insurance Designated Medical Institutions, they may only charge healthcare service fees in accordance with the pricing guidelines set by the relevant healthcare administrative departments and public medical insurance authorities. Because the DRG or DIP models determine reimbursement amounts and settlement methods rather than setting service prices, they generally do not directly affect our institutions’ pricing policies. In parallel, our institutions have strengthened cost control, primarily by managing the costs of medicines, medical materials, and consumables, and improved operational efficiency to adapt to DRG/DIP implementation. As such, we believe that the implementation of the DRG or DIP Model has no material impact on the pricing policy of our medical institutions.	
Impact on the financial performance of our self-owned, managed and invested medical institutions		As mentioned above, the implementation of the DRG and DIP payment models may exert pressure on our profit margins. Nevertheless, as the goal of the DRG/DIP payment reform is promoting medical institutions to standardize and improve the quality of diagnosis and treatment, and to control pharmaceutical consumption costs reasonably, and is consistent with the principles of disciplined development, quality management and refined management of our medical institutions, based on our current scale of exposure and historical experience during the Track Record Period, we believe that the DRG or DIP payment model generally would not bring significant impacts on our medical institutions’ financial performance.	

Notes:

- (1) Notice on Issuing the National Pilot Technical Specifications and Grouping Scheme for the Diagnosis Related Groups (DRG) Payment (《關於印發疾病診斷相關分組(DRG)付費國家試點技術規範和分組方案的通知》) promulgated by the National Health Security Administration on October 16, 2019.

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- (2) Notice on Issuing the Technical Specifications for National Medical Insurance Payment by Diagnosis-Intervention Packet (DIP) and the DIP Disease Catalog (Version 1.0) (《關於印發國家醫療保障按病種分值付費(DIP)技術規範和DIP病種目錄庫(1.0版)的通知》) promulgated by the National Health Security Administration on November 9, 2020.

During the transition from the traditional public medical insurance payment model primarily based on itemized fee-for-service (the “Traditional Model”) to the DRG and/or DIP payment systems, a single medical institution may concurrently adopt more than one public medical insurance payment systems, depending on the type of medical service provided, the nature of the disease and the regulatory arrangements applicable in the relevant region.

In particular, within the same institution, different payment systems may apply simultaneously to different categories of services. For inpatient services, public medical insurance payment systems vary by region. As of the Latest Practicable Date, tertiary hospitals in Beijing generally adopt the DRG settlement model for inpatient services, while inpatient services in Hebei province are predominantly settled under the DIP model. Our current operations are located only in Beijing and Hebei province. By contrast, outpatient services have not yet been included in the DRG or DIP settlement scope and continue to be settled under the Traditional Model. In addition, certain special disease categories, such as mental illnesses, rehabilitation treatment and hospice care, which typically involve long-term hospitalization, may be excluded from the overall DRG or DIP payment framework and instead be subject to alternative payment methods such as per-bed-day payment. Furthermore, for certain new medical technologies, newly developed pharmaceuticals or the use of high-value medical consumables, itemized fee-for-service settlement or case-by-case negotiation may continue to apply on a transitional or exceptional basis.

The Traditional Model will not be completely phased out in the short term. However, its position as the dominant public medical insurance payment method has been, and is expected to continue to be, progressively replaced by prepaid and bundled payment mechanisms represented by the DRG and DIP models, resulting in a diversified and hybrid public medical insurance payment system. As of the Latest Practicable Date, DRG and/or DIP settlement has been implemented in Beijing primarily at the tertiary hospital level.

According to the Three-Year Action Plan for the Reform of DRG/DIP Payment Methods (2022–2024) (《DRG/DIP支付方式改革三年行動計劃(2022-2024年)》), by the end of 2025, DRG/DIP payment is expected to achieve full coverage of eligible medical institutions, disease categories and medical insurance funds. As a result, all Medical Insurance Designated Medical Institutions providing inpatient services are expected to fall within the scope of the reform. For private medical institutions like us, the implementation timeline of DRG and/or DIP payment is primarily subject to the unified arrangements of the local public medical insurance authorities in the cities where they operate.

During the Track Record Period and up to the Latest Practicable Date, we have been subject to administrative fines in relation to public medical insurance programs. In September 2024, a physician of Yanlong Hospital was found to have assisted others in obtaining medical treatment by using the identity of another person eligible for public medical insurance programs, thereby improperly accessing the public medical insurance fund in the amount of RMB4,095.79. Yanlong Hospital was issued a yellow card warning by the Beijing Municipal Medical Insurance Affairs Management Center, resulting in a six-month temporary medical service suspension involving the use of medical insurance funds by the physician and specialty department concerned. During this period, patients of the physician or specialty department cannot use medical insurance funds to settle their medical expenses. The yellow card warning and suspension do not constitute administrative fines, but rather remedial measures taken in response to a breach under the medical insurance service agreement. Yanlong Hospital was also ordered to reimburse the relevant medical insurance payments, which was promptly completed. In November 2024, an administrative fine of RMB8,191.58 was imposed by the Beijing Municipal Bureau of Medical Insurance, which was also duly paid promptly. To effectively prevent recurrence of similar incidents, Yanlong Hospital has enhanced its real-name medical treatment management by implementing a policy in October 2024, which requires the verification of patient identification throughout the treatment process. In April 2025, the relevant authority confirmed that Yanlong Hospital met the requirements of Medical Insurance Designated Medical Institutions following rectification, and the yellow card warning was lifted. Separately in March 2025, certain physicians of Dahuangzhuang Hospital were found to have engaged in practices including duplicate charging, excessive medical treatment, and inclusion of non-covered pharmaceutical or medical expenses into medical insurance settlement, resulting in a loss of RMB16,892.56 to the public medical insurance fund. Dahuangzhuang Hospital was imposed of an administrative fine of the same amount by the Beijing Municipal Bureau of Medical Insurance, which was duly paid. We carried out a series of corrective measures in the following months, including promptly refunding the non-compliant charges, conducting training to enhance

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employees’ understanding of public medical insurance policies, clarifying the standards applicable to prescription and medical treatment, and strengthening our internal control mechanisms. All of our medical institutions are Medical Insurance Designated Medical Institutions and their medical insurance agreements have been renewed on an annual basis without interruption, which demonstrates that the rectification measures have been duly completed. Based on the foregoing, our Directors believe that such incidents and the associated administrative fines do not and will not have any material financial or operational impact on us.

To effectively enhance our internal control and procedures with respect to public medical insurance programs, in preparation for the [REDACTED], we have established the medical insurance self-inspection management mechanism and the medical insurance reconciliation and settlement management mechanism. They explicitly require each medical institution to form a medical insurance self-inspection working group, to be led by the head of the respective medical institution, with members including the heads of the medical insurance office, medical affairs department, financial department and other relevant departments. The working group is responsible for conducting self-inspections on the implementation of public medical insurance policies, medical service practices and cost settlement management, among other areas. In practice, we carry out daily self-inspections, allowing for the timely identification and correction of any issues. Furthermore, a comprehensive self-inspection is organized on a quarterly basis to conduct an all-encompassing review and evaluation of the medical insurance operations. During the review of our internal control system, our internal control consultant had conducted a comprehensive review on our internal policies and management of public medical insurance programs, and no further recommendations were made after the follow-up review.

Patients may also rely on applicable commercial medical insurance policies or pay to our medical institutions in cash, bank cards or online payments via third-party payment platforms. During the Track Record Period, some of our medical institutions have entered into cooperation agreements with certain third-party commercial insurance providers on direct billing settlement. If healthcare services we provide are eligible to be paid by the relevant commercial medical insurance policies, patients may make nil or partial payment with the remainder settled between us and the commercial insurance institutions directly. Pursuant to our cooperation agreements, the commercial insurance providers generally settle with our relevant medical institutions on a monthly basis.

RECENT REGULATORY CHANGES

We operate in a highly regulated healthcare and eldercare environment in the PRC. In recent years, a number of regulatory developments have been implemented or further strengthened, which may have implications for our pricing levels, reimbursement mechanisms, procurement practices, and expansion plans. Set out below is an overview of the key recent regulatory changes applicable to our business.

Centralized Procurement of TCM Decoction Pieces and Chinese Patent Medicines

The PRC government has continued to expand centralized volume-based procurement of pharmaceuticals since January 2021. With respect to TCM decoction pieces, in November 2024, an initial national centralized procurement document covered 45 varieties of TCM decoction pieces, requiring medical institutions to shift from decentralized price-bargaining procurement to centralized fixed-price procurement. In November 2025, draft rules for the second batch of national centralized procurement were released for public consultation, announcing 41 proposed varieties. With respect to patent Chinese medicines, national centralized procurement documents were issued in November 2024 to add a number of patent Chinese medicines into the scope of centralized procurement.

Pharmaceutical Zero Mark-up Policy

In May 2025, the NHSA issued a notice requiring non-public medical institutions applying to become designated healthcare security institutions to align their medical service pricing with that of public institutions, and to ensure that the prices of pharmaceuticals and medical consumables are fair, reasonable and generally not exceed the prices charged by other designated institutions within the same coordination region.

DIP and DRG Payment Systems

Since 2019, the NHSA has gradually promoted DRG and DIP payment systems nationwide as part of the reform of public medical insurance payment mechanisms. Under these systems, inpatient medical insurance reimbursement is determined based on standardized disease groupings and corresponding reimbursement standards, rather than actual treatment costs incurred.

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Recent policy updates by the NHA in 2024 and 2025 updated the grouping plans previously adopted and further standardized and expanded the implementation of such systems. In particular, in August 2025, the NHA issued the *Interim Measures for the Administration of Medical Insurance Disease-Based Payment* (《醫療保障按病種付費管理暫行辦法》), requiring the establishment of a unified national medical insurance payment mechanism by standardizing the management of total budget, as well as the formulation and adjustment of disease grouping plans, core elements and supporting measures. In September 2025, TCM advantageous diseases have been formally incorporated into disease-based payment pilots.

Long-term Care Insurance System

In March 2026, the PRC government issued the Opinions on Accelerating the Establishment of the Long-term Care Insurance System (《關於加快建立長期護理保險制度的意見》), which aims to establish a universal, urban-rural integrated and sustainable long-term care insurance system within approximately three years. It contemplates a contribution rate of approximately 0.3%, funded by employers, individuals and the government, and covers insured persons with severe disabilities, with reimbursement rates of approximately 70% for employees and 50% for unemployed residents.

Regulation of Large-scale Medical Equipment

The *Regulations on the Supervision and Administration of Medical Devices* (《醫療器械管理條例》), effective from January 20, 2025, reaffirm that the deployment of large-scale medical equipment is subject to national quota management and approval by healthcare administrative authorities. Pursuant to the relevant trial administrative measures and catalog, such equipment is classified into Category A and Category B, with Category A equipment subject to approval by the NHC and Category B equipment subject to approval by provincial healthcare administrative authorities.

Beijing Municipal Healthcare Facilities Special Plan (2020-2035)

In September 2021, the Beijing Municipal Health Commission issued the *Beijing Municipal Healthcare Facilities Special Plan (2020–2035)* (《北京市醫療衛生設施專項規劃(2020年–2035年)》), which prohibits the construction of new medical facilities and bed expansions in Dongcheng and Xicheng districts (with certain exceptions). These restrictions are further reinforced by the *Beijing Municipal Directory of Prohibited and Restricted New Industries (2022 Edition)* (《北京市新增產業的禁止和限制目錄(2022年版)》), issued by the General Office of the Beijing Municipal People’s Government in February 2022, which prohibits the establishment of new hospitals, outpatient centers and clinics within the capital core functional zone i.e., Dongcheng and Xicheng districts. It also adds that when hospitals in these areas establish new campuses outside the zone, they must reduce bed capacity at their original locations.

Our Directors are of the view that the recent regulatory changes may impose certain constraints on our pricing flexibility, reimbursement arrangements and expansion plans, but are not expected to have a material adverse impact on our business operations or financial performance in the near term. This is primarily because our revenue is primarily derived from medical service fees rather than pharmaceutical sales, and we have progressively enhanced our cost control, clinical pathway management and operational efficiency to adapt to disease-based payment mechanisms such as DIP and DRG. In addition, centralized procurement initiatives may contribute to lower procurement costs and improved supply stability. The introduction of long-term care insurance at the national level also expects to encourage the development of rehabilitation, elderly care and other more diversified services.

We have taken and will continue to take appropriate measures to mitigate the impact of the evolving regulatory environment, including strengthening internal cost management, optimizing procurement practices, enhancing medical insurance settlement capabilities and incorporating regulatory constraints into our capital expenditure and expansion planning. We have also diversified our offerings to cover rehabilitation, nursing, palliative care, and other extended services that involve a higher proportion of out-of-pocket payments, so as to mitigate the pricing pressure and appeal to a broader patient base. Our Directors believe that these measures position us to remain operationally resilient and competitive under the current regulatory framework.

Based on its review of applicable PRC laws and regulations, our PRC Legal Advisor is of the view that the recent regulatory changes represent a continuation and refinement of existing healthcare reform policies. Subject to ongoing compliance with relevant regulatory requirements, such changes do not prohibit us from continuing its existing business operations in any material respect. Based on the independent due diligence conducted by the Joint Sponsors and having considered the views and basis of our Directors and our PRC Legal Advisor as to the recent

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regulatory changes applicable to our business as disclosed in this document, nothing has come to the attention of the Joint Sponsors that would reasonably cause the Joint Sponsors to cast doubt on the reasonableness of the views of our Directors and our PRC Legal Advisor as to the recent regulatory changes applicable to our business in any material aspect.

INVENTORY MANAGEMENT

Inventories of our medical institutions primarily comprise pharmaceuticals and medical consumables. Our medical institutions generally maintain 30 to 60 days of inventory for pharmaceuticals and medical consumables to meet their needs. During the Track Record Period and up to the Latest Practicable Date, we were in full compliance with applicable laws and regulations in relation to the storage of medical supplies in all material aspects. We review our inventories on hand on a monthly basis. We carry out regular physical inventory counts to verify the accuracy of our inventory records and we closely monitor inventory expiry dates to ensure no expired items will be used. During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant write-offs of our inventories.

DATA PRIVACY AND SECURITY

We are committed to protecting our customers’ data and privacy. To that end, we implement strict protocols on data collection, transmission, storage and usage, and have technologies and systems in place to safeguard against unauthorized data access and disclosure.

As part of our routine operations, we collect and store certain personal information of our patients, including basic identification details (such as name and identity card number), health and medical data (such as medical records and diagnosis results), as well as transaction and operational data of our medical institutions, for the purposes of providing medical services, billing and payment processing, and complying with applicable regulatory reporting requirements. 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 have adopted internal policies, including the Personal Information Protection Policy (《個人信息保護制度》) and the Data Security Management Policy (《數據安全管理制度》), which require our employees to maintain the confidentiality of our patients’ personal information and to protect data privacy and security.

We safeguard patients’ personal information and seek their informed consent by providing clear notices. For data directly collected through online channels, our medical institutions publish privacy policies on relevant WeChat service accounts, and in offline settings, inform patients via intake forms and related materials. For data collected indirectly, we receive appointment and registration information from third-party platforms, such as Beijing’s unified appointment system, which independently present their own privacy policies and obtain consent via active checkboxes or button clicks. We have entered into written agreements with these platforms defining each party’s rights and obligations, and have established verification standards for assessing the integrity of third-party data sources. Any future intake of third-party data will be preceded by a documented review of source legality. Furthermore, we have adopted a Data Processing Agreement (Template) (《數據委托處理協議(模板)》) and Management Standards for the Admission of Data Partners (《數據合作方准入管理規範》), which require a pre-approval assessment of third parties’ capabilities in processing personal data.

Our medical institutions also accept external physicians and medical experts to conduct multi-site practice and invite external physicians and medical experts to provide technical support and consultation services. Our medical institutions collect necessary personal information from external physicians and medical experts with their prior consent, and such personal information is only used for the purpose of completing the multi-site practice filing and our daily personnel management. We have set up a dedicated cyber-data compliance team responsible for cybersecurity, data security and personal information protection matters, and have appointed a cybersecurity and data protection officer to oversee and coordinate relevant compliance efforts. We enter into confidentiality agreements with our employees who have access to our data and information. The confidentiality agreements provide that, among others, these employees are legally obligated not to share, distribute or sell our confidential data and information, including our patients’ and other parties’ data and information in possession during their employment, to any third parties, including other employees without such access. These employees are also legally obligated to surrender all confidential data and information in possession upon resigning and to retain their confidential obligations afterwards. We also provide regular data security education and training to enhance employees’ awareness of data protection and cybersecurity requirements.

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On the technical front, we have adopted multiple safeguards to protect our technology infrastructure and data, such as network segmentation, firewalls, vulnerability protection, and anti-virus protection. We monitor and record network operation status and cybersecurity incidents, and retain network logs for no less than six months in accordance with applicable requirements. Additionally, we have adopted data classification, encryption, backup, and access control measures to protect our networks and information systems from interference, damage or unauthorized access, and to prevent data leakage, theft or tampering. We also conduct regular system checks and monitoring to detect and prevent potential security breaches and other security incidents and threats. We assign designated personnel to take charge of the operation, maintenance and security management of our technology infrastructure, as well as data backup and disaster recovery, and implement corresponding protocols. We have adopted the Cybersecurity Management Policy (《網絡安全管理制度》), the Hospital Healthcare Information Security Policy (《醫院信息安全制度》) and the Hospital Information System Failure Contingency Plan (《醫院信息系統故障處理應急預案》).

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material data or personal information leakage or loss, infringement of data or personal information, or information security incident. During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any litigation or dispute related to data security and personal information protection, nor had we been subject to or involved in any investigation or penalty by relevant competent regulatory authorities in this regard, that had a material adverse effect on our business, results of operations or financial condition. During the Track Record Period and up to the Latest Practicable Date, based on the advice of our PRC Legal Advisor and the basis thereof, our Directors believe that we have, in all material respects, complied with the laws and regulations of the PRC relating to cybersecurity, data security and personal information protection, and that we are not subject to any material risks in this regard.

COMPETITION

The integrated healthcare and eldercare services industry in China is highly competitive and fragmented with a large number of market participants. Market participants mainly comprise public and private healthcare and eldercare medical institutions. Our medical institutions primarily compete on key factors including service quality, reputation, convenience, medical and care professionals, medical equipment and pricing. See “Industry Overview” for details.

LICENSES, PERMITS AND APPROVALS

We operate in a heavily regulated industry in China. We and our medical institutions are required to obtain various licenses, permits and approvals for our and their respective operations. See “Regulatory Overview — Regulations on Administration of Medical Institutions and its Implementation Measures” for details.

As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we had obtained all material licenses, permits and approvals necessary to conduct our operations in all material respects from the relevant government authorities in China, and such licenses, permits and approvals remained in full effect.

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The following table sets out a list of material licenses, permits and approvals currently held by us and our self-owned medical institutions.

Receiving Entity	License/Permit/ Certificate	Issuing Body	Grant Date	Expiration Date
Puxiang Medical Investment Group Co., Ltd.	Medical Device Business License (醫療器械經營許可證)	Shijingshan District Market Supervision Administration of Beijing (北京市石景山區市場監督管理局)	March 16, 2026	April 21, 2031
Beijing Puxiang Chinese Medicine Oncology Hospital	Medical Institution Practicing License (醫療機構執業許可證) License for Radiation Therapy (放射診療許可證) Radiation Safety License (輻射安全許可證)	Beijing Daxing District Health Commission (北京市大興區衛生健康委員會) Beijing Municipal Health Commission (北京市衛生健康委員會) Beijing Municipal Ecology and Environment Bureau (北京市生態環境局)	March 26, 2024 August 8, 2022 March 3, 2025	June 30, 2030 N/A March 2, 2030
Beijing Puxiang Traditional Chinese Medicine Hospital	Medical Institution Practicing License (醫療機構執業許可證) License for Radiation Therapy (放射診療許可證) Radiation Safety License (輻射安全許可證)	Beijing Haidian District Health Commission (北京市海澱區衛生健康委員會) Beijing Haidian District Health Commission (北京市海澱區衛生健康委員會) Beijing Haidian District Ecology and Environment Bureau (北京市海澱區生態環境局)	October 23, 2023 November 9, 2023 April 24, 2023	December 31, 2026 N/A April 23, 2028
Beijing Dashanzi Puxiang Traditional Chinese Medicine Hospital	Medical Institution Practicing License (醫療機構執業許可證) License for Radiation Therapy (放射診療許可證) Radiation Safety License (輻射安全許可證)	Beijing Chaoyang District Health Commission (北京市朝陽區衛生健康委員會) Beijing Chaoyang District Health Commission (北京市朝陽區衛生健康委員會) Beijing Chaoyang District Ecology and Environment Bureau (北京市朝陽區生態環境局)	January 1, 2026 September 30, 2024 October 28, 2024	December 31, 2030 N/A March 16, 2028
Beijing Dahuangzhuang Hospital	Medical Institution Practicing License (醫療機構執業許可證) License for Radiation Therapy (放射診療許可證) Radiation Safety License (輻射安全許可證)	Beijing Chaoyang District Health Commission (北京市朝陽區衛生健康委員會) Beijing Chaoyang District Health Commission (北京市朝陽區衛生健康委員會) Beijing Chaoyang District Ecology and Environment Bureau (北京市朝陽區生態環境局)	December 31, 2024 July 7, 2020 March 21, 2025	December 31, 2029 N/A March 20, 2030
Beijing Zhonglian Yanlong Hospital	Medical Institution Practicing License (醫療機構執業許可證) License for Radiation Therapy (放射診療許可證) Radiation Safety License (輻射安全許可證)	Beijing Changping District Health Commission (北京市昌平區衛生健康委員會) Beijing Changping District Health Commission (北京市昌平區衛生健康委員會) Beijing Changping District Ecology and Environment Bureau (北京市昌平區生態環境局)	November 5, 2025 April 20, 2023 March 27, 2023	November 5, 2030 N/A March 26, 2028
Tianjin Jinman District Dayi Renren Outpatient Center	Medical Institution Practicing License (醫療機構執業許可證)	Tianjin Jinman District Administrative Approval Bureau (天津市津南區行政審批局)	December 15, 2025	December 31, 2030

Note:

- * The License for Radiation Therapy does not bear an expiry date; however, it is subject to concurrent verification with the Medical Institution Practicing License during routine renewal or annual inspection procedures.

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We closely monitor the validity status of our licenses, permits and approvals, including those expiring in 2026. We have initiated preparatory measures to ensure timely renewal of such licenses in accordance with applicable regulations. Our PRC Legal Advisor is of the view that there is no material legal impediment to the renewal of these licenses as they expire in the future as long as we meet the requirements and follow the procedures under applicable laws, regulations and rules as required by the relevant regulatory authorities.

INTELLECTUAL PROPERTY

As of December 31, 2025, we had registered 22 trademarks, one patent and one domain name in China. 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 recognize the importance of our intellectual property rights and will protect and enforce them if we become aware of any potential infringement. During the Track Record Period and up to the Latest Practicable Date, we had not identified breaches of our intellectual property rights which, viewed alone or in the aggregate, had a material impact on our business, results of operations or financial condition, nor had we had any material dispute or legal proceeding concerning intellectual property rights with third parties.

EMPLOYEES

Our success depends on our ability to attract, retain and motivate qualified medical personnel with background and experience in the relevant industries. As of December 31, 2025, we had 586 full-time personnel, including retirees working on a full-time basis, all of whom were based in China. The following table sets forth a breakdown of our full-time personnel by function as of December 31, 2025.

Function	As of December 31, 2025	
	Numbers	% of total
Management ⁽¹⁾	36	6.2%
Physicians ⁽²⁾	144	24.6%
Other medical professionals	285	48.6%
General and administrative	121	20.6%
Total	586	100.0%

Notes:

- (1) The presidents of Puxiang TCM Hospital and Puxiang Oncology Hospital each perform dual functions in both management and physician roles. For the purpose of avoiding double counting, both individuals have been classified under management.
- (2) The number of physicians presented herein includes, in addition to those of our six self-owned medical institutions, one physician at the Group level.

In addition, as of December 31, 2025, our managed medical institutions had an aggregate of 279 full-time personnel, including 74 physicians, 140 other medical professionals and 65 other personnel.

Our full-time personnel typically enter into standard employment or service contracts with us. Each medical institution independently recruits and enters into employment or service contracts with its own personnel.

We provide both in-house and external trainings for our employees to improve their skills and knowledge. Remuneration packages for our employees mainly comprise base salary and performance-related bonus. We also align our interest with those of selected Directors, senior management, employees and consultants by offering them participation in our share option scheme.

We believe we have maintained good relationships with our employees. Employees of our medical institutions are not represented by a labor union. As of the Latest Practicable Date, we did not experience any strikes or any labor disputes with our employees which have had or are likely to have a material effect on our business.

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PROPERTIES

We are headquartered in Beijing, China. As of the Latest Practicable Date, we did not own any properties. As of the same date, we leased eight properties from third parties in China with a total GFA of approximately 30,703 square meters. All of our leased properties have been used for non-property activities as defined under Rule 5.01(2) of the Listing Rules and are primarily used for the operation of our medical institutions and our offices. The leases for our self-owned medical institutions encompass the entire medical institution premises, ensuring comprehensive operational control. Our lease agreements with third parties in respect of the abovementioned leased properties generally have expiration dates ranging from August 2026 to May 2036. We have entered into long-term lease agreements for most of our medical institutions with terms typically ranging from 10 to 12 years, considering that our operation of such medical institutions has been and is expected to remain stable for years, and that the rental fees for long-term leases would be discounted compared with short-term leases. We plan to renew our leases or negotiate new terms when the existing leases expire. For leases with near-term expirations, including the August 2026 expiration, we have commenced renewal negotiations with the respective landlord and anticipate successful renewals. Under the applicable PRC laws and regulations, we, as the lessee, have the priority right to renew the leases with the lessors of our properties on the same terms. As advised by our PRC Legal Advisor, no material legal impediment exists under PRC laws and regulations that would prevent the renewal of such leases, provided that mutual agreement is reached with the landlords. In the unlikely event that renewal cannot be finalized, we maintain full capability to promptly relocate the affected facility without material cost impact. This operational flexibility is supported by: (1) the readily available supply of comparable alternative properties at similar rental rates within our operating markets; and (2) the modular design and mobility of our essential medical equipment, ensuring efficient transfer of operations. We did not experience material difficulties in negotiating renewal of our leases with our landlords during the Track Record Period and up to the Latest Practicable Date.

Title Defects

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 leased 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. Our Directors have determined such leased property is not material to our overall operations. Our PRC Legal Advisor has advised us that it is the property owner’s responsibility to obtain valid property ownership certificate, and as the lessee, we will not be subject to any administrative penalties because of the property owner’s failure to obtain such valid title certificate. However, our use of the leased property may be effected by third party claims or challenges against the lease. If the lessors do not have the requisite rights to lease the property to us, the relevant lease agreement may be deemed invalid, and as a result we may be required to vacate the property concerned. As of the Latest Practicable Date, we were not aware of any challenge by a third party or government authority on the titles of any of our leased properties that might affect our current occupation. In the unlikely event that we were unable to continue to use the leased property currently serving as the additional outpatient lobby upon expiry of or disruption to the existing lease due to title defect, we plan to renovate and expand the original outpatient lobby to increase its capacity rather than relocating the additional lobby. We expect that the aggregate renovation costs will be approximately RMB50,000. Given the reasons above, our Directors believe that such title defect does not and will not have any material financial or operational impact on us.

Furthermore, we have enhanced our internal control to avoid such risks. We have assigned designated personnel to follow up with the relevant parties to retrieve the ownership certificate or other documents of the remaining property with title defect as soon as possible. In addition, we will conduct our due diligence and reviews more prudently when we lease additional premises, particularly with regard to their title ownerships and capability to support stable operations. Specifically, prior to the execution of any lease agreement, the administrative office of each medical institution shall be responsible for verifying the lessors’s property ownership certificate, land use rights (as applicable), and the permitted use and zoning category of the property, to ensure that the lessor possesses the legal right to lease the property for the intended use.

Non-registration

As of the Latest Practicable Date, three of our lease agreements with third parties had not been registered with the relevant PRC authorities as required, primarily because the landlords failed to cooperate to complete the lease registration. As advised by our PRC Legal Advisor, failure to register an executed lease agreement will not affect its legality, validity or enforceability. However,

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we may be subject to a fine of no less than RMB1,000 and not exceeding RMB10,000 for each unregistered lease agreement if the relevant PRC government authorities require us to rectify and we fail to do so within the prescribed time period. We estimate that the maximum penalty we may be subject to for these unregistered lease agreements will be approximately RMB30,000, which we believe is immaterial. Therefore, we believe that the failure to register these lease agreements will not have any material adverse effect on our results of operations or financial condition. We will actively liaise with the respective lessors to complete the registration of all such lease agreements, if possible. As of the Latest Practicable Date, we had not received any order from the relevant government authorities requiring us to register these lease agreements. We undertake to cooperate fully to facilitate the registration of lease agreements once we receive any requirements from relevant government authorities. To prevent recurrence, we have implemented internal control measures, including requesting that the lessor add a clause to the lease agreement confirming their cooperation with registration within a reasonable timeframe upon signing.

Fire Safety Related Incidents

As of the Latest Practicable Date, one of our leased properties had not completed the necessary fire safety acceptance filing procedures (消防驗收備案), which is used as the premise for Dashanzi Hospital, one of our self-owned medical institutions. The relevant property had been constructed and put into use as a medical institution by a third-party property owner prior to the promulgation of the Fire Prevention Law of the PRC (《中華人民共和國消防法》). As a result of this historical circumstance, the medical institution did not complete the fire safety related procedures before construction or commencement of operations. Given the timing and procedural sequence, it is no longer feasible to retroactively rectify and complete such procedures. In addition, since the owner of the leased property had not completed the fire safety design review and acceptance procedures (消防設計審核驗收), which constitutes a statutory prerequisite for our acceptance filing application as a lessee, we are unable to complete the filing procedures for the leased property.

In particular, at the time we entered into the relevant lease agreement for Dashanzi Hospital, the leased property had already been constructed and put into use as a medical institution for a prolonged period, and had been operating continuously as a medical institution. We leased the property based on its existing use as a medical institution and its ability to meet the practical operational needs of hospital operations. Following the commencement of the lease, we carried out renovation works in accordance with the fire safety standards applicable to medical institutions, and have maintained ongoing compliance with applicable fire safety operational requirements.

To effectively assess and mitigate our fire safety risks in connection with this incident, in February 2025, we engaged a qualified fire safety assessment company to conduct an independent fire safety assessment on the concerned leased property of Dashanzi Hospital. The assessment identified no fire hazards or fire safety issues, and confirmed that the property met the relevant requirements for fire safety compliance, including building legitimacy, usage, interior decoration, fireproof construction and fire safety mechanism. We also conducted similar fire safety assessments in 2023 and 2024 by a qualified fire safety assessment company, which revealed no deficiencies and confirmed the compliance of fire safety facilities and practices with relevant requirements.

Pursuant to the Fire Prevention Law of the PRC, 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. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any fire safety accidents, received any notification from relevant authorities ordering us to complete the fire safety acceptance filing procedures or been subject to administrative penalties in respect of such incident. Nor had we been ordered by the relevant authorities to suspend use of the relevant leased property or cease relevant operations. Our PRC Legal Advisor conducted interviews with the relevant competent authorities, including (1) the fire safety and rescue battalion responsible for fire safety related compliance and enforcement actions of Dashanzi Hospital and (2) the housing and urban-rural development authority supervising the fire safety acceptance filing procedures of the district in which Dashanzi Hospital is located, and the relevant competent authorities confirmed that Dashanzi Hospital could continue to use the relevant leased property and conduct operational activities as normal, and that they would not impose penalties on Dashanzi Hospital or require it to cease operations. Moreover, the competent authorities confirmed that, due to historical legacy reasons, it was objectively impracticable for us to retroactively complete the fire safety related procedures for the relevant property. We undertake to maintain active communication with the relevant authorities and will duly complete the fire safety acceptance filing procedures should we be so required or if such rectification becomes practicable in the future.

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Our PRC Legal Advisor is of the view that the risk for the relevant competent authorities imposing material administrative penalties on us for our failure to complete the fire safety acceptance filing procedures is remote, based on the foregoing and (1) its interviews with relevant competent authorities, (2) the assessment report issued by the qualified fire safety assessment company, and (3) the official credit report of Dashanzi Hospital, which detected no non-compliance incidents in the fields of emergency response, housing construction and fire safety during the Track Record Period and up to the Latest Practicable Date. Based on the foregoing, our Directors believe that our failure to complete the fire safety filing acceptance procedures do not and will not have any material financial or operational impact on us and we did not make any provision in connection with such incident.

During the Track Record Period and up to the Latest Practicable Date, we have also been subject to administrative fines in relation to fire safety. In May 2023, certain corridors of Puxiang Oncology Hospital were found to lack smoke exhaust facilities. Additionally, the width of certain of its safety exits was insufficient. It was also found that certain stairwells of Puxiang TCM Hospital had not been equipped with illuminated evacuation signs. Dashanzi Hospital was found to have installed protective railings at certain external windows on the first floor of its building, which were deemed to potentially affect escape and firefighting. Dahuangzhuang Hospital was found to have stored miscellaneous or irrelevant items in certain evacuation passages. In April 2024, an emergency lighting in the inpatient department of Puxiang Oncology Hospital was found to be malfunctioning, which arose from a prolonged forced activation test of the fire safety system that we had organized on the same day to identify and resolve fire safety hazards. In October 2025, Puxiang Oncology Hospital was found that the nozzle of an indoor fire hydrant in its staff dormitory was not in proper working condition, and that one of the on-duty personnel at its fire control room was absent at the time of inspection. We were subject to an administrative fine ranging from RMB1,500 to RMB20,000 for each of the foregoing incidents, totaling RMB82,600, which were duly paid. Apart from these, no material administrative penalties were imposed. We have also completed the corresponding rectification measures promptly at the time of the incidents or in the following months, such as by equipping the smoke exhaust facilities, engaging a constructor to widen the safety exits, installing the illuminated evacuation signs, removing the protective railings as well as the irrelevant items in the evacuation passages, fixing the malfunctioned emergency lightning, replacing the fire hydrant nozzle, penalizing the personnel involved and enhancing related training. As advised by our PRC Legal Advisor, considering that we had fully settled the fines and rectified the relevant incidents as requested by the relevant authorities, the likelihood of additional fines or penalties being imposed on us for the same matters is remote. Each of our self-owned medical institutions is subject to random inspections by fire safety authorities, health commissions and other relevant regulatory bodies at least two to three times a year. Historically, the issues identified have been limited to isolated circumstances, and were promptly rectified upon identification. We have continued to strengthen our internal controls and staff training to reduce the likelihood of recurrence, as discussed in detail below. Based on the foregoing, our Directors believe that such incidents and the associated administrative fines do not and will not have any material financial or operational impact on us.

We place great importance on fire safety and strive to mitigate our exposure to the risk of fire accidents and public safety concerns in our daily operations. We have improved our fire safety related internal controls on a regular basis to prevent similar fire safety incidents. Prior to commencing operations at our medical institutions, we have taken various measures to ensure fire safety, including, among others, (1) installing the necessary fire safety equipment required by applicable PRC laws and regulations, such as fire extinguishers, smoke detectors and evacuation signs, and (2) applying fire-resistant construction and decoration materials. We have also adopted fire safety measures at the level of medical institutions, including designating responsible personnel at each level, conducting fire prevention inspections and fire protection facilities and equipment maintenance, and regularly organizing fire safety training as well as firefighting and emergency evacuation drills, and have carried out self-inspection on a regular basis. In practice, we implement these measures rigorously. The head of the safety department conducts at least one fire safety inspection each month and ensures that any identified hazards are promptly rectified. Fire safety training sessions are organized on a quarterly basis, and comprehensive fire drills are conducted at least once every six months.

We have adopted a series of enhanced internal control measures and procedures with respect to fire safety in preparation for the [REDACTED] in April 2025 to effectively prevent the recurrence of the abovementioned incidents. We have implemented comprehensive fire safety management measures, which set out clear requirements with respect to fire safety responsibilities, fire safety education and training, fire prevention inspections, rectification of fire hazards, and emergency response procedures. In addition, we have adopted internal policies which stipulate that, prior to the execution of any lease agreement, the administrative office of each medical institution shall be responsible for verifying the lessor’s fire safety compliance status, among others, to ensure

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that the lessor has duly completed the fire safety acceptance and filing procedures. In addition, lease agreements for properties intended for medical use are subject to review by our legal and compliance personnel at the group level. We also conduct periodic reviews of key compliance matters for existing leased properties to enhance ongoing compliance.

In October 2025, we further strengthened our group-wide fire safety management system to enhance the effectiveness, consistency and enforceability of our fire safety internal controls across all of our self-owned medical institutions. We adopted a unified fire safety management rule, which (1) establishes a fire safety committee responsible for formulating and implementing fire safety policies, organizing regular inspections, supervising the rectification of fire hazards and evaluating fire safety risks, (2) introduces standardized procedures for periodic inspections, fire hazard identification and reporting, (3) sets out an internal accountability and penalty mechanism for non-compliance, and (4) provides tiered training programs as well as structured requirements for emergency drills and responses.

While we have established a comprehensive internal control framework, we recognize that fire safety compliance is an ongoing operational matter that requires continuous maintenance, monitoring and enforcement. Accordingly, we have further reinforced execution-level measures and will continue to closely monitor their implementation and regularly assess their effectiveness, with a view to making timely enhancements where necessary. We have also strengthened management oversight to reduce frontline execution lapses and ensure that fire safety responsibilities are consistently and properly discharged. For example, each medical institution is required to submit the results of their period fire safety inspections to our Group, and promptly carry out rectification measures for any identified deficiencies under centralized follow-up. We intend to further refine our internal controls and enhance staff training on an ongoing basis to prevent the recurrence of similar incidents. During the review of our internal control system, our internal control consultant had conducted a comprehensive review on our internal policies and management of fire safety, and no further recommendations were made after the follow-up review. In light of the foregoing, our Directors are of the view that such enhanced internal control measures are adequate and effective in managing fire safety risks and substantially preventing the recurrence of similar fire safety related incidents, while ensuring that any deficiencies are promptly identified and rectified, thereby deterring any severe potential consequences.

Based on the foregoing, our Directors believe that such fire safety related incidents would not have any material adverse effect on our business, results of operations or financial condition. Having considered the nature and reasons of the fire safety related incidents, our Directors are of the view that such incidents would not affect their suitability to act as directors of a listed company under Rules 3.08 and 3.09 of the Listing Rules based on the following reasons:

- the occurrence of such historical incidents was not due to the dishonesty, gross negligence or recklessness of our Directors nor for illegitimate purposes;
- no material administrative fines or other penalties were imposed on us or any of our Directors in connection with the foregoing incidents, and no investigations or actions were conducted by the relevant regulatory authorities on any of our Directors in connection with the same;
- such incidents have not had any material and adverse impact on our business, results of operations and financial condition;
- we have taken the remedial measures as described above to the extent feasible, including paying the administrative fines in full and promptly rectifying the issues identified by the relevant regulatory authorities;
- as described above, we have enhanced our internal control measures and procedures to the extent applicable to manage the associated risks and prevent recurrence; and
- our Directors are aware of the requirements and obligations as directors of a listed company pursuant to the Listing Rules and have undertaken to observe and comply with all the relevant rules and regulations.

INSURANCE

We maintain medical liability insurance for all of our self-owned medical institutions, renewable on an annual basis. During the Track Record Period and up to the Latest Practicable Date, we did not submit any material insurance claims, nor did we experience any material difficulties in renewing our insurance policies. Our Directors believe that our insurance coverage is adequate for our existing operations and is in line with industry norm. We periodically review our insurance coverage to ensure that it remains to be sufficient. However, the risks related to our business and operations may not be fully covered by insurance. See “Risk Factors — Risks Relating to Our

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Business and Industry — We may not carry adequate insurance for our medical institutions, medical professionals and other liabilities which may arise in our business, and any claims beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources.”

AWARDS AND RECOGNITION

The following table sets forth the recent major awards and recognition won by our self-owned and managed medical institutions.

Year	Award/Recognition	Award Issuing Authority	Award Receiving Entity
2024 & 2023 . . .	China Healthcare Innovation Awards — Future Healthcare Top 100 (中國創新醫療服務榜未來醫療100強)	VB100, VBData (動脈網), VCBeat Research (蛋殼研究院)	Puxiang Health Group/普祥健康集團
2024	Beijing Red Cross Certificate of Honor (北京市紅十字榮譽證書)	Beijing Red Cross Society (北京市紅十字會)	Puxiang Medical Investment Group/普祥醫療投資集團
2023	Shijingshan District Support and Collaboration Unit (石景山區支援協作愛心單位)	Shijingshan District Support and Assistance Leading Group Office (石景山區支援協助工作領導小組辦公室)	Puxiang Medical Investment Group/普祥醫療投資集團
2020	Inaugural member of the Digital Economy Committee of the Asia-Pacific Economic Cooperation (APEC) China Business Council (亞太經合組織(APEC)中國工商理事會數位經濟委員會首屆委員單位)	APEC China Business Council (APEC中國工商理事會)	Puxiang Health Group/普祥健康集團

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We are subject to legal proceedings, investigations and claims arising in the ordinary course of our business from time to time. During the Track Record Period and up to the Latest Practicable Date, we were not involved in any material litigation, arbitration or administrative proceeding pending or, to our knowledge, threatened against us or any of our Directors that could have a material and adverse effect on our business, results of operations and financial condition.

Compliance

We are subject to a number of regulatory requirements and guidelines issued by the regulatory authorities in China. During the Track Record Period and up to the Latest Practicable Date, we did not commit any material non-compliance of the laws and regulations, or experience any systemic non-compliance incident which, taken as a whole, in the opinion of our Directors, is likely to have a material adverse effect on our business, results of operations and financial condition.

PATIENT COMPLAINTS AND DISPUTES

Due to the subjective nature of the integrated healthcare and eldercare services, our medical institutions occasionally receive complaints raised by our patients and/or their families. See “— Internal Control and Risk Management — Patient Complaint and Medical Adverse Event Management” for our internal guidelines and procedures to ensure each patient complaint is properly dealt with. During the Track Record Period and up to the Latest Practicable Date, our medical institutions did not experience any patient complaints that could have a material adverse effect on our business, results of operations and financial condition.

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During the Track Record Period and up to the Latest Practicable Date, our self-owned medical institutions recorded eight patient complaints, primarily involving allegations of medical malpractice and treatment-related injuries. As of the Latest Practicable Date, seven of these complaints had been fully resolved through litigation judgments, mediation via the medical dispute mediation committee, court-facilitated settlements, or withdrawal of claims by the opposing parties, and we had paid an aggregate amount of approximately RMB1.0 million as monetary compensation in connection therewith. The remaining complaint related to an ongoing medical dispute with the lawsuit filed in February 2026, as discussed in detail below. We believe these are isolated cases and reflect the inherent risks related to our business and operations, and the medical professionals have followed appropriate procedures and protocols in such medical disputes. None of these matters involved any determination of medical incident (醫療事故). During the Track Record Period and up to the Latest Practicable Date, none of the physicians and other medical professionals of our medical institutions were involved in any disciplinary proceedings or otherwise determined to be liable for medical incidents.

In addition, during the Track Record Period and up to the Latest Practicable Date, our self-owned medical institutions recorded two patient complaints which resulted in administrative fines. In December 2023, Puxiang TCM Hospital was warned and fined RMB10,000 for incomplete documentation of medical records following a patient complaint involving one of its physicians. It was also ordered to immediately rectify such incident, which was timely completed, and the fine was duly paid. Following a regulatory inspection in August 2025 in connection with a patient complaint, Puxiang TCM Hospital was warned and fined RMB21,000 for insufficient documentation of diagnostic or treatment information, and was ordered to immediately rectify such incident. Specifically, the patient had provided informed consent for one procedure and, upon entering the operating room, requested that an additional procedure be performed. While the physician explained the relevant risks and alternative options, as evidenced by video recordings, and subsequently updated the medical records to include the additional procedure, the documentation did not contemporaneously record the patient’s request or the physician’s explanation. The fine was duly paid and the non-compliance was timely rectified. To effectively prevent recurrence, in April 2024, we have reinforced training on the writing of medical records and other documentation for physicians, referencing the Outpatient Medical Record Writing Guidelines for Medical Institutions in Beijing. In September 2025, we organized comprehensive training on medical quality control protocols at group level, covering matters including the management of medical records, among others. We have also enhanced internal control measures and procedures in preparation for the [REDACTED] in May 2025 to effectively monitor our service quality and prevent recurrence of similar incidents. Key measures include the establishment of standardized diagnostic and treatment procedures, an adverse medical event reporting system, and a patient complaint management system. We have also formed a medical quality management committee responsible for formulating policies related to medical documentation, technical operations, treatment standards, and assessments of fundamentals, skills and knowledge. The committee also oversees the analysis and handling of adverse events across our Group. Furthermore, our quality control center conducts both regular and ad-hoc quality inspections and implements timely corrective actions to address identified deficiencies. During the review of our internal control system, our internal control consultant had conducted a comprehensive review on our internal policies and management of medical service quality, and no further recommendations were made after the follow-up review. Based on the foregoing, our Directors believe that such incidents and the associated administrative fines do not and will not have any material financial or operational impact on us.

As of the Latest Practicable Date, our self-owned medical institutions were involved in one ongoing medical dispute. The lawsuit was filed in February 2026 against Puxiang TCM Hospital and another hospital-defendant in relation to the treatment of a patient who had been hospitalized multiple times since November 2023 and with lung infection, pleural effusion and several other complications upon admission. The patient subsequently deceased at another hospital after being discharged from our hospital. The plaintiff is seeking a total of RMB0.2 million in compensation against the two defendants. Based on our preliminary internal assessment, the patient was in a severe and unstable medical condition during hospitalization at Puxiang TCM Hospital, and the relevant diagnosis and treatment were carried out in accordance with applicable medical standards. As such, we do not believe that we should bear primary responsibility for the patient’s subsequent fatality. The case is currently at an early stage pending trial. The dispute is expected to fall within the coverage of our medical liability insurance, although the extent of any indemnity will be subject to court judgment and allocation of liability to our hospital. We will continue to monitor the development of our ongoing medical dispute and manage to minimize any potential adverse effect on us. We currently maintain medical liability insurance for all self-owned medical institutions, renewable on an annual basis, and seek to ensure more comprehensive coverage by timely updating the list of insured personnel with our insurer. Based on the amount claimed by the plaintiff and the

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latest development of such medical dispute, we estimate that the aggregate maximum exposure in relation to such dispute is immaterial. Our Directors are of the view that our unresolved medical dispute would not have any material adverse effect on our business, results of operations and financial condition.

To prevent recurrence of similar disputes, we have implemented several internal control measures. These include conducting regular staff training programs to reinforce compliance with medical protocols and improve service quality, administering patient satisfaction surveys to identify and address concerns proactively, and establishing formalized complaint resolution procedures with defined timelines and follow-up verification processes. We have also strengthened medical documentation practices to ensure proper maintenance of treatment records and implemented protocols for timely escalation of disputes to relevant departments.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

We are committed to fulfilling our corporate responsibility as to environmental, social and governance (“ESG”) matters and believe ESG is essential to our continued growth. We will continue to actively participate in designation of our ESG strategies and targets, and evaluate, assess and address our ESG risks and review our key ESG performance on a regular basis in accordance with the applicable Listing Rules upon the [REDACTED].

Governance on ESG Matters

Our Board has the collective and overall responsibility for establishing, adopting and reviewing the ESG vision, policy and target of our Company, and evaluating and addressing our ESG related risks at least once a year. Our Board may also review our internal controls and suggest for enhancements for our ESG management schemes. To ensure informed governance, our Board comprises members with diversified expertise in critical ESG areas such as environmental compliance, healthcare governance, and social impact. Where necessary, our Board engages external advisors to supplement its knowledge and stay abreast of emerging ESG trends and regulatory developments.

To maintain effective oversight, our Board has established a structured reporting mechanism. The ESG working group, led by our senior management, submits quarterly performance reports that track key ESG metrics, incident disclosures, and corrective actions. Additionally, material ESG risks identified through stakeholder engagement, including investors, regulators, and business partners, are elevated for Board discussion. Our Board also reviews findings from internal audits and third-party ESG assessments on an annual basis to validate compliance and identify areas for enhancement. While our management team remains responsible for the day-to-day execution of ESG policies, our Board retains active oversight through these periodic reviews and initiatives as needed to address high-priority issues.

Our Board actively considers ESG related risks and opportunities when overseeing our strategy and evaluating major transactions. Our Board ensures that management, medical professionals and staff receive internal training on ESG regulations, industry trends and sector-specific responsibilities to enhance ESG awareness. Our Board also benchmarks ESG risk identification and management practices against other integrated healthcare and eldercare providers in China, and regularly reviews and refines our ESG monitoring mechanisms. In addition, ESG considerations, such as environmental impact, fire safety compliance and social responsibility alignment, are incorporated into the evaluation of potential acquisitions and other significant investments.

Environmental Protection

Resource Usage

The energy consumption in our operations mainly includes electricity, natural gas, gasoline and diesel. The natural gas consumption is attributed to canteen boiler and the direct gas turbine used for heating and refrigeration. Gasoline and diesel are mainly used by vehicles. We have actively carried out a series of energy-saving measures, primarily including, posting energy-saving signs to promote awareness; promptly turning off unnecessary energy switches; standardizing air conditioner usage and temperature settings, and performing quarterly cleaning and maintenance; and reducing paper consumption and disposable office supplies (such as paper cups, tissues, etc.).

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Our water consumption is primarily sourced from municipal tap water. We post water conservation signs to strengthen public awareness; strengthen line inspection, timely repair water supply facilities and pipelines to reduce water resource loss; and promote the use of water-saving facilities, and advocate water-saving technology renovation and innovation.

As we are not a manufacturing enterprise, our use of packaging materials is limited. Most of the pharmaceuticals provided to patients are packaged by manufacturers. In rare cases involving sub-packaging, we strive to reduce unnecessary packaging while ensuring safety and hygiene. For TCM, we use environmentally friendly kraft paper to prevent dampness and to make it easy for patients to take the prescribed dosage. For prescription pharmaceuticals, we attach identification labels on the packaging box and provide degradable bags for patients' convenience.

The following table sets forth details of our resource usage during the Track Record Period.

	Year ended December 31,		
	2023	2024	2025
Energy Usage			
Electricity usage (MWh)	3,978.17	3,638.23	3,331.6
Total comprehensive energy usage (MWh) ⁽¹⁾	3,978.17	3,638.23	3,331.6
Comprehensive energy usage density (MWh/million RMB revenue)	9.43	7.27	7.07
Water Usage			
Total water usage (tons)	82,332.29	100,017.06	75,411.2
Water usage density (tons/million RMB revenue)	195.14	199.86	160.0

Note:

- (1) Total comprehensive energy usage refers to the General Principles for Calculation of Comprehensive Energy Consumption (《綜合能耗計算通則》) (GB/T 2589-2020) issued by the State Administration for Market Regulation and the National Standardization Administration.

Waste Management

Our medical wastewater undergoes pre-treatment, biological treatment, chemical treatment, and physical treatment at on-site treatment facilities. After reaching the required discharge standards, it enters the local municipal sewage treatment plant for further treatment.

Our medical institutions also generate solid waste, primarily including hazardous medical waste and non-hazardous waste. Each of our medical institutions have strictly implemented classified management of medical waste according to the Catalog of Classified Medical Wastes (《醫療廢物分類目錄》) issued by the NHC and Ministry of Ecology and Environment of the PRC. Our medical institutions also implement the Policies on the Administration of Medical Waste to standardize the storage, collection, handover, transportation, and recovery and disposal of medical waste, as well as emergency plans for medical waste accidents. In addition, we have set internal standards on the safety of waste management in accordance with our Pollution Control Standards for the Treatment and Disposal of Clinical Waste.

In practice, medical waste is strictly segregated at the point of generation in accordance with its nature and risk level. For example, residues from the processing of TCM decoction pieces are subject to harmless treatment and subsequently processed into organic fertilizer for agricultural use, thereby achieving resource recycling. Sharps such as needles and suture needles are placed in puncture-resistant containers and sealed for disposal. Contaminated clothing, blood-stained gauze, infusion sets and other infectious waste are classified and stored in designated, sealed medical waste storage rooms, and are regularly collected and transported by qualified third-party service providers to licensed medical waste disposal facilities for compliant treatment.

With respect to hazardous materials, disinfectants, chemical testing reagents and other hazardous substances used in hospital operations are stored in designated areas in accordance with hazardous goods storage standards, including storage in ventilated and explosion-proof facilities where applicable. Residual waste liquids and discarded containers generated after use are collected, classified and temporarily stored in compliance with relevant regulations, and are subsequently handed over to qualified professional disposal institutions for harmless treatment, thereby minimizing the risk of environmental pollution.

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Our medical institutions maintain records of medical waste generation, storage, transfer and disposal, and conduct routine inspections to monitor compliance with internal policies and applicable environmental regulations. We also provide comprehensive training on legal, technical, safety protection, and emergency treatment knowledge to enhance the professional skills and sense of responsibility of our relevant personnel.

The following table sets forth details of our wastewater discharge and waste generation during the Track Record Period.

	Year ended December 31,		
	2023	2024	2025
Wastewater Discharge			
Total wastewater discharge (tons)	22,279.64	25,154.78	21,798.4
Wastewater discharge density (tons/million RMB revenue)	52.81	50.27	46.2
Waste Generation			
Total hazardous waste (tons)	21,663.83	20,857.67	25,463.4
Hazardous waste density (tons/million RMB revenue)	51.35	41.68	54.0
Total non-hazardous waste (tons)	22,291.54	25,167.05	21,807.8
Non-hazardous waste density (tons/million RMB revenue)	52.83	50.29	46.26

We are committed to energy conservation and resource efficiency. On an annual basis, and assuming no further expansion of our business scope or footprint, we target to maintain key environmental density indicators, including electricity usage, water usage, wastewater discharge and waste generation per million revenue, at or below their 2024 baselines. We have also established quantitative mid- to long-term reduction targets against the 2025 baseline. Specifically, by 2028, we aim to reduce wastewater discharge, hazardous waste generation, and non-hazardous waste generation by approximately 6.0%. By 2030, we target to further reduce these metrics by approximately 10%, as compared to the 2025 baseline.

To achieve these targets within the designated timelines, we plan to implement a comprehensive suite of environmental management measures. For wastewater reduction, we will upgrade our internal treatment facilities to enhance water recycling capabilities and optimize operational processes to minimize consumption at the source. To control hazardous waste, we intend to prioritize eco-friendly raw material substitutes where feasible and collaborate with certified third-party agencies to maximize safe recycling and disposal. Furthermore, we will mitigate non-hazardous waste generation by promoting a circular economy approach, which includes standardizing waste sorting protocols, increasing the recycling of packaging materials, and continuously digitizing internal workflows to reduce solid waste across our operations.

Our cost for compliance with applicable environmental protection rules and regulations mainly consists of medical waste disposal cost and sewage treatment cost. In 2023, 2024 and 2025, such costs amounted to RMB0.2 million, RMB0.5 million and RMB0.5 million, respectively. Based on our current operations and assuming no material regulatory changes, we expect our annual environmental compliance costs over the next three years to remain broadly in line with recent levels.

Employment and Workplace Safety

We promote diversity and inclusion within our organization. As of December 31, 2025, women represent nearly 68% of our total full-time employees, reflecting our strong commitment to gender equality. We also maintain meaningful age diversity, with employees aged over 50 constituting over 15% of our workforce, ensuring valuable intergenerational perspectives. In addition, we actively provide employment opportunities for persons with disabilities. In particular, we employ visually impaired massage therapists, offering roles that are aligned with their professional skills and capabilities. We strive to provide an accessible and supportive working environment and ensure that employees with disabilities are treated fairly and equitably in terms of remuneration, benefits, training and career development opportunities. Our employment practices are underpinned by fair labor policies that comply with applicable PRC labor laws and regulations. We adopt standardized recruitment procedures, prohibit discrimination based on gender, age, disability or other non-job-related factors, and provide equal pay for equal work. All employees are employed under written employment or service contracts and enjoy statutory benefits in accordance with applicable laws.

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We maintain internal inspection procedures to ensure the safety of our medical institutions for patients, staff and the public. Continuous inspections are conducted across our workplace and any deficiencies will be timely rectified. Each of the departments of our medical institutions is periodically inspected for safety issues, such as medical treatment safety, environment safety and occupational safety.

We have also adopted various occupational protection measures. For example, each of our departments has an occupational exposure protection measure that provides guidance for safety operation to all medical professionals. We also provide periodical occupational safety training and drills to raise our staff’s safety awareness, which include fire drills and disease prevention training, among others. We provide our staff with regular health assessments to monitor their overall health, particularly for medical professionals that are regularly exposed to high-risk environments such as radiation and clinical waste. For medical radiation sites, we implement stringent protection protocols and conduct occupational hazard and environmental impact assessments. Protective infrastructure, such as shielding walls and doors, is installed and maintained in accordance with applicable standards.

Supply Chain Management

In terms of supply chain management, we have established standardized internal control measures to establish business relations with qualified suppliers. Suppliers are selected based on their reputation, service or product quality, corporate governance and compliance, among others, ensuring a focus on excellent ESG performance and high-quality products and services. For details, see “— Customer and Suppliers — Suppliers and Procurement.”

Social Responsibility

We actively fulfill our ESG commitments through community engagement and inclusive employment practices. In 2023 and 2024, we contributed RMB0.3 million and RMB0.2 million, respectively, to the Shijingshan District Red Cross Society in Beijing. We have implemented comprehensive community health programs including free blood glucose testing, traditional TCM therapy delivery to nursing homes, and neighborhood medical consultation events. We have also organized educational initiatives such as public lectures on neck-shoulder pain prevention and treatment, oral health awareness programs, and various medical knowledge popularization activities. These programs have generated enthusiastic community participation and reflect our dedication to social responsibility.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material claim or penalty in relation to health, safety, social and environmental protection, or been involved in any significant workplace accident or fatality. During the Track Record Period and up to Latest Practicable Date, we have been subject to administrative fines in connection with failure to complete acceptance inspection for environmental protection facility. Specifically, Yanlong Hospital, prior to our acquisition, had commenced operations in 2006 when the relevant facilities were constructed and put into use. However, the required acceptance inspection for the supporting environmental protection facility had not been completed at that time. This issue was identified during our pre-acquisition due diligence and addressed in the relevant equity transfer agreement, which provided that all costs involved in the environmental impact assessment, as well as other subsequent costs that may result from incomplete and non-compliant environmental procedures, shall be borne by the equity transferor. We voluntarily communicated with the relevant regulatory authority following the acquisition and initiated rectification measures. In March 2022, the relevant authority imposed a fine of RMB0.2 million, which we duly paid. Subsequently in the same year, Yanlong Hospital completed rectifications in accordance with relevant laws and regulations by obtaining the environmental impact assessment approval from the Ecology and Environment Bureau of Changping District, Beijing and completing self environmental protection acceptance and public disclosure of the acceptance report. Yanlong Hospital had recovered the fine and corresponding rectification costs from the equity transferor according to the relevant equity transfer agreement. To effectively prevent recurrence, we have implemented enhanced internal control measures and procedures and will place strong emphasis on environmental compliance in connection with our future expansion. In the course of acquiring new medical institutions, we intend to further strengthen our review and due diligence on environmental matters. For newly established medical institutions, we will regard the feasibility of obtaining environmental impact assessment approval and completing the requisite acceptance inspection as a key consideration and, where such requirements cannot be met, as a veto factor in site selection. We have also adopted enhanced internal control measures and procedures in preparation for [REDACTED], which stipulate that, prior to the execution of any lease agreement, the administrative office of each medical institution shall be responsible for verifying the lessor’s environmental protection compliance status, among others, to ensure that the lessor has duly completed the environmental impact assessment and

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acceptance procedures. During the review of our internal control system, our internal control consultant had conducted a comprehensive review on our internal policies and management of environmental protection compliance, and no further recommendations were made after the follow-up review. Based on the foregoing, our Directors believe that such incident and the associated administrative fines do not and will not have any material financial or operational impact on us.

INTERNAL CONTROL AND RISK MANAGEMENT

In preparation for [REDACTED], we have engaged an independent internal control consultant to perform a review of our internal controls in certain aspects, including corporate governance, financial reporting, sales and receivables, procurement and payables, human resource and compensation, fixed and intangible assets management, cash and investment, information system, tax, insurance, medical institution operation process and related party transactions management. Our internal control consultant, based on their work performed, did not report any material internal control deficiencies in reviewing our internal control system. Our internal control consultant provided recommendations for our Company and subsidiaries based on such review. We have implemented rectification and improvement measures, as the case may be, in response to these findings and recommendations. After considering the remedial actions that we have taken, our Directors are of the view that our internal control system is adequate and effective for our current operations.

Clinical Quality Control

We are subject to numerous rules and regulations that regulate the qualifications and conduct of medical professionals and standards for healthcare services in China. To ensure the safety and quality of services provided by our medical institutions, we have established a comprehensive quality control system. We have adopted standardized clinical practice guidelines, which complies with the 18 core procedures promulgated by the NHC to ensure healthcare service quality. We also implement standardized protocols for handling patient complaints and medical adverse events. In addition, we have maintained centralized procurement at the headquarter level to better control the quality of the pharmaceuticals and medical consumables we procure. During the Track Record Period and up to the Latest Practicable Date, our self-owned and managed medical institutions had not been notified of any material non-compliance of rules and regulations on clinical quality control that would adversely affect our business, results of operations or financial condition.

Patient Complaint and Medical Adverse Event Management

Our medical institutions occasionally receive complaints from their patients and have implemented internal guidelines to ensure each patient complaint is properly dealt with. Generally, the administration department of each medical institution works with the responsible clinical department to collect facts and seek to resolve patient complaints reasonably and amicably as soon as possible. Our patients may lodge a complaint in person or by telephone, mail and other ways convenient for them. After receiving a valid complaint, the relevant department should take immediate action to resolve the issue on the spot. If further action is required, they should keep records, lead the investigation and report to our management for further handling. We will collaborate with the relevant departments to investigate and deal with the complaints according to their contents.

In addition, each of our medical institutions has adopted a multi-tier reporting system, under which medical adverse events involving patient injury or death must be reported within 24 hours and promptly investigated and handled. During the Track Record Period and up to the Latest Practicable Date, we did not have any material medical dispute with our patients. Employees in violation of our reporting procedures are subject to punishment. To prevent recurring events of a similar nature, we hold internal discussions on a regular basis to review major medical adverse events and implement appropriate measures for rectification.

Risk Management

We are exposed to various risks in the operations of our business and we believe that risk management is important to our success. See “Risk Factors” for disclosures on various risks we face. In addition, we also face numerous market risks, such as credit risk, liquidity risk and interest rate risk that arise in the ordinary course of our business. See “Financial Information — Quantitative and Qualitative Disclosures about Market Risk” for details.

We have implemented various policies and procedures to ensure effective risk management at each aspect of our operations. Our Board oversees and manages the overall risks associated with our operations. We have established an audit committee to review and supervise the financial reporting

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process and internal control system of our Group. See “Directors and Senior Management — Board Committees — Audit Committee” for the qualifications and experience of these committee members as well as a detailed description of the responsibility of our audit committee. We have adopted written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 to the Listing Rules.

BIDDING INCIDENT

Background

Beijing Purui Taixiang Medical Equipment Co., Ltd. (北京普瑞泰祥醫療器械有限公司) (“Purui Taixiang”) was incorporated in January 2014 and primarily engaged in medical equipment trading. From October 2014 to May 2019, it was owned by Shuangquan Holdings and a former Director (the “Former Director”) as to 70% and 8%, respectively, with remaining equity interest held by several Independent Third Parties. Whereas the Former Director was registered as the then legal representative of Purui Taixiang in its industrial and commercial filings, neither Shuangquan Holdings nor Former Director was involved in the daily management and operations of Purui Taixiang.

In March 2016, the then responsible officer of Purui Taixiang (the “Responsible Officer”) noted an announcement on public bidding (the “2016 Bidding”) invitation for medical equipment procurement in a total budget amount of approximately RMB26.9 million for a public hospital (the “Public Hospital”). Purui Taixiang did not participate in the 2016 Bidding because it was unable to satisfy the criteria for bidding eligibility (such as three-year track record). The Responsible Officer shared the 2016 Bidding information with a business partner of Purui Taixiang (the “Business Partner”). The Business Partner participated in the bidding and was selected as a supplier of the medical equipment in the amount of RMB5.1 million out of RMB26.9 million as required by the Public Hospital in July 2016. In preparation for the supply to the Public Hospital, the Business Partner procured for-medical-use beds in an amount of RMB4.1 million from Purui Taixiang (the “2016 Transaction”).

In June 2025, our Company noted an announcement (the “2024 Announcement”) published in January 2024 by a public agency (the “Public Agency”) in charge of supervising the Public Hospital’s procurement. According to the 2024 Announcement, a bidding collusion (圍標) incident (the “Bidding Incident”) was alleged to exist in the 2016 Bidding process and Purui Taixiang was alleged to be the organizer, and there were prohibitions imposed on Purui Taixiang, the Former Director as the legal representative of Purui Taixiang and other enterprises controlled or managed by the Former Director to participate in the future procurement. Neither the Former Director nor the Responsible Officer was aware of the 2024 Announcement before June 2025. The Responsible Officer departed from Purui Taixiang in 2020. As Purui Taixiang did not adapt to the market demand and failed to achieve satisfactory performance results, and hence had ceased to have substantial operation since late 2021 and was deregistered in September 2024.

To the best knowledge of our Directors, (i) Former Director had not been involved in the 2016 Transaction or the 2016 Bidding, (ii) notwithstanding that the Responsible Officer shared the information on public bidding invitation with the Business Partner, neither the Responsible Officer nor Purui Taixiang had been involved in the 2016 Bidding, and (iii) the 2016 Transaction was on normal commercial terms and there was no misconduct involved in the 2016 Transaction. The Former Director and the Responsible Officer were not aware of the reason for a Bidding Incident being alleged with the involvement of Purui Taixiang in the 2016 Bidding process.

Special PRC Legal Advisor’s Views on the Bidding Incident

We have engaged the Special PRC Legal Advisor to advise on the Bidding Incident. Having considered the foregoing context and based on the due diligence work, the Special PRC Legal Advisor is given to the understanding that (i) Purui Taixiang did not submit any bidding documents to the tender inviter for the 2016 Bidding, nor did it participate in the bidding activity, and (ii) the nexus between the Responsible Officer/Purui Taixiang and the 2016 Bidding was limited to the Responsible Officer sharing tender-related information with the Business Partner and Purui Taixiang selling medical beds to the Business Partner. The Special PRC Legal Advisor advises that, the “bidding collusion” and the “deemed bidding collusion” have very clear definitions as stipulated under the Implementing Regulations of the Bidding Invitation and Bidding Law of the PRC (《中華人民共和國招標投標法實施條例》); the only nexus between the Responsible Officer/Purui Taixiang and the 2016 Bidding limiting to the Responsible Officer sharing tender-related information with the Business Partner and Purui Taixiang selling medical beds to the Business

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Partner did not fall into the ambit of the “bidding collusion” or the “deemed bidding collusion,” and such actions did not violate any provision of the Bidding Invitation and Bidding Law of the PRC (《中華人民共和國招標投標法》) and the Implementing Regulations of the Bidding Invitation and Bidding Law of the PRC.

Overlapping Directors and Relationships between Our Group and Certain Entities of Shuangquan Group Where Overlapping Directors Hold or Held Position(s)

Our certain Directors, being Mr. Wang, Ms. Bian, Mr. Zhang Jianwei (張建偉), Ms. Wang Yu (王雨) and Mr. Yang Mingyuan (楊明遠) (the “Overlapping Directors”) have or had hold position(s) in certain entities of the Shuangquan Group. Except for the overlapping roles as directors or senior management of a few Directors in the context that our Group was spun off from Shuangquan Group and both our Group and that Shuangquan Group were founded and under ultimate control by Mr. Wang, there had been no material relationship during the Track Record Period and up to the Latest Practicable Date with respect to management, business operation, finance or otherwise between our Group and each of the entities comprising Shuangquan Group in which the Overlapping Directors had or have a role. Our Group is independent from Shuangquan Group with respect to management, business operation and finance for the following reasons:

- (1) with respect to management, among the Overlapping Directors, (1) Ms. Bian, an executive Director, currently has no position in Shuangquan Group whereas she was a senior management of Shuangquan Group historically; and (2) Mr. Wang, Mr. Zhang Jianwei and Ms. Wang Yu, all of whom are currently serving as the Company’s non-executive Directors being responsible for providing general guidance to the Group, are holding executive roles in Shuangquan Group. None of the core management team members of our Group (including executive Directors and senior management members, being responsible for daily operations and management of the Group) are currently holding executive roles or held executive roles during the Track Record Period in Shuangquan Group;
- (2) with respect to business relationships, our Group does not rely on Shuangquan Group with respect to business operation. During the Track Record Period, the related party transaction between the Group and Shuangquan Group primarily comprised of procurement of healthcare services (such as health examinations) as welfare benefits to employees whose transaction amount was *de minimis* (less than RMB50,000 for each year during the Track Record Period) and was on normal commercial terms. Such transaction is not expected to continue upon [REDACTED]; and
- (3) with respect to finance, our Group is financially independent from Shuangquan Group and there was no material non-trade nature cash flow between our Group and Shuangquan Group during the Track Record Period.

No Material Adverse Impact from Bidding Incident on Suitability of Overlapping Directors

Our Directors are of the view that none of the Overlapping Directors is involved or otherwise in association with the Bidding Incident and the Bidding Incident would not negatively affect their suitability as our Directors under Rules 3.08 and 3.09 of the Listing Rules. Particularly,

- (1) Purui Taixiang was considered to be independent of Shuangquan Holdings in terms of operations and management, based on its articles of association and as Purui Taixiang was intended to be a pilot project for business outreach and independent business unit principally engaged in medical equipment trading. The 2016 Transaction was conducted in the ordinary business and was not subject to approvals at the shareholder level. None of the Overlapping Directors has ever held any position in or otherwise been responsible for the operation or management of Purui Taixiang. To our Directors’ best knowledge, the Overlapping Directors were not aware of the 2016 Bidding or the 2016 Transaction. As advised by the PRC Legal Advisor, under the relevant provisions of the PRC Company Law, as a separate legal entity independent of its parent company, Purui Taixiang shall independently bear liabilities and risks with its own assets, and conduct business operations and make decisions in its own capacity. Therefore, we are given to the understanding that the Overlapping Directors are considered to be not liable for the ordinary business activities of Purui Taixiang, including the 2016 Transaction; and
- (2) in 2016, Ms. Wang Yu and Mr. Yang Mingyuan did not serve at Shuangquan Group. With respect to the rest of the Overlapping Directors (being Mr. Wang, Ms. Bian and Mr. Zhang Jianwei), despite the fact that they served at Shuangquan Group in 2016, none of them had any job duty or any role at the relevant time that was in association with the medical equipment trading, namely the principal business of Purui Taixiang, nor did they receive any information in connection with the daily business operations of Purui

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Taixiang, whose transactions conducted in the ordinary business operations were not subject to report to higher level of management and did not trigger the approval procedures at the shareholder level.

The Joint Sponsors have (i) reviewed the relevant documents prepared and provided by the Company in relation to the Bidding Incident; (ii) obtained necessary representations and confirmations from the Company and the Overlapping Directors, and (iii) participated in the due diligence and discussions with the management and the legal advisors of the Company. Based on the above, nothing has come to the Joint Sponsors’ attention that would reasonably cause them to cast doubt on our Directors’ view with regard to the suitability of the Overlapping Directors as our Director under Rules 3.08 and 3.09 of the Listing Rules.

No Substantial Influence from Former Director

The Former Director has departed from our Group for personal health reasons and has ceased to hold any position or be involved in our Group’s operations. The Former Director’s equity interest is insignificant and his voting power and any possible disposal of equity interest will be subject to the Companies Act, the Articles and the acting-in-concert arrangements. The Former Director has also made undertakings that, among others, the Former Director has no intention, and will not, and will cause the close associates not to serve as a director or assume any senior management role in our Group, or exert any control or influence on the management and operation of our Group; and the Former Director will diligently perform obligations under the acting in concert arrangements with Mr. Wang, and the Former Director has no intention to and will not terminate the acting in concert arrangements for so long as the Former Director holds any equity interest (either directly or indirectly) in our Company or other Group companies. The execution of the acting in concert agreement has been ensured by our Group’s reporting and governance process and measures. Based on the foregoing, the Former Director is not and will not exert any substantial influence on our Group.

Internal Control Policies and Procedures to Ensure Compliance with Relevant PRC Laws and Regulations on Anti-Corruption and Medical Advertisements

We have established the codified “Anti-Fraud, Anti-Bribery, and Whistleblowing Complaint Management Measures,” which stipulate the reporting procedures and preventive and control measures for fraud, bribery, corruption and other misconducts. These measures include defining the concept and forms of fraud, bribery, corruption and other misconducts, assigning responsibilities for anti-corruption work, outlining fraud and bribery risk assessment procedures, specifying the departments responsible for handling complaints and reports on the misconducts, detailing reporting channels, investigation procedures, documentation and reporting requirements, as well as policies and procedures for handling and accountability. Our Board is responsible for the overall supervision and guidance on our Group’s anti-corruption efforts. Our senior management is tasked with taking appropriate and effective remedial actions and penalties regarding fraudulent and corruption activities.

We have also established a Supervision and Audit Center (監察稽核中心) as the permanent functional department responsible for the day-to-day management of anti-fraud and anti-corruption work. Clear guidelines are provided for reporting misconducts and violation of anti-fraud and anticorruption laws and regulations, including dedicated hotline numbers, email addresses, and mailing addresses. The Supervision and Audit Center is responsible for the investigations and follow-up on the complaints, and it also collects information on fraud and corruptions complaint investigations and reports to the management on a quarterly basis. The written reports on the aforementioned issues are also submitted to the Audit Committee. In addition to describing the content of the complaints, discussions, opinions, and management resolutions, the report also outlines the follow-up and handling measures taken regarding the complaints.

Despite the fact that our business does not rely on medical advertisements to a large extent, our Company has formulated the Medical Advertising Management Policy (醫療廣告管理制度), which regulates the management of advertising content, the advertising review process, release management, supervision, and penalties. Each of our hospitals has appointed specialists responsible for its respective medical advertising, whose responsibilities included but not limited to the preliminary review, preparation of materials, application, daily publishment, and supervision of the relevant hospital’s medical advertisements. In addition, our Group’s legal center is responsible for supervising the compliance of medical advertisements.

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HISTORICAL IMPACT OF THE COVID-19 PANDEMIC ON OUR OPERATIONS

Since December 2019, the COVID-19 pandemic has significantly affected China and many other countries. In efforts to contain the spread of the virus, governments implemented various measures that temporarily impacted our business operations and financial performance. Travel restrictions and social distancing requirements, among other factors, also to some extent disrupted the offline operations of our medical institutions amid the pandemic.

From a group-wide perspective, our overall number of patient visits showed a recovery trend from 2021 to 2022, accompanied by an increase in revenue and a relatively stable gross profit margin for both inpatient and outpatient services during the same period. However, the impact of COVID-19 was not uniform across all of our medical institutions. In particular, Puxiang Oncology Hospital experienced decreases of 1,158 inpatient visits and 4,951 outpatient visits from 2021 to 2022. In addition, during the pandemic, we incurred approximately RMB0.2 million in expenses for disinfection products, masks and other epidemic prevention supplies.

Following the ease of COVID-19 outbreak, we have resumed the normal operations of our medical institutions. Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, the COVID-19 outbreak had not had a material adverse effect on our business, results of operations and financial condition. Other than a short-term shortage for certain COVID-19-related pharmaceuticals, such as antipathetic and respiratory medicine, which was a common phenomenon across the society at that time, we did not experience any material shortage or delay in the supply of pharmaceuticals, nor any significant fluctuation in pharmaceutical prices during the pandemic. We are closely monitoring its development and continually evaluating any potential impact on our business operations.