BACKGROUND

We are a recognized provider of integrated healthcare and eldercare services, with six self-owned medical institutions in North China. Medical institutions (including hospitals) fall within the "restricted" investment category under the 2024 Negative List. Therefore, medical institutions shall not be wholly owned by foreign investors and foreign investments are restricted to the form of Sino-foreign joint venture. According to the Interim Administrative Measures on Sino-foreign Equity Medical Institutions and Sino-foreign Cooperative Medical Institutions (《中外合資、合作醫療機構管理暫行辦法》), which came into effect on July 1, 2000, foreign investors are allowed to partner with Chinese medical entities to establish a medical institution in China by means of equity joint venture or cooperative joint venture, and the equity interest held by the Chinese partner in the joint venture shall not be less than 30%. Together with our PRC Legal Advisor, we conducted interviews and verbal consultations with Beijing Municipal Bureau of Commerce (北京市商務局), Beijing Administration of Traditional Chinese Medicine (北京市中醫藥管理局) and Beijing Municipal Health Commission (北京市衛生健康委員會), which are competent authorities for administration of foreign investment activities in medical institutions, in May and June 2025, respectively, which confirmed that foreign investors are not allowed to hold more than 70% of the equity interest in the VIE Hospitals (the "Foreign Ownership Restrictions"). For further details of the limitations on foreign investment in PRC medical institutions under PRC laws and regulations, see "Regulatory Overview — Regulations on Foreign Investment in China."

The Foreign Ownership Restrictions made it inviable for us to directly or indirectly hold more than 70% of the equity interest in the VIE Hospitals. As such, upon the Reorganization, we hold 70% of the equity interest in each of the VIE Hospitals. See "History, Reorganization and Corporate Structure — Reorganization" for details. Puxiang Ren'ai, a company wholly owned by Beijing Haotai, holds 30%, 30%, 25.25%, 21.75% and 15.46% of the equity interest in Dashanzi Hospital, Puxiang Oncology Hospital, Yanlong Hospital, Dahuangzhuang Hospital and Puxiang TCM Hospital, respectively. As of the Latest Practicable Date, Puxiang Ren'ai did not hold equity interest in other entities except for such minority interest in the VIE Hospitals, and it was yet to be engaged in other businesses. Puxiang Ren'ai recorded a net asset of RMB24.5 million, RMB23.6 million and RMB22.4 million as of December 31, 2023, 2024 and 2025, respectively. Beijing Haotai is owned by Ms. Bian and Mr. Xu as to 99% and 1%, respectively. Ms. Bian is an executive Director and our chief executive officer, and Mr. Xu is a member of our Controlling Shareholders Group.

In order to maintain effective maximum control as commercially practicable over and to obtain all or vast majority of the economic benefits derived from the operations of the VIE Hospitals, on April 25, 2021 and December 1, 2023, Puxiang Investment entered into the Contractual Arrangements with Puxiang Ren'ai, the VIE Hospitals, Ms. Bian and Mr. Xu. The Contractual Arrangements enable us to (1) receive substantially all or vast majority of the economic benefits derived from the operations of the VIE Hospitals in consideration for services provided by Puxiang Investment to the VIE Hospitals; (2) exercise effective maximum control as commercially practicable over the financial and operational management of the VIE Hospitals; and (3) obtain an exclusive option to purchase all or any part of the equity interest in the VIE Hospitals held by Puxiang Ren'ai when and to the extent and at the lowest price permitted under PRC laws. Our Directors believe that the Contractual Arrangements are fair and reasonable because: (1) the Contractual Arrangements were freely negotiated and entered into among the parties thereto; (2) by entering into the Exclusive Service Agreements (as defined below) with Puxiang Investment, the VIE Hospitals have enjoyed and will enjoy better economic and technical support from us, as well as better market reputation; and (3) a number of other medical institutions use similar arrangements to accomplish the same purpose.

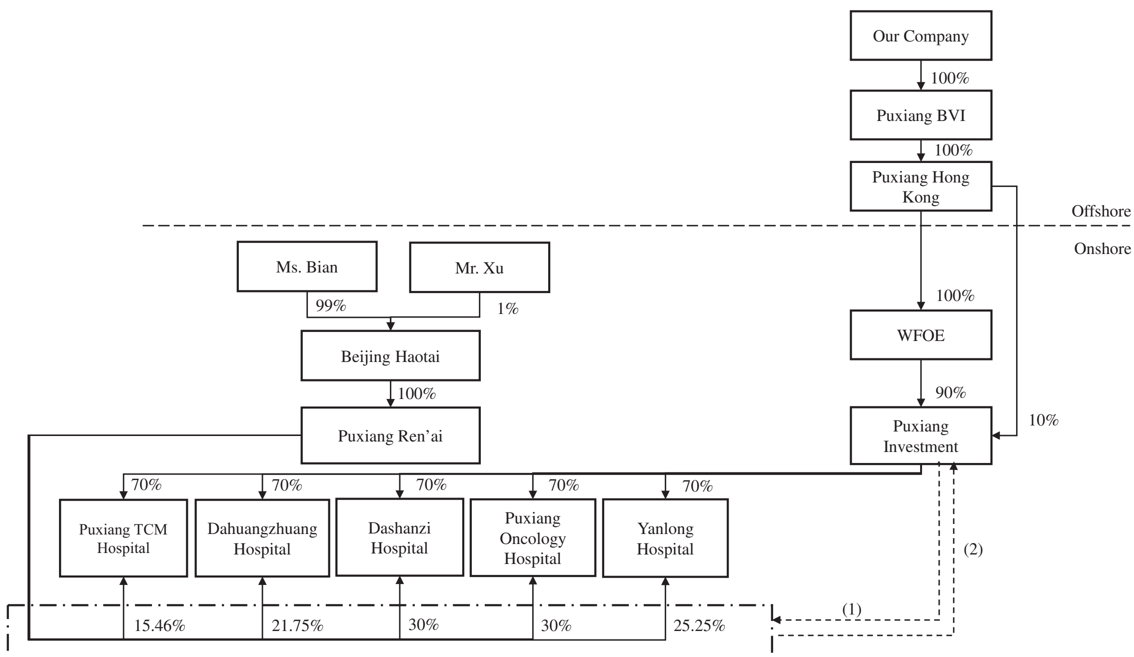
For the years ended December 31, 2023, 2024 and 2025, the revenue generated from our VIE Hospitals contributed to 89.4%, 90.0% and 91.3% of the total revenue of our Group in aggregate, respectively. See "Risk Factors — Risks Relating to Our Contractual Arrangements" in this document for the risks of our Company in relation to being a primary beneficiary of the Contractual Arrangements.

We believe that the Contractual Arrangements are narrowly tailored as they are set up solely to enable our Group to conduct businesses in compliance with the Foreign Ownership Restrictions. In the event that the MOFCOM, the NHC and/or other relevant government authorities promulgate any measures for the administration of foreign investment in PRC companies engaging in the operations of medical institutions, depending on the maximum percentage of equity interest then permitted to be held by foreign investors (if any), we will unwind the Contractual Arrangements and hold (directly or indirectly) the maximum equity interest in the VIE Hospitals when and to the extent permitted under PRC laws then in force; and if there is no prescribed limit on the percentage of equity interest permitted to be held by foreign investors, we will fully unwind and terminate the Contractual Arrangements and hold (directly or indirectly) the maximum equity interest in the VIE Hospitals as commercially practicable.

Puxiang Investment, an indirectly wholly-owned subsidiary of our Company, operates our managed medical institutions business. Our managed medical institution business primarily involves providing supervision and management services for the daily operations of the managed medical institutions, rather than directly providing medical services. As advised by the PRC Legal Advisor, our managed medical institution business does not fall within the scope of the 2024 Negative List and thus is not subject to foreign investment restrictions.

OUR CONTRACTUAL ARRANGEMENTS

The following simplified diagram illustrates the flows of control over and economic benefits from our VIE Hospitals stipulated under the Contractual Arrangements.



Notes:

(1) Control by Puxiang Investment over the rights of Puxiang Ren'ai as a shareholder of the VIE Hospitals through the following agreements: (i) the Shareholders' Rights Entrustment Agreement, (ii) the Shareholders' Powers of Attorney, (iii) the Exclusive Call Option Agreement, and (iv) the Equity Pledge Agreements.

(2) Control by Puxiang Investment over the benefits that Puxiang Ren'ai is entitled to, as a shareholder of the VIE Hospitals, through (i) the Business Cooperation Agreements and (ii) the Exclusive Service Agreements.

(3) " _____ " denotes direct legal and beneficial ownership in the equity interest.

(4) " - - - - " denotes Contractual Arrangements.

(5) " —. —. " denotes the rights and benefits attached to the equity interest in the VIE Hospitals held by Puxiang Ren'ai and controlled by Puxiang Investment through the Contractual Arrangements.

The Contractual Arrangements can ensure that the interests and economic benefits of our Company in the VIE Hospitals held through Puxiang Ren'ai are safeguarded, mainly because: (1) the Contractual Arrangements have all market-standard terms and agreements that are commonly adopted in a VIE structure and in compliance with the Guide; (2) particularly, pursuant to the Business Cooperation Agreements, except as otherwise provided under the PRC laws or as decided in writing by Puxiang Investment, any person acquiring the equity interest in the VIE Hospitals held by Puxiang Ren'ai or becoming entitled to exercise the shareholder's rights attaching to such equity interest by any means (including but not limited to equity transfer, gift, dismemberment, succession, custody, proxy, merger, split, and liquidation), shall be subject to the pre-conditions that such person acknowledges and accepts the terms of the Contractual Arrangements and executes and delivers (as required and to the satisfaction of Puxiang Investment) the Contractual Arrangements;

on such basis, such person shall be in replacement of the original registered shareholder and become a party to the Contractual Arrangements, and the Contractual Arrangements continue to be effective. Except as otherwise provided under the PRC laws, in the event where such person has any objection, dissent or disagreement to the Contractual Arrangements, the acquisition of the equity interest and/or the receipt of the entitlement to exercise shareholder's rights shall be nullified and Puxiang Investment has the right to claim for any damages incurred; (3) under the Business Cooperation Agreements, Puxiang Ren'ai has agreed and undertaken that, without the prior written consent of Puxiang Investment, it shall not take any action or omission to dispose of (including but not limited to transferring, gifting, pledging, merging, dividing, or liquidating) its equity interest in the VIE Hospitals, and shall not take any action or omission that may conflict with the purpose and intent of the Contractual Arrangements; (4) Ms. Bian and Mr. Xu, as the ultimate beneficial owners of Puxiang Ren'ai and as a signatory to the Business Cooperation Agreements, have covenanted to Puxiang Investment that they shall not take any action or omission that may conflict with the purpose and intent of the Contractual Arrangements (including engaging in any transaction or activity that may adversely affect the validity or performance of the Contractual Arrangements), and have undertaken to fully perform their obligations under the Contractual Arrangements in accordance with the terms thereof, or to take all necessary or effective actions to ensure the full performance of the terms of the Contractual Arrangements; (5) Puxiang Ren'ai has been duly organized and validly existing under the laws of the PRC, with the capacity for civil rights and the ability to independently bear civil liabilities in accordance with the PRC laws. Additionally, the Contractual Arrangements are binding on each of the parties thereto, and there are no circumstances rendering the contracts void as stipulated in the Civil Code of the PRC (《中華人民共和國民法典》). Therefore, Puxiang Ren'ai is bound by the Contractual Arrangements and assumes corresponding liabilities; (6) pursuant to the Exclusive Call Option Agreements, Puxiang Ren'ai has irrevocably granted Puxiang Investment or its designee the exclusive right of call option to acquire, at any time in accordance with applicable PRC laws, the equity interest in the VIE Hospitals. Accordingly, in the event that Puxiang Ren'ai fails to perform its obligations under the Contractual Arrangements, Puxiang Investment may require Puxiang Ren'ai to transfer all of its equity interest in the VIE Hospitals to Puxiang Investment or its designee; and (7) the respective spouses of the ultimate beneficial owners of Puxiang Ren'ai have executed undertakings to ensure that they will not interfere with the Contractual Arrangements and will take all necessary actions to ensure the fulfillment of the Contractual Arrangements.

SUMMARY OF THE MATERIAL TERMS OF THE CONTRACTUAL ARRANGEMENTS

A description of each of the specific agreements that comprise the Contractual Arrangements is set out below. Puxiang Ren'ai, as a registered shareholder of our VIE Hospitals, has entered into the Contractual Arrangements.

(1) Business Cooperation Agreements

The parties which entered into the Business Cooperation Agreements included Ms. Bian, Mr. Xu, Puxiang Ren'ai, Puxiang Investment and our VIE Hospitals. Pursuant to the Business Cooperation Agreements, Puxiang Investment shall provide technical service and management consultancy service necessary for the hospital business pursuant to the Contractual Arrangements, and in return, our VIE Hospitals shall make payments pursuant to the Contractual Arrangements. To ensure the due performance of the Contractual Arrangements, each of our VIE Hospitals agreed to comply with, and Ms. Bian and Mr. Xu agreed to procure each of our VIE Hospitals to comply with, the obligations as prescribed under the Business Cooperation Agreement including the following: (a) to carry out its business operations in a prudent and efficient manner in accordance with good financial and business standards while maintaining the asset value of our VIE Hospitals; (b) to prepare development plans and annual working plans in accordance with the instructions of Puxiang Investment; (c) to carry out its daily operation and management, financial management and other relevant business in accordance with the recommendations, advice, principles and other instructions of Puxiang Investment; (d) to execute and act upon the recommendations of Puxiang Investment in terms of employment and removal of senior management and employees; (e) to adopt the advice, guidance and plans given by Puxiang Investment in relation to its strategic development; and (f) to carry on its related business operations and renew and maintain the licenses necessary for its related business operations.

In addition, pursuant to the Business Cooperation Agreement, (a) in the event of dissolution, reorganization, liquidation or bankruptcy of any of our VIE Hospitals, (i) Puxiang Investment or its designated person shall have the right to exercise the shareholder's rights which Puxiang Ren'ai is entitled to on behalf of Puxiang Ren'ai; (ii) unless Puxiang Investment decides otherwise, to the extent permitted by PRC laws, Puxiang Ren'ai shall transfer all assets received or receivable in its capacity as a shareholder of each of our VIE Hospitals as a result of the dissolution or liquidation of our VIE Hospitals to Puxiang Investment or other persons designated by it at nil consideration, and instruct all of our VIE Hospitals to transfer such assets directly to Puxiang Investment before such dissolution or liquidation; (iii) if consideration is required for such transfer under the then applicable PRC laws, Puxiang Ren'ai shall return Puxiang Investment or the person as designated by it the amount and guarantee that Puxiang Investment or other persons as designated by it does not suffer any loss; and (b) without the prior written consent of Puxiang Investment, none of our VIE Hospitals shall declare or pay to their respective shareholders any bonus, dividend or other interest or benefit. In the event that the shareholders of our VIE Hospitals receive any bonus, dividend or other interest or benefit, they shall unconditionally and without compensation transfer such amount to a specific account designated by Puxiang Investment after the execution of Contractual Arrangements.

In order to prevent the leakage of assets and values of the VIE Hospitals, Ms. Bian, Mr. Xu, Puxiang Ren'ai and each of our VIE Hospitals have undertaken that, without prior written consent of Puxiang Investment or its designated party, he/she/it shall not conduct or cause to conduct any activity or transaction which may have actual adverse impact on the assets, business, staff, obligations, rights or operations of our VIE Hospitals. Such activities and transactions include, without limitation: (a) establishment of any subsidiary or entity by any of our VIE Hospitals; (b) conduct of any activity by any of our VIE Hospitals which are outside the ordinary course of business or change of the mode of operations of any of our VIE Hospitals; (c) consolidation, subdivision, change of form of corporate organization, dissolution or liquidation of any of our VIE Hospitals; (d) provision of any borrowing, loan or guarantee in respect of any debt to, or takeover of any borrowing or loan from, our VIE Hospitals by Ms. Bian, Mr. Xu and/or Puxiang Ren'ai; (e) provision of any borrowing, loan or guarantee in respect of any debt to, or takeover of any borrowing or loan by any of our VIE Hospitals from, any third party, except such borrowing, loan or guarantee as is necessary for the daily operations of our VIE Hospitals; (f) change or removal of any director, supervisor or senior management of any of our VIE Hospitals or its subsidiaries, increase or decrease of their remuneration package, or change in their employment terms and conditions; (g) sale, transfer, lease or authorization of the use or disposal of any assets or rights of any of our VIE Hospitals or its subsidiaries to any third party other than Puxiang Investment or its designated party, or purchase from any third party any assets or rights, except such disposal of assets or rights as is necessary for the daily operations of our VIE Hospitals; (h) increase or decrease of the registered capital or initial fund of any of our VIE Hospitals; (i) alteration, amendment or revocation of any permits of any of our VIE Hospitals; (j) amendment of the articles of association or scope of business of any of our VIE Hospitals; (k) change of any normal business procedures or amendment of any internal procedures and system of any of our VIE Hospitals, including but not limited to financial control system, terms and references of the board of directors, rules relating to supervisory committee meetings or shareholders' meetings and working instruction of the general manager; and (l) entry into any business contracts or carrying out of any transactions outside the ordinary course of business of our VIE Hospitals.

Furthermore, each of Ms. Bian, Mr. Xu and Puxiang Ren'ai undertakes to Puxiang Investment that, without prior written consent of Puxiang Investment, he/she/it shall not (i) directly or indirectly engage, participate in or conduct any business or activities which compete or may potentially compete with the business or activities any of our VIE Hospitals (the "Competing Business"), (ii) acquire or hold any interest in the Competing Business, (iii) use information obtained from any of our VIE Hospitals for the Competing Business, and (iv) obtain any benefit from any Competing Business. Puxiang Investment shall have the right to (i) request the entities involved in the Competing Business to enter into arrangements similar to the Contractual Arrangements; or (ii) request the entities involved in the Competing Business to cease operation.

(2) Exclusive Service Agreements

The parties which entered into the Exclusive Service Agreements included Puxiang Investment and our VIE Hospitals. Pursuant to the Exclusive Service Agreements, Puxiang Investment, as the exclusive service provider of our VIE Hospitals, agreed to provide exclusive technical services to our VIE Hospitals related to their business, including but not limited to, (a) design, development, update and maintenance of software for computer and mobile devices; (b) design, development, update and maintenance of webpages and websites; (c) maintenance of management information systems; (d) provision of technical consulting services; (e) provision of technical training; (f) engagement of technical staff to provide on-site technical support; and (g) provision of other technical services reasonably requested by any of our VIE Hospitals.

Furthermore, Puxiang Investment, as the exclusive service provider of our VIE Hospitals, agreed to provide exclusive management consultancy services to our VIE Hospitals related to their business under the Exclusive Service Agreements, including but not limited to, (a) development and implementation of effective plans for matters relating to the VIE Hospitals' existing and future assets, and business operations; (b) advising and making recommendations for improving the human resources management; (c) provision of technical staff; (d) assisting in technical and business information collection; (e) provision of all-round solutions for the medical technology necessary for the VIE Hospitals' business operation; (f) provision of support on customer introduction and qualified suppliers; (g) monitor of quality for drugs, medical equipment and consumables; (h) advising on financial and other internal management systems; (i) provision of public relations maintenance services; and (j) provision of other management advisory services reasonably requested by our VIE Hospitals.

In consideration of the technical and management consultancy services provided by Puxiang Investment, each of our VIE Hospitals agreed to pay Puxiang Investment a service fee equal to a certain portion of all their respective amount of annual net income after deducting all costs (excluding the service fee payable to Puxiang Investment under the Contractual Arrangements) of the respective hospital ("Annual Net Income"). According to such arrangements, Puxiang Investment is entitled to approximately 30%, 30%, 21.75%, 25.25% and 15.46% of the Annual Net Income from Dashanzi Hospital, Puxiang Oncology Hospital, Dahuangzhuang Hospital, Yanlong Hospital and Puxiang TCM Hospital as a service fee, respectively.

Unless otherwise prescribed under the PRC laws and regulations, Puxiang Investment shall have exclusive proprietary rights to any technology and intellectual property developed and materials prepared in the course of the provision of research and development, technical support and services by Puxiang Investment to our VIE Hospitals, and any intellectual property in the products developed, including any other rights derived thereunder, in the course of performance of obligations under the Exclusive Service Agreements and/or any other agreements entered into between Puxiang Investment and other parties.

(3) Exclusive Call Option Agreements

The parties which entered into the Exclusive Call Option Agreements included Puxiang Ren'ai, Puxiang Investment and our VIE Hospitals. Under the Exclusive Call Option Agreements, Puxiang Ren'ai have irrevocably granted Puxiang Investment or its designated person the exclusive right to purchase all or part of the equity interest held by Puxiang Ren'ai in our VIE Hospitals (the "Call Options"). The purchase price payable by Puxiang Investment in respect of the transfer of such equity interest upon exercise of the Call Options shall be RMB1.00 or the lowest price permitted under the PRC laws and regulations. Puxiang Investment or its designated purchaser shall have the right to purchase such proportion of the equity interest of our VIE Hospitals as it decides at any time.

In the event that PRC laws and regulations allow Puxiang Investment or us to directly hold all or part of the equity interest in our VIE Hospitals and operate hospital business in the PRC, Puxiang Investment shall issue the notice of exercise of the Call Options as soon as practicable, and the percentage of equity interest purchased upon exercise of the Call Options shall not be lower than the maximum percentage then allowed to be held by Puxiang Investment or us under PRC laws and regulations.

Puxiang Ren'ai has further undertaken that, it (a) shall not let any third party except for Puxiang Investment and its designated person acquire all or part of or create encumbrance over the relevant equity interest, without prior written consent of Puxiang Investment; (b) shall, prior to the transfer of the relevant equity interest to Puxiang Investment or its designated purchaser and without prejudice to the Contractual Arrangements, take all necessary actions including but not limited to execute all documents necessary for holding and maintaining the ownership of the relevant equity interest; (c) shall not without prior written consent of Puxiang Investment, give up any shareholder's right owned based on PRC laws and the article of association of relevant entities; (d) shall take all such actions to facilitate the relevant entities in their performance of its obligations under the Exclusive Call Option Agreements if such performance requires any action be taken by Puxiang Ren'ai on its part; (e) shall, in its capacity as a shareholder of the relevant entities and without prejudice to the PRC laws, unconditionally return interests and distributions received from the relevant entities to Puxiang Investment; and (f) shall not participate in any activities which may adversely effect the interests of Puxiang Investment under the Contractual Arrangements.

(4) Shareholders' Rights Entrustment Agreements

The parties which entered into the Shareholders' Rights Entrustment Agreements included Puxiang Ren'ai, Puxiang Investment and our VIE Hospitals. Pursuant to the Shareholders' Rights Entrustment Agreements, Puxiang Ren'ai has irrevocably authorized and entrusted Puxiang Investment to exercise all its rights as shareholders of each of the VIE Hospitals to the extent permitted by the PRC laws and the articles of association of each of the VIE Hospitals. These rights include, but are not limited to: (a) the right to propose the convention of the meetings of shareholders; (b) the right to attend meetings of shareholders; (c) the right to exercise voting rights in respect of all matters discussed and resolved at the meeting of shareholders; (d) the right to sign the records, resolutions and decisions of the meeting of shareholders or other legal documents which Puxiang Ren'ai is entitled to sign as the shareholder; (e) the right to submit relevant documents to the relevant civil affairs department or other competent government authorities; (f) the right to transfer, pledge or dispose of the equity interests in each of the VIE Hospitals held by Puxiang Ren'ai; and (g) other shareholders' rights pursuant to applicable PRC laws and regulations and the articles of association of the VIE Hospitals.

In addition, each party to the Shareholders' Rights Entrustment Agreements, without violation of PRC laws, have irrevocably agreed that (i) Puxiang Investment may delegate its rights under the Shareholders' Rights Entrustment Agreement to its designated persons, without prior notice to or approval by Puxiang Ren'ai; and (ii) Puxiang Investment is entitled to revoke its delegation to the aforesaid designated persons by Puxiang Investment.

(5) Equity Pledge Agreements

Each of our VIE Hospitals has entered into their respective Equity Pledge Agreements with Puxiang Ren'ai and Puxiang Investment. Pursuant to the Equity Pledge Agreements, (i) Puxiang Ren'ai unconditionally and irrevocably pledged and granted security interests over all of its equity interest in each of our VIE Hospitals, together with all related rights thereto to Puxiang Investment as security for performance of the Contractual Arrangements. In addition, Puxiang Ren'ai shall not, without the prior written consent of Puxiang Investment, create further pledge or encumbrance over the pledged equity interest.

Any of the following events shall constitute an event of default under the Equity Pledge Agreements: (a) any of the Ms. Bian, Mr. Xu, Puxiang Ren'ai or our VIE Hospitals commits any breach of any obligations under the Contractual Arrangements; (b) any representations or warranties or information provided by any of Ms. Bian, Mr. Xu, Puxiang Ren'ai or our VIE Hospitals under the Contractual Arrangements is proved to be incorrect, inaccurate or misleading; or (c) any provision in the Contractual Arrangements becomes invalid or incapable of performance due to any change or promulgation of any PRC laws, and the parties have not agreed on any alternative arrangement.

Upon the occurrence of an event of default as described above, Puxiang Investment is entitled to negotiate with Puxiang Ren'ai to sell the pledged equity interests at a discount or by way of auction and Puxiang Investment shall have priority in the entitlement to the sales proceeds.

The pledges of the equity interest in each of Dahuangzhuang Hospital, Dashanzi Hospital, Yanlong Hospital, Puxiang Oncology Hospital and Puxiang TCM Hospital held by Puxiang Ren'ai under the Equity Pledge Agreements have been registered with the SAMR.

(6) Shareholders' Powers of Attorney

Pursuant to the Shareholders' Powers of Attorney executed by Puxiang Ren'ai in favor of Puxiang Investment, each of the appointees authorized and appointed Puxiang Investment as his/her/its agent to act on his/her/its behalf to exercise or delegate the exercise of all the rights as shareholders of Puxiang Ren'ai and VIE Hospitals. For details of the rights granted, please see "— Summary of the Material Terms of the Contractual Arrangements — (4) Shareholders' Rights Entrustment Agreements" in this section.

Puxiang Investment shall have the right to further delegate the rights so granted to its directors or other designated persons. Each of the appointees irrevocably agree that the authorization appointment in the Shareholders' Powers of Attorney shall not be invalid, prejudiced or otherwise adversely affected by reason of Puxiang Investment's subdivision, merger, winding up, consolidation, liquidation or other similar events. The Shareholders' Powers of Attorney shall constitute a part and incorporate terms of the Shareholders' Rights Entrustment Agreements.

(7) Spouse Undertakings

Pursuant to the Spouse Undertakings, the respective spouse of each of Ms. Bian and Mr. Xu, the ultimate shareholders of Puxiang Ren'ai (the "Ultimate Shareholders"), has irrevocably undertaken that (a) the spouse has full knowledge of and has consented to the entering into of the Contractual Arrangements by the relevant Ultimate Shareholder, whether as a contractual party or not, and in particular, the arrangement as set out in the Contractual Arrangements in relation to the equity interest in our VIE Hospitals, including but not limited to any restrictions imposed, pledge or transfer or the disposal in any other forms; (b) the spouse has not, is not and shall not in the future participate in the operation, management, liquidation, dissolution or other matters in relation to our VIE Hospitals; and (c) the spouse authorizes the respective Ultimate Shareholder and/or his/her authorized person to execute all necessary documents and perform all necessary procedures from time to time for and on behalf of the spouse in order to safeguard the interest of Puxiang Investment under the Contractual Arrangements and give effect to the fundamental purposes thereunder, and confirms and agrees to all such documents and procedures.

The Spouse Undertakings shall have the same terms as and incorporate the terms of the Business Cooperation Agreements.

(8) Loan Agreement

Pursuant to the Loan Agreement (as amended and supplemented) entered into by and among Puxiang Investment, Puxiang Ren'ai and our VIE Hospitals, Puxiang Investment agreed to provide interest-free loans to Puxiang Ren'ai and/or our VIE Hospitals in accordance with the PRC laws and regulations. Puxiang Ren'ai agreed to utilize the proceeds of such loans to acquire equity interest in target hospitals, and our VIE Hospitals agreed to utilize the proceeds of such loans to contribute to business operation and other uses as agreed by Puxiang Investment.

The terms of the loans shall remain in effect until Puxiang Investment or its designated persons exercise the Call Options to purchase the equity interests in each of our VIE Hospitals held by Puxiang Ren'ai pursuant to the terms of the Exclusive Call Option Agreements, unless otherwise decided by Puxiang Investment. Unless otherwise decided by Puxiang Investment, Puxiang Investment or its designated persons are entitled to offset the purchase prices payable upon exercise of the Call Options under the Exclusive Call Option Agreements by such loans.

The loans will become due and payable upon Puxiang Investment's demand under any of the following circumstances, as the case may be: (a) a bankruptcy application, bankruptcy reorganization or bankruptcy settlement has been filed by or against Puxiang Ren'ai, (b) a winding-up or liquidation application has been filed by or against Puxiang Ren'ai, (c) Puxiang Ren'ai becoming insolvent or incurring any other significant debt which may affect its ability to repay the loan under the relevant Loan Agreement; and (d) Puxiang Ren'ai commits any breach of any undertakes, warranties or obligations under this Loan Agreement, or any warranties provided by Puxiang Ren'ai under this Loan Agreement is proved incorrect or inaccurate.

Dispute Resolutions

Each of the Contractual Arrangements provides that: (a) any dispute or claim arising out of or in connection with the existence, validity, termination or effect of the invalidity of the Contractual Arrangements shall be resolved through negotiation after one party delivers to the other parties a written negotiation request; (b) if the parties are unable to settle the dispute within 30 days of delivery of such written negotiation request, any party shall have the right to refer the dispute to and have the dispute finally resolved by arbitration administered by the China International Economic and Trade Arbitration Commission in Beijing, the PRC under the prevailing effective arbitration rules thereof. The results of the arbitration shall be in writing, final and binding on all relevant parties and shall be enforceable by the courts of competent jurisdictions; (c) the arbitration commission shall have the right to award remedies over the equity interest, property interest and other assets of each of our VIE Hospitals, injunctive relief (for the conduct of business or to compel the transfer of assets), or order the winding up of our VIE Hospitals; and (d) upon request by any party, the courts of competent jurisdictions shall have the power to grant interim remedies in support of the arbitration pending formation of the arbitral tribunal or in appropriate cases. The courts of the PRC, Hong Kong, the Cayman Islands and the place where the principal assets of our Company and our VIE Hospitals are located shall be considered as having jurisdiction for the above purposes.

In connection with the dispute resolution method as set out in the Contractual Arrangements and the practical consequences: (a) under PRC laws, an arbitral body does not have the power to grant any injunctive relief or provisional or final liquidation order for the purpose of protecting the interest of Puxiang Investment in case of disputes. As such, these remedies may not be available to our Group under PRC laws; (b) further, under PRC laws, courts or judicial authorities in the PRC generally would not award remedies over the shares and/or assets of our VIE Hospitals, any injunctive relief or order the winding-up of each of our VIE Hospitals as interim remedies before there is a final arbitration award; (c) however, PRC laws do not disallow an arbitral body to give an award to transfer assets or equity interest in our VIE Hospitals at the request of an arbitration applicant. In the event of non-compliance with such award, enforcement measures may be sought from the court. However, the court may or may not support such award of the arbitral body when deciding whether to take enforcement measures; (d) in addition, interim remedies or enforcement orders granted by overseas courts such as those in Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC; therefore, in the event we are unable to enforce the Contractual Arrangements, we may not be able to exert effective control over each of our VIE Hospitals, and our ability to conduct our business may be negatively affected; and (e) even if the above-mentioned provisions may not be enforceable under PRC laws, the remaining provisions of the dispute resolution clauses are legal, valid and binding on the parties to the agreement under the Contractual Arrangements.

As a result of the above, if any of our VIE Hospitals, Ms. Bian, Mr. Xu or Puxiang Ren'ai breaches any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over our VIE Hospitals and conduct our business could be materially and adversely affected. For further details, please see "Risk Factors — Risks Relating to our Contractual Arrangements" in this document.

Protection in the Event of Death, Bankruptcy or Divorce of the Ultimate Shareholders

As disclosed above, pursuant to the Spouse Undertakings, the respective spouse of each of the Ultimate Shareholders has irrevocably undertaken, among others, to authorize the respective Ultimate Shareholders and/or his/her authorized person to execute all necessary documents and perform all necessary procedures from time to time for and on behalf of the spouse in order to safeguard the interest of Puxiang Investment under the Contractual Arrangements and give effect to the fundamental purposes thereunder, and confirms and agrees that all such documents and procedures and any undertaking, confirmation, consent and authorization under the Spouse Undertakings shall not be revoked, prejudiced, invalidated or otherwise adversely affected by death, loss of or restriction on capacity of the spouse, divorce or other similar events. Please see "— Summary of the Material Terms of the Contractual Arrangements — (7) Spouse Undertakings" in this section for details.

In addition, as disclosed above, pursuant to the Business Cooperation Agreement, Ms. Bian and Mr. Xu undertake to Puxiang Investment that, in the event of death, loss of or restriction on capacity, divorce or other circumstances which may affect the exercise of their equity interest in any of our VIE Hospitals, they shall have made all necessary arrangement and shall have signed all necessary documents such that their respective successor, guardian, spouse, and any other person which may as a result of the above events obtain the equity interest or relevant rights shall not prejudice or hinder the validity and enforceability of the Contractual Arrangements. Please see "— Summary of the Material Terms of the Contractual Arrangements — (1) Business Cooperation Agreements" in this section for details.

Protection in the Event of Dissolution, Reorganization, Liquidation or Bankruptcy of our VIE Hospitals

In the event of dissolution, reorganization, liquidation or bankruptcy of any of our VIE Hospitals, (i) Puxiang Investment or its designated person shall have the right to exercise all of the shareholder's right that Puxiang Ren'ai is entitled to on behalf of Puxiang Ren'ai; (ii) unless Puxiang Investment decides otherwise, to the extent permitted by PRC laws, Puxiang Ren'ai shall transfer all assets received or receivable in its capacity as a shareholder of each of our VIE Hospitals as a result of the dissolution or liquidation of our VIE Hospitals to Puxiang Investment or other persons designated by it at nil consideration, and instruct all of our VIE Hospitals to transfer such assets directly to Puxiang Investment before such dissolution or liquidation; (iii) if consideration is required for such transfer under the then applicable PRC laws, Puxiang Ren'ai shall repay in full Puxiang Investment or the person as designated by it the amount and guarantee that Puxiang Investment or other persons as designated by it does not suffer any loss. Please see "— Summary of the Material Terms of the Contractual Arrangements — (1) Business Cooperation Agreements" in this section for details.

Protection in the Event Where Third Parties Acquiring the Equity Interest in the VIE Hospitals Held by Puxiang Ren'ai or Becoming Entitled to Exercise the Shareholder's Rights Attaching to Such Equity Interest

Pursuant to the Business Cooperation Agreements, except as otherwise provided under the PRC laws or as decided in writing by Puxiang Investment, any person acquiring the equity interest in our VIE Hospitals held by Puxiang Ren'ai or becoming entitled to exercise the shareholder's rights attaching to such equity interest by any means (including but not limited to equity transfer, gift, dismemberment, succession, custody, proxy, merger, split, and liquidation), shall be subject to the pre-conditions that such person acknowledges and accepts the Contractual Arrangements and executes and delivers (as required and to the satisfaction of Puxiang Investment) the Contractual Arrangements; on such basis, such person shall be in replacement of the original registered shareholder and become a party to the Contractual Arrangements, and the Contractual Arrangements continue to be effective. Except as otherwise provided under the PRC laws, in the event where such person has any objection, dissent or disagreement to the Contractual Arrangements, the acquisition of the equity interest and/or the receipt of the entitlement to exercise shareholder's rights shall be nullified and Puxiang Investment has the right to claim for any damages incurred.

Pursuant to the Business Cooperation Agreements, Puxiang Ren'ai has agreed and undertaken that, without the prior written consent of Puxiang Investment, it shall not take any action or omission to dispose of (including but not limited to transferring, gifting, pledging, merging, dividing, or liquidating) its equity interest in our VIE Hospitals, and shall not take any action or omission that may conflict with the purpose and intent of the Contractual Arrangements.

Termination of the Contractual Arrangements

Each of the Contractual Arrangements provides that: (a) each of the Contractual Arrangements shall be terminated upon the completion of the purchase of all the equity interest held by Puxiang Ren'ai in our VIE Hospitals by Puxiang Investment pursuant to the terms of the Exclusive Call Option Agreements, save for the Equity Pledge Agreements which shall continue to be in force until all obligations thereunder have been performed or all secured indebtedness has been repaid in full; (b) Puxiang Investment shall have the unilateral right to terminate any of the Contractual Arrangements by serving a 30 days prior notice; and (c) each of our VIE Hospitals, Ms. Bian, Mr. Xu and Puxiang Ren'ai shall not be entitled to unilaterally terminate the Contractual Arrangements in any situation other than as prescribed by the laws.

Insurance

Our Company does not maintain any insurance policy to cover the risks relating to the Contractual Arrangements. See "Risk Factors — Risks Relating to Our Contractual Arrangements" for more details of such risks.

Arrangement to Address Potential Conflict of Interest

We have in place arrangements to address the potential conflicts of interest between Ms. Bian, Mr. Xu and Puxiang Ren'ai on the one hand, and our Company on the other. Pursuant to the Business Cooperation Agreement, each of Ms. Bian, Mr. Xu and Puxiang Ren'ai undertakes to Puxiang Investment that, unless with the prior written consent of Puxiang Investment, Ms. Bian, Mr. Xu or Puxiang Ren'ai shall not directly or indirectly engage, participate in, conduct, acquire or hold any competing business and Puxiang Investment is granted an option to (i) require the entity engaging in the competing business to enter into an arrangement similar to that of the Contractual Arrangements; or (ii) require the entity engaging in the competing business to cease operation. Please see "— Summary of the Material Terms of the Contractual Arrangements — (1) Business Cooperation Agreements" in this section for details. Our Directors are of the view that the measures we have adopted are sufficient to mitigate the risks associated with the potential conflicts of interest between Ms. Bian, Mr. Xu and Puxiang Ren'ai on the one hand, and our Company on the other.

LEGALITY OF THE CONTRACTUAL ARRANGEMENTS

PRC Legal Opinions

Our PRC Legal Advisor conducted interviews and verbal consultations with Beijing Municipal Bureau of Commerce, a competent government authority responsible for supervision and administration of foreign investment in Beijing, Beijing Administration of Traditional Chinese Medicine, a competent government authority responsible for supervision and administration of traditional Chinese medicine hospitals in Beijing, and the Beijing Municipal Health Commission, a competent government authority responsible for supervision and administration of medical institutions in Beijing, on May 30, 2025, June 24, 2025 and June 25, 2025, respectively. Based on the interviews and consultations, (i) there was a pilot program for wholly foreign-owned hospitals in Beijing. Foreign investors were allowed to directly or indirectly hold 100% of the equity interest in medical institutions if the relevant pilot program requirements were met. The hospitals eligible to the Pilot Program shall be the Class III hospitals and neither the TCM hospitals nor integrated Chinese and Western medicine hospitals is eligible to the Pilot Program. In light of the nature of healthcare services which our VIE Hospitals deliver (i.e. (i) community-based services and therefore the Group's healthcare institutions do not include any Class III hospital (which is often the large-scale hospital serving a large number of patients in a city or even nation-wide), and (ii) TCM as a core and characteristic specialty), our VIE Hospitals do not meet the relevant pilot program requirements, and our Group does not and currently has no plan to satisfy the pilot program requirements. Therefore, under our circumstance, foreign investors are subject to the 2024 Negative

List and other relevant regulations, and foreign investors could only hold directly or indirectly no more than 70% of equity interest in medical institutions; (ii) contractual arrangements made by foreign investors/foreign-invested enterprises were not explicitly prohibited by the FIL and the relevant regulations; and (iii) no approval from the authority is required for the execution of agreements under the Contractual Arrangements.

Based on the above interviews and consultations, our PRC Legal Advisor is of the opinion that:

(a) each of the agreements under the Contractual Arrangements does not violate the Civil Code of the PRC and other applicable PRC laws and regulations and is legal, valid and binding on the parties thereto, enforceable under PRC laws and regulations, except that the Contractual Arrangements provide that the arbitral body may award remedies over the shares and/or assets or award injunctive relief and/or order the winding up of our VIE Hospitals, and that courts of competent jurisdictions are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal or in appropriate cases, while under PRC laws, an arbitral body has no power to grant injunctive relief or to order an entity to wind up, and the aforesaid interim remedies granted by competent courts are only enforceable to the extent permitted under the relevant PRC laws and regulations and may not be recognizable or enforceable in the PRC;

(b) none of the agreements under the Contractual Agreements falls within the circumstances of void contracts specified in the PRC Civil Code, including, in particular, "malicious collusion impairing others' legitimate rights and interest," "false expression of will" or other circumstances that would render such agreements void under the Civil Code of the PRC;

(c) each of the Contractual Arrangements is not in violation of provisions of the articles of association of each of our VIE Hospitals and Puxiang Investment, respectively;

(d) each of the agreements under the Contractual Arrangements is bidding on the parties thereto; and

(e) the pledge of the equity interests under the Equity Pledge Agreements have been effective upon registration with the government authorities.

Our PRC Legal Advisor also advises that, there can be no assurance that the PRC regulatory authorities will not in the future take a view that is contrary to or otherwise different from the above opinion. For details of the risks involved in the Contractual Arrangements, please see "Risk Factors — Risks Relating to our Contractual Arrangements" in this document.

Directors' views on the Contractual Arrangements

We believe that the Contractual Arrangements are narrowly tailored because the Contractual Arrangements are only used to enable our Group to maintain effective maximum control as commercially practicable over and to obtain all or vast majority of the economic benefits derived from the operations of the VIE, which engage in the provision of operation and management of medical institutions in the PRC, where the PRC laws, regulations or regulatory practice currently restrict provision of operation and management of medical institutions to Sino-foreign ownership, in addition to imposing qualification requirements on the foreign owners.

As of the date of this document, we have not encountered any interference or encumbrance from any governing bodies in our plan to adopt the Contractual Arrangements. As such, and as advised by our PRC Legal Advisor, the Directors are of the view that the Contractual Arrangements are enforceable under the PRC laws and regulations, except for relevant arbitration provisions, as disclosed in "— Dispute Resolutions" in this section.

Our Directors, having discussed with the reporting accountants, are of the view that the Company has the controls over the VIE Hospitals through interest held by the Group directly, and the Group accounts for the interest held through Puxiang Ren'ai as interest owned by the Group rather than non-controlling interests pursuant to the Contractual Arrangements. Our Group has the right to consolidate the financial results of our VIE Hospitals. See Note 1 to the Accountants' Report included in Appendix I to this document for details on the consolidation of financial results of the VIE Hospitals.

The transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of our Company under the Listing Rules upon the [**REDACTED**] and it is impracticable and unduly burdensome for them to be subject to the relevant requirements under the Listing Rules as our Directors are of the view that the transactions contemplated under the

Contractual Arrangements are fundamental to our Group's legal structure and business operations, have been and shall be entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are fair and reasonable and in the interests of our Company and our Shareholders as a whole. See "Connected Transactions" in this document for details.

DEVELOPMENT IN THE PRC LEGISLATION ON FOREIGN INVESTMENT IN THE PRC

The FIL

On January 1, 2020, the FIL which was adopted at the second session of the thirteenth National People's Congress came into force. The FIL replaced the former foreign investment legal foundation in the PRC consisting of three laws: the Sino-Foreign Equity Joint Venture Enterprise Law, the Sino-Foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-Invested Enterprise Law. On December 26, 2019, the State Council released the Implementation Rules to the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) (the "Foreign Investment Law Implementing Regulations"), which took effect on January 1, 2020. See "Regulatory Overview — Regulations on Foreign Investment in China."

Impact and Potential Consequences of the FIL on our Contractual Arrangements

Conducting operations through contractual arrangements has been adopted by many PRC-based companies, including us, to obtain and maintain necessary licenses and permits in the industries that are currently subject to foreign investment restrictions or prohibitions in the PRC. The FIL does not explicitly prohibit or restrict a foreign investor to rely on contractual arrangements to control the majority of its business that is subject to foreign investment restrictions or prohibitions in the PRC and it does not explicitly stipulate contractual arrangements as a form of foreign investment. Notwithstanding the above, the FIL stipulates that foreign investment includes "foreign Investors invest in China through many other methods under laws, administrative regulations or provisions prescribed by the State Council". Although the FIL does not expressly stipulate the Contractual Arrangements as a form of foreign investment, there are possibilities that future laws, administrative regulations or provisions prescribed by the State Council may regard the Contractual Arrangements as a form of foreign investment, at which time it will be uncertain whether the Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and how the above-mentioned Contractual Arrangements will be handled. Therefore, there is no guarantee that the Contractual Arrangements and the business of the VIE Hospitals will not be materially and adversely affected in the future due to changes in the relevant PRC laws and regulations. See "Risk Factors — Risks Relating to our Contractual Arrangements — If the PRC government authorities deem that the Contractual Arrangements do not comply with applicable PRC laws and regulations, or if these regulations or their interpretations change in the future, we could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of our interest in the VIE Hospitals received through the Contractual Arrangements." In any event, we will take reasonable steps in good faith to seek compliance with the FIL.

COMPLIANCE WITH THE CONTRACTUAL ARRANGEMENTS

Our Group has adopted the following measures to ensure the effective operation of our Group with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements:

(i) major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;

(ii) our Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;

(iii) our Company will disclose the overall performance and compliance with the Contractual Arrangements in our annual reports; and

(iv) our Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, review the legal compliance of the Puxiang Investment and our VIE Hospitals to deal with specific issues or matters arising from the Contractual Arrangements.