OVERVIEW

As of the Latest Practicable Date, Mr. Wang, along with Mr. Xu who has taken instructions from Mr. Wang to act in concert with Mr. Wang, was entitled to control 73.99% of the voting power at the general meetings of our Company, comprising (1) 43.52% directly beneficially owned by Yangyuan BVI, which is wholly owned by Mr. Wang, (2) 17.41% directly beneficially owned by One Percent BVI, a wholly-owned subsidiary of Yangyuan BVI, and (3) 13.06% beneficially owned by Huayiyongsheng BVI, which is wholly owned by Mr. Xu. Upon the [**REDACTED**], Mr. Wang, along with Mr. Xu, will control [**REDACTED**]% of the voting power at the general meetings of our Company, comprising (1) [**REDACTED**]% directly beneficially owned by Yangyuan BVI, (2) [**REDACTED**]% directly beneficially owned by One Percent BVI, and (3) [**REDACTED**]% beneficially owned by Huayiyongsheng BVI, assuming the [**REDACTED**] is not exercised and without taking into account the Shares which may be issued pursuant to the exercise of options granted under the Pre-[**REDACTED**] Share Option Scheme. Therefore, Mr. Wang, Mr. Xu, Yangyuan BVI, One Percent BVI and Huayiyongsheng BVI constituted as of the Latest Practicable Date and will continue to constitute upon the [**REDACTED**] our Controlling Shareholders Group. See "History, Reorganization and Corporate Structure — Acting-in-Concert Arrangements" for details of the acting-in-concert arrangements between Mr. Wang and Mr. Xu.

COMPETITION AND CLEAR DELINEATION OF BUSINESS

In August 2019, Mr. Wang transferred 99% of the equity interest in Puxiang Consulting held by him to Ms. Bian, his wife, our executive Director and chief executive officer, due to the family arrangement. Upon completion of such equity transfer, Puxiang Consulting was owned by Ms. Bian as to 99% and remained as a close associate of Mr. Wang. As of the Latest Practicable Date, Puxiang Consulting held minority interest in three medical institutions, including Beijing Puxiang Ophthalmology Hospital Co., Ltd. (北京普祥眼科醫院有限公司) ("Puxiang Ophthalmology Hospital"), Beijing Erya Suyi Clinic Co., Ltd. (北京爾雅素醫診所有限公司) ("Erya Suyi Clinic") and Tianjin Binhai New Area Dongjiang Hospital Co., Ltd. (天津濱海新區東江醫院有限公司) ("Dongjiang Hospital").

Mr. Wang is also the founder and controlling shareholder of Shuangquan Holdings and Shenyu Culture.

Puxiang Ophthalmology Hospital

Puxiang Ophthalmology Hospital is a hospital specialized in ophthalmology and located in Haidian District, Beijing. In June 2023, Puxiang Consulting made an investment in and acquired 10.1% of equity interest in Puxiang Ophthalmology Hospital with a view to receiving financial returns. Meanwhile, in order to explore opportunities and gain operation experience in the field of ophthalmology, Puxiang Investment made an investment in and acquired 5% of the equity interest in Puxiang Ophthalmology Hospital. Our Directors are of the view that the investment of Puxiang Consulting in Puxiang Ophthalmology Hospital do not constitute a competing interest, because both our Group and Puxiang Consulting hold equity interest in Puxiang Ophthalmology Hospital as financial investors and the interests are aligned.

Erya Suyi Clinic

Erya Suyi Clinic is a clinic offering medical services specialized in pediatrics in Chaoyang District, Beijing. In October 2020, with a view to receiving financial returns, Puxiang Consulting made an investment in and acquired 6.67% of the equity interest in Erya Suyi Clinic.

Our Directors are of the view that the business of Erya Suyi Clinic is clearly delineated from, does not and is not likely to compete with, our business, for the following reasons:

(1) *Different scale operations:* In Beijing, our Group only operates Class 1 and Class 2 hospitals and community healthcare centers, rather than clinics;

(2) *Different target customers:* In contrast to Erya Suyi Clinic, which focuses on the provision of medical services on pediatrics for children, our Group mainly provides integrated healthcare and eldercare services for middle-aged and elderly people; and

(3) *Different communities served:* The healthcare services provided by Erya Suyi Clinic and our medical institutions are community-based and targeted to the patients in different communities in distance.

Dongjiang Hospital

Dongjiang Hospital is a Class II hospital specialized in treatment of burn injury in Tianjin Binhai New Area, Tianjin. In June 2015, with a view to receiving financial returns, Puxiang Consulting made an investment in Dongjiang Hospital, holding 11% of the equity interest.

Our Directors are of the view that the business of Dongjiang Hospital is clearly delineated from, does not and is not likely to compete with, our business for the following reasons:

(i) *Different operating scale:* In Tianjin, our Group only operates Tianjin Outpatient Center, an outpatient center, rather than hospitals.

(ii) *Different target customers:* In contrast to Dongjiang Hospital, which focuses on the provision of medical services on burn injury treatment, our Group mainly provides integrated healthcare and eldercare services;

(iii) *Different operating geography:* Tianjin Outpatient Center is located in Jinnan District, Tianjin, while Dongjiang Hospital is located in Binhai New Area, Tianjin. Tianjin Outpatient Center is located far apart from Dongjiang Hospital.

Shuangquan Group

Shuangquan Holdings is the holding company within Shuangquan Group. Shuangquan Group is a large-scale industrial group company established in the PRC and involving in a variety of industries including real estate development, technology, education and financial investments. Shenyu Culture is a subsidiary of Shuangquan Holdings. Shenyu Culture was primarily engaged in the culture and art industry, such as the operation of Beijing Shenyu Art Museum ("Shenyu," or "神玉" referred to "miracle jade" in Chinese) and development of cultural and art products and tourism with a focus on jade-related culture. In 2014, our Company span off from Shuangquan Group. Since then, there has been no shareholding relationship between Shuangquan Group on one hand and our Group on the other hand.

In light of the above and given Shuangquan Group is not engaged in the healthcare business, our Directors are of the view that the business of Shuangquan Group (including Shenyu Culture) is clearly delineated from, does not and is not likely to compete with, our business.

Based on the above, the members of our Controlling Shareholders Group have confirmed that as of the Latest Practicable Date, none of them or any of their respective close associates had any interest in a business that competes or is likely to compete, either directly or indirectly, with our business, which is subject to disclosure pursuant to Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS GROUP

Management Independence

Our business is primarily managed and conducted by our Board and senior management. Upon the completion of the [**REDACTED**], our Board will comprise of two executive Directors, three non-executive Directors and three independent non-executive Directors. None of our executive Directors, proposed independent non-executive Directors or senior management members are holding any executive role in Shuangquan Group or other entities controlled by the Controlling Shareholder Group. See "Directors and Senior Management" for more information of our Directors.

Our Directors believe that our Board and senior management is able to manage our business and function independently from our Controlling Shareholders Group based on the following reasons:

(1) each of our Directors is aware of his/her fiduciary duties as a Director of our Company which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest;

(2) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Directors shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum;

(3) we have three independent non-executive Directors, who have extensive experience in different areas and have been appointed to ensure that the decisions of our Board are made after due consideration of independent and impartial opinions. Certain matters of

our Company must always be referred to the independent non-executive Directors for review in accordance with the Listing Rules, the applicable laws and our Memorandum and Articles of Association and internal policies;

(4) our daily management and operations are carried out by a senior management team. Except Ms. Bian, our senior management team members are independent from our Controlling Shareholders Group, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interest of our Group; and

(5) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders Group which would support our independent management. See "— Corporate Governance."

Operational Independence

Independent Operations

We have established our own organizational structure comprised of individual departments, each with specific areas of responsibilities. We have also established various internal controls procedures to facilitate the effective operation of our business. Our Group is not operationally dependent on the members of our Controlling Shareholders Group or their respective close associates. Our Company holds or enjoys the benefit of all relevant licenses and owns all relevant intellectual property and facilities necessary to carry on our business. We have sufficient capital, facilities, equipment and employees to operate our business independently from the members of our Controlling Shareholders Group and their respective close associates. We also have independent access to our customers and suppliers.

We conducted transactions with the members of our Controlling Shareholders Group and/or their close associates during the Track Record Period. See "Financial Information — Related Party Transactions" for details. Certain transactions with the members of our Controlling Shareholders Group and/or their close associates will continue and be *de minimis* under Rule 14A.76 of the Listing Rules. See "Connected Transactions" for details. Our Directors believe such transactions do not indicate any material reliance by our Company on our Controlling Shareholders Group.

Procurement of Data Hosting Service

Our hospitals use unified hospital operating systems, which are integrated information technology systems designed to manage our hospitals' operations, picture archiving and communication and laboratory information, in the daily business to improve our management efficiency. Yikang Network is a company incorporated in August 2020, wholly owned by Puxiang Ren'ai and controlled by us through the contractual arrangements from April 2021 to April 2025. From August 2020 to April 2025, the financial results of Yikang Network had been consolidated into our financial statements. Since April 2025, the financial results of Yikang Network has ceased to be consolidated into our financial statements.

At the time of its establishment, the major business of Yikang Network was to provide data hosting service to our hospitals and hence it has held the value-added telecommunications business operation licenses for Internet data center business. In addition, leveraging its established information technology team, Yikang Network also provided information technology supports to other entities within our Group. According to the 2024 Negative List and Notice of the MIIT on the Launch of Pilot Program to Expand the Opening-up of Value-added Telecommunications Services (《工業和信息化部關於開展增值電信業務擴大對外開放試點工作的通告》), the Internet data center business is considered "prohibited" and foreign investors shall not hold any equity interest in an entity involving in the Internet data center business in the PRC, except for certain circumstances. Since the business of Yikang Network of providing data hosting service falls into the concept of Internet data center business whereas it does not fall into any of the exceptions, it is subject to the foreign ownership restriction. For avoidance of doubt, the internal function of provision of information technology supports to within our Group does not fall into the ambit of restricted or prohibited business under the 2024 Negative List and hence is not subject to foreign investment restrictions.

Considering that the operation under the contractual arrangements of a business which is "prohibited" under the 2024 Negative List may bring uncertainties to our [**REDACTED**] timetable in light of the evolving regulatory environment, in April 2025, we terminated the contractual arrangements with Yikang Network. Prior to the termination, its original function of provision on information technology supports had been transferred to the respective VIE Hospitals and other entities within our Group, whereas Yikang Network had continued to operate data hosting service business. In June 2025, the entire equity interest in Yikang Network was transferred from Puxiang

Ren'ai to Puxiang Consulting for restructuring purpose. As we would like to maintain high-standard information security protections over our patients' data, avoid any unexpected disruption of operation of our unified hospital operating systems and reduce administrative cost in the course of communication and coordination, we decided to continue to procure the data hosting service from Yikang Network. As advised by the PRC Legal Advisor, the transaction arrangement under procurement of data hosting service from Yikang Network by us does not violate the PRC laws or regulations. See "Connected Transactions — Continuing Connected Transactions — Fully-exempt continuing connected transactions — 3. Purchase of data hosting service" for details of the transactions.

Our Directors are of the view that procuring data hosting service from Yikang Network is not likely to give rise to any material reliance on our Controlling Shareholders Group, mainly because the data hosting service provided by Yikang Network is a standardized service at relatively low price, and it is not difficult for us, if necessary and desirable, to engage a third party service provider other than Yikang Network. Our Directors are also of the view that the termination of the contractual arrangements with Yikang Network and our continuing procurement of data service from Yikang Network does not have a material adverse impact on the business operations and financial condition of our Group, given that Yikang Network's original functions of information technology supports have been properly transferred to the VIE Hospitals and other entities within our Group and the transaction arrangement under procurement of data hosting service from Yikang Network by us does not violate the PRC laws or regulations.

Based on the above, our Directors believe that we are capable of carrying on our business independently of the members of our Controlling Shareholders Group and their close associates.

Financial Independence

We have an independent financial system. Our Group's accounting and finance functions are independent of the members of our Controlling Shareholders Group and their close associates. Our Group makes financial decisions according to our own business needs. Our Group's major finance operations are handled by our financial management department, which operates independently from the members of our Controlling Shareholders Group and their close associates. We do not share any other functions or resources with the members of our Controlling Shareholders Group or their close associates.

During the Track Record Period, we primarily financed our business operations through cash generated from our business activities and equity financing activities. As of the Latest Practicable Date, we did not have any outstanding borrowings or guarantees from the members of our Controlling Shareholders Group or any of their respective close associates.

Based on the above, our Directors believe that our Group is able to operate with financial independence from the members of our Controlling Shareholders Group and their close associates.

CORPORATE GOVERNANCE

We have put in place sufficient corporate governance measures to manage the conflict of interest and potential competition from our Controlling Shareholders Group and safeguard the interest of our Shareholders, including:

(1) where a Shareholders' meeting is to be held for considering proposed transactions in which the members of our Controlling Shareholders Group or any of their close associates has a material interest, our Controlling Shareholders Group will not vote on the resolutions and shall not be counted in the quorum in the voting;

(2) our Company has established internal control mechanism to identify connected transactions. After the [**REDACTED**], our Company will comply with the requirements in connection with connected transactions under the Listing Rules;

(3) where our Directors reasonably request the advice of independent professionals, such as independent financial advisors, the appointment of such independent professional will be made at our Company's expense;

(4) we have appointed Maxa Capital Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance;

(5) we have established the Audit committee, the Remuneration committee and the Nomination committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code;

(6) our Controlling Shareholders Group will confirm the status of their non-competing interest on an annual basis and to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by our Company; and

(7) our Company will disclose decisions (with basis), if any, on matters reviewed by the independent non-executive Directors either in its annual report or by way of announcements.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between the members of our Controlling Shareholders Group and their respective close associates and our Group and to protect the interests of our Shareholders, in particular, the minority Shareholders.