You should read the following discussion and analysis in conjunction with our consolidated financial statements, including the notes thereto, as set forth in the Accountants' Report in Appendix I to this document. You should read the entire Accountants' Report in Appendix I to this document and not rely merely on the information contained in this section. The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in the sections headed "Risk Factors" and "Forward-looking Statements" in this document.

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. According to the CIC Report, 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) in well-selected locations 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, five managed medical institutions and two invested medical institutions. As such, 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 coordinated healthcare and eldercare services.

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)

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

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 "— Non-IFRS Measures" for a reconciliation of our profit for the year to adjusted net profit (non-IFRS measure).

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe that the most significant factors affecting our results of operations and financial condition include the following.

Growth of Integrated Healthcare and Eldercare Services Industry in China

Our business and financial performance depend on the overall growth of and our competitiveness in the integrated healthcare and eldercare services industry in China, particularly in North China, where our medical institutions are located. In particular, China's healthcare and eldercare resources are disproportionately concentrated in tertiary hospitals, which increases the burden on patients and exacerbates regional disparities. Furthermore, the supply of integrated healthcare and eldercare services remains insufficient to meet the long-term care needs of China's aging population. As such, there is a burgeoning need for integrated healthcare and eldercare service providers to expand while addressing these mismatches. According to the CIC Report, the market size for integrated healthcare and eldercare services in China, in terms of revenue, increased from RMB135.6 billion in 2019 to RMB263.8 billion in 2024 at a CAGR of 14.2%, and is expected to grow at a CAGR of 11.3% to RMB517.3 billion in 2030 from RMB302.9 billion in 2025. Additionally, the market size for integrated healthcare and eldercare services in North China, in terms of revenue, increased from RMB13.6 billion in 2019 to RMB27.1 billion in 2024 at a CAGR of 14.7%, and is expected to grow at a CAGR of 12.6% to RMB56.7 billion in 2030 from RMB31.4 billion in 2025. Leveraging our established presence, we believe that we are capable of capturing the significant opportunities in this market.

Moreover, the healthcare and eldercare services industry has demonstrated policy-driven features in recent years, with comprehensive government reforms reshaping the industry landscape. The Chinese government has implemented extensive initiatives and supportive policies to address the affordability, accessibility and quality of healthcare and eldercare services. On the payment side, public medical insurance coverage for elderly care has been expanded, with improvements in both reimbursement rates and scope. For example, China has been establishing a long-term care insurance system since 2016 through pilot programs, which are continuously expanding in coverage. By 2023, these pilot programs had been implemented in 49 cities across China, enrolling approximately 183 million people. On the service side, policy support is directed toward specialized areas such as rehabilitation and elderly care, aiming to encourage a more diversified supply of healthcare and eldercare services. We aim to expand our service offerings in order to capture the significant growth opportunities and reinforce our presence in integrated healthcare and eldercare services. Leveraging our deep insights and expertise in the industry, we have delivered significant revenue growth during the Track Record Period, and expect to achieve sustainable profitability in the future.

Ability to Expand Our Network of Medical Institutions

Our revenue and overall profitability depend on our ability to expand our network of medical institutions and ramp up the operations of our newly acquired institutions. 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. We have significantly expanded our network of medical institutions during recent years through strategic acquisitions, equity investments and management services.

We apply a comprehensive framework to evaluate acquisition targets and have implemented a phased integration and operational strategy designed to help each medical institution cultivate its unique characteristics and achieve sustainable growth, particularly during the ramp-up period following our acquisition. For instance, during the Track Record Period, we successfully acquired and integrated Puxiang TCM Hospital. Following a comprehensive rebranding strategy, Puxiang TCM Hospital has undergone a strategic clinical transformation, evolving into a multi-disciplinary healthcare institution. See "Business — Our Integrated Healthcare and Eldercare Business — Our Self-owned Medical Institutions — Beijing Puxiang Traditional Chinese Medicine Hospital." As a result, Puxiang TCM Hospital has successfully transitioned from a loss-making position prior to acquisition to achieving a revenue of RMB149.9 million and a net profit of RMB9.3 million in 2024. We plan to continue to expand our network of medical institutions primarily by strategic acquisitions, which in turn may be affected by a number of factors, such as the reputation of our medical institutions and medical professionals, our financial resources and the general regulatory environment in China's healthcare and eldercare services industry. See "Business — Our Future

Expansion" for details. Expansion of our self-owned medical institutions will increase our revenue base and create additional network effects. However, our expansion may require us to make upfront investments, which could impact our liquidity. Our ability to operate these medical institutions will determine whether and how quickly we can recoup our investments, which may materially affect our profitability.

In addition, we generate revenue from our managed medical institutions in the form of management fees, most of which are set as a mutually agreed percentage of the managed medical institution's annual gross revenues. See "Business — Our Integrated Healthcare and Eldercare Business — Our Medical Institution Management Services" for details. Therefore, our ability to expand the revenue streams of managed medical institutions, improve their business operations, as well as attract more managed institutions will affect our revenue and results of operations.

Ability to Expand the Service Offerings at Our Self-owned Medical Institutions

During the Track Record Period, we generated revenue primarily from our self-owned medical institutions offering integrated healthcare and eldercare services. In 2023, 2024 and 2025, revenue generated from 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. Therefore, our revenue is primarily influenced by the services offered at our self-owned medical institutions, especially the continued extension and diversification of our service offerings and portfolio across our self-owned medical institutions.

We offer accessible and comprehensive healthcare and eldercare services that cater to the full spectrum of our patients' needs, from general outpatient care to specialized treatment and complex medical procedures. In particular, guided by our "basic generality with strong specialties" model, we provide broad coverage through general departments to address the basic medical needs of patient demographics, build trust and foster a loyal patient base, while also guide them towards more precise and targeted specialized treatment, rehabilitation, long-term medical care, consumer healthcare and other extended services, enabling continuity of services and lifetime value of patients. We further expand our service portfolio to offer comprehensive rehabilitation and nursing services to the middle-aged and elderly, enabling coordinated healthcare and eldercare services, which underscores our capability to capture the evolving patients' needs to achieve business growth.

Our ability to deliver diversified and specialized services, innovative treatment options and high-quality care plays a key role in attracting more patients. However, patients' acceptance and affordability, and in turn the size of our patient base, may be affected by the pricing of our services, pharmaceuticals and medical consumables. While our eligibility for public medical insurance programs reflects governmental recognition of our service standards and pricing transparency, which in turn enhances patient trust and facilitates the accessibility of our integrated services, our pricing is subject to regulatory control applicable to Medical Insurance Designated Medical Institutions. 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 therefore subject to the relevant pricing guidelines. Our medical institutions that are Medical Insurance Designated Medical Institutions are subject to the zero mark-up policy for pharmaceuticals. 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, regulatory price controls have not had a material impact on our historical pricing levels and profit margins. Furthermore, we do not anticipate any recent regulatory developments or policy changes in this regard that may materially affect our operations or financial performance. Additionally, the centralized volume-based procurement regime has exerted downward pressure on the pricing of pharmaceuticals and medical consumables and is likely to continue impacting prices in the future. In response, we seek to extend our service chain 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. Understanding the regulatory landscape allows us to optimize our offerings while maintaining compliance and ensuring the acceptance and affordability for our patients. By focusing on extending the coverage of our service offerings, we aim to drive sustainable growth and improve our overall financial performance.

Ability to Manage Our Costs and Expenses

Our ability to effectively control our costs and expenses while achieving expected business growth is critical to our profitability. In 2023, 2024 and 2025, our cost of sales were RMB327.1 million, RMB383.0 million and RMB365.7 million, respectively, primarily consisted of pharmaceuticals, medical consumables and equipment costs, human resources costs, and depreciation and amortization, among others. As we aim to expand our network of medical institutions, increase our patient base and coverage, and deliver diversified service portfolio to cater to broader patient needs, we expect our pharmaceuticals, medical consumables and equipment costs to continue to increase in absolute terms in the near future. However, these costs as a percentage of our total cost of sales are expected to gradually decrease as we plan to offer additional rehabilitation, nursing, palliative care, and other extended services and increase their proportion in our overall portfolio. As to human resources costs, we believe we can leverage our established team of medical professionals and qualified multi-site practice physicians to improve our efficiency. We also plan to maintain competitive compensation levels for talent retention and to support the continued development of our business operations.

In addition, our business and results of operations are affected by our operating expense structure, which primarily comprises selling expenses and general and administrative expenses. Our operating expenses increased during the Track Record Period, generally in line with our business growth. We anticipate an absolute increase in operating expenses alongside our business growth and the expansion of our service network. We also expect that our operating expenses as a percentage of our total revenue will remain relatively stable or potentially decrease as we achieve economies of scale.

Seasonality

Our business is subject to seasonal fluctuations. The first quarter of a calendar year usually sees fewer inpatient and outpatient visits, mainly due to the Chinese New Year, during which most people usually avoid visiting medical institutions. The fourth quarter is usually the busiest quarter during the year for several reasons. In winter, medical institutions generally experience a relatively higher number of patient visits driven by seasonal disease patterns, particularly the higher incidence of respiratory illnesses, such as flu and colds. Moreover, many people tend to visit medical institutions towards the end of the year to complete their annual medical examinations. According to China Insights Consultancy, such pattern is in line with industry norm. We expect to remain subject to seasonal fluctuations for the foreseeable future. As a result, our operating and financial results for an interim period may not be representative of our overall performance. As some of the costs and expenses, such as human resources costs and depreciation and amortization, generally are not subject to seasonality, our profitability level may also be subject to seasonal fluctuations.

BASIS OF PREPARATION

The historical financial information has been prepared in accordance with IFRS Accounting Standards and is presented in RMB unless otherwise stated. We have adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new and revised or amended standards that are not yet effective for the accounting period beginning on January 1, 2025. See Note 1 to the Accountants' Report included in Appendix I to this document for details on our basis of preparation and presentation.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that we believe are most material in the preparation of our consolidated financial statements. Our material accounting policies and estimates, which are important for understanding our results of operations and financial condition, are set forth in Note 2 and Note 3 to the Accountants' Report included in Appendix I to this document. Some of the accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. In each case, the determination of these items requires management judgment based on information and financial data that may change in future periods. When reviewing our financial statements, you should consider (1) our selection of critical accounting policies, (2) the judgment and other uncertainties affecting the application of such policies, and (3) the sensitivity of reported results to changes in conditions and assumptions.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Revenue	**421,914**	**100.0**	**500,427**	**100.0**	**471,423**	**100.0**
Cost of sales	(327,057)	(77.5)	(382,968)	(76.5)	(365,715)	(77.6)
Gross profit	**94,857**	**22.5**	**117,459**	**23.5**	**105,708**	**22.4**
Other net income	3,819	0.9	4,297	0.9	6,367	1.4
Selling expenses	(2,185)	(0.5)	(4,786)	(1.0)	(4,280)	(0.9)
General and administrative expenses	(38,896)	(9.2)	(49,957)	(10.0)	(67,059)	(14.2)
Impairment loss on financial assets (recognized)/reversed, net	(358)	(0.1)	107	0.0	323	0.1
Finance costs	(3,730)	(0.9)	(5,343)	(1.1)	(4,874)	(1.0)
Share of results of a joint venture	(23)	(0.0)	(228)	(0.0)	–	–
Profit before taxation	**53,484**	**12.7**	**61,549**	**12.3**	**36,185**	**7.7**
Income tax	(14,257)	(3.4)	(17,667)	(3.5)	(2,795)	(0.6)
Profit for the year	**39,227**	**9.3**	**43,882**	**8.8**	**33,390**	**7.1**

NON-IFRS MEASURES

To supplement our consolidated financial statements which are presented under IFRS Accounting Standards, we use adjusted net profit (non-IFRS measure) and EBITDA (non-IFRS measure) as additional financial measures, which are not required by or presented in accordance with IFRS Accounting Standards. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the adjusted net profit (non-IFRS measure) and EBITDA (non-IFRS measure) may not be comparable to a similarly titled measure presented by other companies. The use of these non-IFRS measures have limitations as analytical tools, and you should not consider them in isolation from, or as substitutes for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

We define adjusted net profit (non-IFRS measure) as profit for the year adjusted for (1) equity-settled share-based payment and (2) [**REDACTED**] expenses. Equity-settled share-based payment is non-cash in nature arising from the grant of options to our Directors, senior management, employees and consultants and does not result in cash outflows. [**REDACTED**] expenses are expenses related to the [**REDACTED**]. We define EBITDA (non-IFRS measure) as profit for the year adjusted for (1) income tax, (2) finance costs, (3) depreciation charge of property and equipment and right-of-use assets, (4) amortization cost of intangible assets, and (5) finance income. We believe that these items should be adjusted for when calculating our adjusted net profit (non-IFRS measure) and EBITDA (non-IFRS measure) to facilitate potential [**REDACTED**] in assessing our performance, especially in making period-to-period comparisons of, and assessing the profile of, our operating and financial performance.

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Profit for the year	**39,227**	**43,882**	**33,390**
Adjusted for:			
Equity-settled share-based payment	–	15,357	16,831
[**REDACTED**] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net profit (non-IFRS measure)	**39,227**	**59,239**	**63,294**

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Profit for the year	**39,227**	**43,882**	**33,390**
Adjusted for:			
Income tax	14,257	17,667	2,795
Finance costs	3,730	5,343	4,874
Depreciation charge of property and equipment and right-of-use assets	30,036	30,635	30,413
Amortization cost of intangible assets	286	382	410
Finance income	(752)	(1,987)	(3,757)
EBITDA (non-IFRS measure)	**86,784**	**95,922**	**68,125**

DISCUSSION OF MAJOR PROFIT OR LOSS ITEMS

Revenue

During the Track Record Period, we generated revenue primarily from (1) integrated healthcare and eldercare business, through the operation of self-owned medical institutions and medical institution management services, as well as (2) supply of medical equipment and consumables. The following table sets forth a breakdown of our revenue by business lines, in an absolute amount and as a percentage of our total revenue, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Integrated healthcare and eldercare business						
Inpatient and outpatient services	400,356	94.9	469,917	93.9	435,662	92.4
Medical institution management services	9,422	2.2	11,330	2.3	14,920	3.2
Subtotal	**409,778**	**97.1**	**481,247**	**96.2**	**450,582**	**95.6**
Supply of medical equipment and consumables	**12,136**	**2.9**	**19,180**	**3.8**	**20,841**	**4.4**
Total	**421,914**	**100.0**	**500,427**	**100.0**	**471,423**	**100.0**

Revenue from integrated healthcare and eldercare business is primarily generated from (1) inpatient and outpatient services provided by our self-owned medical institutions, such as pharmaceuticals and medical consumables fees, treatment service fees, examination fees, surgical procedure fees, bed charges and physician service fees, and (2) medical institution management services mainly provided to our managed medical institutions, through which we collect management fees that are generally set as a mutually agreed percentage of the managed medical institution's annual gross revenues. We from time to time receive one-off management service fees from third parties in connection with certain consulting or technical services. Such services are typically short-term in nature and relate to specific matters, including operational enhancement, facility planning and setup, or the provision of healthcare advisory or consulting services.

Revenue from supply of medical equipment and consumables is primarily generated from sales of medical equipment and consumables to our customers, including our managed medical institutions and other medical institutions.

Cost of Sales

The following table sets forth a breakdown of our cost of sales by business lines, in an absolute amount and as a percentage of our total cost of sales, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Integrated healthcare and eldercare business						
Inpatient and outpatient services	319,416	97.7	370,645	96.8	350,903	95.9
Medical institution management services	410	0.1	1,539	0.4	2,789	0.8
Subtotal	**319,826**	**97.8**	**372,184**	**97.2**	**353,692**	**96.7**
Supply of medical equipment and consumables	**7,231**	**2.2**	**10,784**	**2.8**	**12,023**	**3.3**
Total	**327,057**	**100.0**	**382,968**	**100.0**	**365,715**	**100.0**

Our cost of sales from integrated healthcare and eldercare business is primarily incurred from (1) inpatient and outpatient services, mainly comprising (i) costs of pharmaceuticals and medical consumables used by our self-owned medical institutions, (ii) human resources costs associated with the medical professionals at our self-owned medical institutions, and (iii) other operating costs, including lease and maintenance costs, depreciation and amortization, and (2) medical institution management services, mainly comprising (i) human resources costs associated with the personnel supporting our managed medical institutions, and (ii) other operating costs, including travel and office expenses, taxes and surcharges.

Our cost of sales from supply of medical equipment and consumables is mainly incurred from procuring medical equipment and consumables to be sold to our managed medical institutions and other medical institutions.

The following table sets forth a breakdown of our cost of sales by nature, in an absolute amount and as a percentage of our total cost of sales, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Pharmaceuticals, medical consumables and equipment costs	175,626	53.7	188,774	49.3	162,251	44.4
Human resources costs	110,097	33.7	139,408	36.4	146,976	40.2
Depreciation and amortization	24,994	7.6	25,757	6.7	24,622	6.7
Others[(1)]	16,340	5.0	29,029	7.6	31,866	8.7
Total	**327,057**	**100.0**	**382,968**	**100.0**	**365,715**	**100.0**

Note:

(1) Others primarily include property utilities and equipment inspection and maintenance fees.

Our cost of sales primarily consists of (1) pharmaceuticals, medical consumables and equipment costs, mainly representing costs for procuring (i) pharmaceuticals and medical consumables used by our self-owned medical institutions, and (ii) medical consumables and equipment supplied to our managed medical institutions and other medical institutions, (2) human resources costs, mainly representing salaries, bonuses, social insurance and other benefits, including share-based payment, for our physicians, nurses and other medical professionals at our self-owned medical institutions, as well as consultation fees paid to medical specialists, and (3) depreciation and amortization relating to medical equipment and properties used by our self-owned medical institutions.

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of our gross profit and gross profit margin by business lines for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(RMB in thousands, except for percentages)					
Integrated healthcare and eldercare business						
Inpatient and outpatient services	80,940	20.2	99,272	21.1	84,759	19.5
Medical institution management services	9,012	95.6	9,791	86.4	12,131	81.3
Subtotal	**89,952**	**22.0**	**109,063**	**22.7**	**96,890**	**21.5**
Supply of medical equipment and consumables	**4,905**	**40.4**	**8,396**	**43.8**	**8,818**	**42.3**
Total	**94,857**	**22.5**	**117,459**	**23.5**	**105,708**	**22.4**

Other Net Income

Our other net income primarily consists of (1) government grants, representing subsidies and benefits from local governments in China to support our development and/or in recognition of our contribution to local economies, (2) interest income on bank deposits, (3) interest income on amount due from third parties, mainly representing income generated from loans to Puxiang Ophthalmology Hospital and potential partner medical institutions, (4) fair value gain on financial assets measured at fair value through profit or loss, primarily representing our structured deposits, (5) (losses)/gains on disposal of property and equipment, (6) write-off of payables, (7) net foreign exchange differences, (8) gains on deemed disposal of an associate, (9) compensation for the termination of management contract, (10) rent concessions, (11) gain on termination of lease, and (12) gains on disposal of subsidiaries.

The following table sets forth a breakdown of our other net income for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Government grants	1,725	1,501	242
Interest income on bank deposits	657	418	783
Interest income on amount due from third parties	95	1,569	2,974
Fair value gain on financial assets measured at fair value through profit or loss	612	1,522	511
Gains/(losses) on disposal of property and equipment	23	(46)	(30)
Write-off of payables	115	159	384
Net foreign exchange differences	258	(1,066)	(60)
Gains on disposal of subsidiaries	–	–	1,270
Others	334	240	293
Total	**3,819**	**4,297**	**6,367**

Selling Expenses

Our selling expenses primarily consist of (1) employee compensation, mainly representing salaries, bonuses, social insurance and other benefits for our sales and marketing staff, and (2) branding and marketing expenses relating to our marketing, branding and promotion activities.

The following table sets forth a breakdown of our selling expenses by nature, in an absolute amount and as a percentage of our total selling expenses, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Employee compensation	811	37.1	774	16.2	605	14.1
Branding and marketing expenses	1,198	54.8	3,507	73.3	3,123	73.0
Others	176	8.1	505	10.6	552	12.9
Total	**2,185**	**100.0**	**4,786**	**100.0**	**4,280**	**100.0**

General and Administrative Expenses

Our general and administrative expenses primarily consist of (1) employee compensation, representing salaries, bonuses, social insurance and other benefits, including share-based payment relating to our share option scheme, for our administrative staff, (2) depreciation and amortization expenses primarily relating to our leased properties used for general and administrative purposes, (3) service fees relating to our business development and overall strategic expansion, (4) office and business expenses incurred by our administrative staff, (5) leasing, repair and maintenance expenses relating to such leased properties, and (6) [**REDACTED**] expenses in relation to the [**REDACTED**].

The following table sets forth a breakdown of our general and administrative expenses by nature, in an absolute amount and as a percentage of our total general and administrative expenses, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Employee compensation	23,015	59.2	35,259	70.6	38,639	57.6
Depreciation and amortization expenses	5,315	13.7	5,246	10.5	6,187	9.2
Service fees	3,802	9.8	3,534	7.1	3,424	5.1
Office and business expenses	2,980	7.7	2,489	5.0	2,541	3.8
Leasing, repair and maintenance expenses	2,771	7.1	2,165	4.3	2,249	3.4
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others	1,013	2.6	1,264	2.5	946	1.4
Total	**38,896**	**100.0**	**49,957**	**100.0**	**67,059**	**100.0**

Impairment Loss on Financial Assets (Recognized)/Reversed, Net

Our impairment loss on financial assets recognized or reversed, net represent the expected credit losses ("ECLs") or reversal of ECLs on our trade receivables and other receivables. We recorded impairment loss on financial assets recognized, net of RMB0.4 million in 2023, and impairment loss on financial assets reversed, net of RMB0.1 million and RMB0.3 million in 2024 and 2025, respectively.

Finance Costs

Our finance costs consist of interest on interest-bearing borrowings and interest on lease liabilities. We recorded finance costs of RMB3.7 million, RMB5.3 million and RMB4.9 million in 2023, 2024 and 2025, respectively.

Share of Results of a Joint Venture

Our share of results of a joint venture relates to our investment in Beijing Puxin, a company primarily engaged in the operation and management of a group of pain treatment physicians. We recorded share of losses of a joint venture of RMB23,000, RMB0.2 million and nil in 2023, 2024 and 2025, respectively.

Income Tax

Income tax primarily represents income tax payable by us in accordance with the EIT Law and its corresponding implementation regulations. This income tax comprises both current income tax and deferred income tax.

Entities located in the PRC are subject to a statutory income tax rate of 25%. During the Track Record Period, certain subsidiaries within our Group were eligible for preferential income tax rates pursuant to the relevant tax regulations. For instance, during the Track Record Period, Dashanzi Hospital, Dahuangzhuang Hospital and Yanlong Hospital were qualified as small-and-low-profit enterprises and were subject to a reduced enterprise income tax rate of 20% and a 75% deduction of their annual assessable profits.

We recorded income tax expenses of RMB14.3 million, RMB17.7 million and RMB2.8 million in 2023, 2024 and 2025, respectively, and our effective tax rate (calculated as income tax divided by profit before taxation) was 26.7%, 28.7% and 7.7%, respectively, for the same periods.

During the Track Record Period and as of the Latest Practicable Date, we did not have any disputes or unresolved tax issues with the relevant tax authorities.

Profit for the Year and Adjusted Net Profit (Non-IFRS Measure)

Our profit for the year was RMB39.2 million, RMB43.9 million and RMB33.4 million in 2023, 2024 and 2025, respectively. After adjustment of equity-settled share-based payment and [**REDACTED**] expenses, 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 "— Non-IFRS Measures" for a reconciliation of our profit for the year to adjusted net profit (non-IFRS measure).

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue

Our revenue decreased by 5.8% from RMB500.4 million in 2024 to RMB471.4 million in 2025.

Integrated healthcare and eldercare business

Our revenue generated from integrated healthcare and eldercare business decreased by 6.4% from RMB481.2 million in 2024 to RMB450.6 million in 2025, primarily due to decreased revenue from inpatient and outpatient services.

- *Inpatient and outpatient services.* Our revenue generated from inpatient and outpatient services decreased by 7.3% from RMB469.9 million in 2024 to RMB 435.7 million in 2025, primarily due to (1) lower revenue from Puxiang Oncology Hospital and certain other self-owned medical institutions, mainly attributable to a decline in patient visits and changes in service mix, as well as the impact of internal department restructuring at Puxiang Oncology Hospital to streamline its operational structure, which temporarily affected its service capacity, and (2) the disposal of Tangshan Hospitals in June 2025, which were loss-making, as part of our network optimization, whose revenue in aggregate amounted to RMB16.8 million and RMB3.2 million in 2024 and 2025, respectively, partially offset by increased revenue from Puxiang TCM Hospital owing to its continuous ramping-up efforts.

- *Medical institution management services.* Our revenue generated from medical institution management services increased by 31.7% from RMB11.3 million in 2024 to RMB14.9 million in 2025, primarily due to (1) higher management fees collected from our managed medical institutions, driven by improved operations of certain managed medical institutions, and (2) management service fees collected from certain third-party medical institutions for one-off short-term consulting or technical services.

Supply of medical equipment and consumables

Our revenue generated from supply of medical equipment and consumables increased by 8.7% from RMB19.2 million in 2024 to RMB20.8 million in 2025, primarily due to the increased sales volume of medical equipment and consumables.

Cost of sales

Our cost of sales decreased by 4.5% from RMB383.0 million in 2024 to RMB365.7 million in 2025, primarily driven by a decrease in (1) pharmaceuticals, medical consumables and equipment costs of RMB26.5 million, mainly reflecting a higher proportion of medical services and a reduced reliance on pharmaceutical sales within our integrated healthcare and eldercare business, partially offset by an increase in human resources costs of RMB7.6 million, primarily due to increased compensation levels and share-based payment for our staff as we continued to attract and incentivize our medical team.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit decreased by 10.0% from RMB117.5 million in 2024 to RMB105.7 million in 2025. Our gross profit margin decreased from 23.5% in 2024 to 22.4% in 2025.

The decrease in our overall gross profit margin was primarily driven by a decrease in the gross profit margin of inpatient and outpatient services, which was the core component of our integrated healthcare and eldercare business as well as the most significant contributor to our revenue during the Track Record Period, from 21.1% in 2024 to 19.5% in 2025, primarily attributable to the mismatch between the short-term revenue decrease and relatively rigid cost structure in order to further develop our integrated healthcare and eldercare services.

To a lesser extent, the decrease in our overall gross profit margin was also attributable to a decrease in the gross profit margin of medical institution management services from 86.4% in 2024 to 81.3% in 2025, primarily due to higher management costs, especially the human resources costs driven by the recruitment of qualified management personnel, to support the expansion of our medical institution management services. In the meanwhile, the gross profit of medical institution management services increased by 23.9% from RMB9.8 million in 2024 to RMB12.1 million in 2025.

Other net income

Our other net income increased by 48.2% from RMB4.3 million in 2024 to RMB6.4 million in 2025, primarily due to (1) an increase in interest income on amounts due from third parties of RMB1.4 million as a result of increased loans to certain third-party medical institutions, and (2) gains on disposal of subsidiaries of RMB1.3 million in 2025 as a result of the disposal of Yikang Network and Tangshan Hospitals.

Selling expenses

Our selling expenses decreased by 10.6% from RMB4.8 million in 2024 to RMB4.3 million in 2025, primarily due to a decrease in branding and marketing expenses of RMB0.4 million as a result of streamlined marketing activities for Puxiang Oncology Hospital. Our selling expenses as a percentage of our total revenue was 1.0% and 0.9% in 2024 and 2025, respectively.

General and administrative expenses

Our general and administrative expenses increased by 34.2% from RMB50.0 million in 2024 to RMB67.1 million in 2025, primarily due to (1) our recognition of [**REDACTED**] expenses of RMB[**REDACTED**] million, and (2) an increase in employee compensation of RMB3.4 million, mainly attributable to an increase in the headcount of our administrative staff, particularly the hiring of senior management personnel to support the further expansion of our eldercare business.

Impairment loss on financial assets reversed, net

Our impairment loss on financial assets reversed, net increased significantly from RMB0.1 million in 2024 to RMB0.3 million in 2025, primarily driven by lower expected credit losses resulting from a decrease in our trade receivables balances.

Finance costs

Our finance costs decreased by 8.8% from RMB5.3 million in 2024 to RMB4.9 million in 2025, primarily due to a decrease in interest on lease liabilities of RMB0.6 million as a result of a decrease in lease liabilities.

Share of results of a joint venture

We recorded share of losses of a joint venture of nil in 2025, as compared to RMB0.2 million in 2024, representing losses incurred by the joint venture, namely, Beijing Puxin.

Income tax

Our income tax decreased by 84.2% from RMB17.7 million in 2024 to RMB2.8 million in 2025, primarily due to the tax effects of our recognition of [**REDACTED**] expenses the disposal of Tangshan Hospitals.

Profit for the year

As a result of the foregoing, our profit for the year decreased by 23.9% from RMB43.9 million in 2024 to RMB33.4 million in 2025.

Adjusted net profit (non-IFRS measure)

We used adjusted net profit (non-IFRS measure) to supplement our consolidated financial statements. Our adjusted net profit (non-IFRS measure) increased by 6.8% from RMB59.2 million in 2024 to RMB63.3 million in 2025, representing an adjusted net profit margin (non-IFRS measure) of 11.8% and 13.4%, respectively. See "— Non-IFRS Measures" for a reconciliation of our profit for the year to our adjusted net profit (non-IFRS measure).

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue increased by 18.6% from RMB421.9 million in 2023 to RMB500.4 million in 2024.

Integrated healthcare and eldercare business

Our revenue generated from integrated healthcare and eldercare business increased by 17.4% from RMB409.8 million in 2023 to RMB481.2 million in 2024, primarily driven by the revenue growth from inpatient and outpatient services.

- *Inpatient and outpatient services.* Our revenue generated from inpatient and outpatient services increased by 17.4% from RMB400.4 million in 2023 to RMB469.9 million in 2024, primarily due to the ramping up of our existing medical institutions, especially Puxiang TCM Hospital, which only started to contribute revenue since our acquisition in July 2022. To a lesser extent, the increase was attributed to the growth of radiotherapy services and oncology-related integrated healthcare and eldercare services provided by Puxiang Oncology Hospital.

- *Medical institution management services.* Our revenue generated from medical institution management services increased by 20.3% from RMB9.4 million in 2023 to RMB11.3 million in 2024, primarily due to higher management fees collected from our managed medical institutions as a result of their improved operations.

Supply of medical equipment and consumables

Our revenue generated from supply of medical equipment and consumables increased by 58.0% from RMB12.1 million in 2023 to RMB19.2 million in 2024, primarily due to the increased sales volume of medical equipment and consumables mainly to our managed medical institutions.

Cost of sales

Our cost of sales increased by 17.1% from RMB327.1 million in 2023 to RMB383.0 million in 2024, primarily driven by increases in (1) human resources costs of RMB29.3 million, primarily as a result of the expansion of our personnel headcount and the increase in compensation levels of our staff, and (2) pharmaceuticals, medical consumables and equipment costs of RMB13.1 million, generally in line with the business growth of our medical institutions.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 23.8% from RMB94.9 million in 2023 to RMB117.5 million in 2024. Our gross profit margin increased from 22.5% in 2023 to 23.5% in 2024.

The increase in our overall gross profit margin was primarily driven by an increase in the gross profit margin of inpatient and outpatient services, which was the core component of our integrated healthcare and eldercare business as well as the most significant contributor to our revenue during the Track Record Period, from 20.2% in 2023 to 21.1% in 2024, primarily attributed to the ramping up of our existing medical institutions, as well as the expansion of our service portfolio to offer more rehabilitation and nursing services.

The increase in our overall gross profit margin was partially offset by a decrease in the gross profit margin of medical institution management services from 95.6% in 2023 to 86.4% in 2024, primarily due to higher management costs incurred for Beijing Fengtai Yikang Hospital and Tongxin Jiayuan Service Center, which recorded higher volumes of healthcare services under public medical insurance programs since early 2023.

Other net income

Our other net income increased by 12.5% from RMB3.8 million in 2023 to RMB4.3 million in 2024, primarily due to increases in (1) interest income on amount due from third parties of RMB1.5 million, reflecting (i) the transition from partial-year interest income in 2023, as the loans were issued mid-year, to full-year interest income in 2024 and (ii) increased principal amounts, and (2) fair value gain on financials assets measured at fair value through profit or loss of RMB0.9 million, representing income generated from our investment in structured deposits.

Selling expenses

Our selling expenses increased by 119.0% from RMB2.2 million in 2023 to RMB4.8 million in 2024, primarily due to an increase in branding and marketing expenses of RMB2.3 million as a result of our marketing activities to support our business expansion. Our selling expenses as a percentage of our total revenue was 0.5% and 1.0% in 2023 and 2024, respectively.

General and administrative expenses

Our general and administrative expenses increased by 28.4% from RMB38.9 million in 2023 to RMB50.0 million in 2024, primarily due to an increase in employee compensation of RMB12.2 million, mainly attributable to share-based payment in relation to share options granted under our share option scheme.

Impairment loss on financial assets (recognized)/reversed, net

We recorded impairment loss on financial assets reversed, net of RMB0.1 million in 2024, as compared to impairment loss on financial assets recognized, net of RMB0.4 million in 2023, primarily due to the recovery of certain other receivables that were previously impaired.

Finance costs

Our finance costs increased by 43.2% from RMB3.7 million in 2023 to RMB5.3 million in 2024, primarily due to an increase in interest on interest-bearing borrowings of RMB0.9 million as a result of additional bank loans secured for working capital purposes.

Share of results of a joint venture

Our share of losses of a joint venture increased significantly from RMB23,000 in 2023 to RMB0.2 million in 2024, primarily due to losses incurred by the joint venture, namely, Beijing Puxin.

Income tax

Our income tax increased by 23.9% from RMB14.3 million in 2023 to RMB17.7 million in 2024, primarily due to our increased profit from operations.

Profit for the year

As a result of the foregoing, our profit for the year increased by 12.0% from RMB39.2 million in 2023 to RMB43.9 million in 2024.

Adjusted net profit (non-IFRS measure)

We used adjusted net profit (non-IFRS measure) to supplement our consolidated financial statements. Our adjusted net profit (non-IFRS measure) increased by 51.0% from RMB39.2 million in 2023 to RMB59.2 million in 2024, representing an adjusted net profit margin (non-IFRS measure) of 9.3% and 11.8%, respectively. See "— Non-IFRS Measures" for a reconciliation of our profit for the year to our adjusted net profit (non-IFRS measure).

DISCUSSION OF MAJOR FINANCIAL POSITION ITEMS

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Total non-current assets	325,230	373,183	358,314
Total current assets	119,018	189,617	214,555
Total assets	**444,248**	**562,800**	**572,869**
Total non-current liabilities	84,546	69,072	66,913
Total current liabilities	93,562	168,583	174,893
Total liabilities	**178,108**	**237,655**	**241,806**
Net assets	**266,140**	**325,145**	**331,063**
Share capital	72	72	72
Reserves	266,438	326,196	328,329
Total equity attributable to equity shareholders of the Company	**266,510**	**326,268**	**328,401**
Non-controlling interests	(370)	(1,123)	2,662
Total equity	**266,140**	**325,145**	**331,063**

The following table sets forth our current assets and current liabilities as of the dates indicated.

	As of December 31,			As of April 30, 2026
	2023	2024	2025	
				(unaudited)
	(RMB in thousands)			
Current assets				
Inventories	21,803	20,228	39,165	41,137
Trade receivables	57,056	55,100	26,176	36,061
Other receivables and prepayments	12,936	6,484	22,349	18,700
Restricted bank deposit	1,707	1	–	–
Cash and cash equivalents	25,516	107,804	126,865	84,406
Financial assets measured at fair value through profit or loss	–	–	–	30,000
Total current assets	**119,018**	**189,617**	**214,555**	**210,304**
Current liabilities				
Trade payables	31,230	25,405	36,522	23,981
Accruals and other payables	40,187	29,567	12,128	10,768
Contract liabilities	1,434	7,849	19,496	20,538
Interest-bearing borrowings	–	36,000	44,500	41,035
Lease liabilities	16,999	15,663	10,705	12,664
Other borrowings	–	50,000	50,000	50,000
Current taxation	3,712	4,099	1,542	1,155
Total current liabilities	**93,562**	**168,583**	**174,893**	**160,141**
Net current assets	**25,456**	**21,034**	**39,662**	**50,163**

Our net current assets increased from RMB39.7 million as of December 31, 2025 to RMB50.2 million as of April 30, 2026, primarily due to (1) an increase in financial assets measured at fair value through profit or loss of RMB30.0 million, (2) a decrease in trade payables of RMB12.5 million, (3) an increase in trade receivables of RMB9.9 million, and (4) a decrease in interest-bearing borrowings of RMB3.5 million. The increase in our net current assets was partially offset by a decrease in cash and cash equivalents of RMB42.5 million.

Our net current assets increased from RMB21.0 million as of December 31, 2024 to RMB39.7 million as of December 31, 2025, primarily due to (1) an increase in cash and cash equivalents of RMB19.1 million, (2) an increase in inventories of RMB18.9 million and (3) a decrease in accruals and other payables of RMB17.4 million. The increase in our net current assets was partially offset by (1) a decrease in trade receivables of RMB28.9 million, and (2) an increase in contract liabilities of RMB11.6 million.

Our net current assets decreased from RMB25.5 million as of December 31, 2023 to RMB21.0 million as of December 31, 2024, primarily due to increases in (1) other borrowings of RMB50.0 million, (2) interest-bearing borrowings of RMB36.0 million, and (3) contract liabilities of RMB6.4 million. The decrease in our net current assets was partially offset by (1) an increase in cash and cash equivalents of RMB82.3 million, and (2) a decrease in accruals and other payables of RMB10.6 million.

Inventories

Our inventories primarily consist of pharmaceuticals, and medical devices and consumables. The following table sets forth the details of our inventories as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Pharmaceuticals	20,459	17,617	13,853
Medical devices and consumables	1,344	2,611	25,312
Total	**21,803**	**20,228**	**39,165**

Our inventories decreased from RMB21.8 million as of December 31, 2023 to RMB20.2 million as of December 31, 2024, primarily due to fluctuations in the ordinary course of our business. Our inventories subsequently increased to RMB39.2 million as of December 31, 2025, primarily driven by a large purchase order of medical equipment.

We believe that by maintaining optimal inventory levels, we can meet our customers' business demand and ensure the effective operations of our medical institutions, without compromising our liquidity. To this end, we have put in place a set of policies and procedures to manage our inventories. Our medical institutions generally maintain 30 to 60 days of inventory for pharmaceuticals and medical consumables, and our hospital information system (HIS) is equipped with an early warning function that flags upcoming expiration dates for pharmaceuticals and medical consumables three months in advance. See "Business — Inventory Management."

The following table sets forth the aging analysis of our inventories as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within 1 year	16,240	14,073	38,731
Over 1 year	5,563	6,155	434
Total	**21,803**	**20,228**	**39,165**

The following table sets forth our inventories turnover days for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
Inventories turnover days[(1)]	24	20	30

Note:

(1) The inventory turnover days are calculated by dividing the arithmetic mean of the opening and ending balances of inventories in that period by cost of sales for the corresponding period and then multiplying by the number of days in that period. The number of days for the years ended December 31 is 365 days.

Our inventories turnover days decreased from 24 days in 2023 to 20 days in 2024, mainly driven by accelerated inventory consumption as a result of the expansion of our network of medical institutions and business growth. Our inventories turnover days increased to 30 days in 2025, primarily due to higher inventory levels attributable to a large purchase order of medical equipment.

As of April 30, 2026, RMB14.2 million, or 36.4% of our inventories outstanding as of December 31, 2025 had been subsequently utilized or sold.

Trade Receivables

Our trade receivables primarily consist of amounts due from (1) related parties, mainly representing medical institution management services provided to our managed medical institutions, and (2) third parties, mainly representing amounts arising from public medical insurance programs and supply of medical equipment and consumables. The following table sets forth the details of our trade receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Amounts due from related parties	9,812	10,219	10,130
Amounts due from third parties	47,793	45,622	16,339
Less: loss allowance	(549)	(741)	(293)
Total	**57,056**	**55,100**	**26,176**

Our trade receivables decreased from RMB57.1 million as of December 31, 2023 to RMB55.1 million as of December 31, 2024, primarily due to fluctuations in the ordinary course of our business. Our trade receivables further decreased to RMB26.2 million as of December 31, 2025, primarily due to the early settlement of public medical insurance payments at the end of 2025.

The following table sets for the aging analysis of our trade receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within 3 months	45,522	42,281	21,325
4 to 6 months	8,427	10,271	261
7 to 9 months	583	387	3,681
10 to 12 months	9	97	109
Over 1 year	2,515	2,064	800
Total	**57,056**	**55,100**	**26,176**

Our trade receivables aged over one year decreased from RMB2.5 million as of December 31, 2023 to RMB2.1 million as of December 31, 2024, primarily due to the recovery of delayed payments for medical equipment and consumables. Our trade receivables aged over one year further decreased to RMB0.8 million as of December 31, 2025, primarily due to the recovery of delayed payments of management fees due from one of our managed medical institutions.

The following table sets forth our trade receivables turnover days for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
Trade receivables turnover days(1)	35	41	31

Note:

(1) The trade receivables turnover days are calculated by dividing the arithmetic mean of the opening and ending balances of gross trade receivables in that period by revenue for the corresponding period and then multiplying by the number of days in that period. The number of days for the years ended December 31 is 365 days.

Our trade receivables turnover days increased from 35 days in 2023 to 41 days in 2024, mainly driven by our business growth. Our trade receivables turnover days subsequently decreased to 31 days in 2025, primarily due to the declined balances of trade receivables attributable to the early settlement of public medical insurance payments at the end of 2025.

As of April 30, 2026, RMB11.8 million, or 44.6% of our trade receivables outstanding as of December 31, 2025 had been subsequently settled.

We recorded expected credit loss allowance for our trade receivables during the Track Record Period by applying a provision matrix to measure expected credit losses in accordance with applicable accounting standards. The provision rates were based on aging of trade receivables for groupings of various debtor segments with similar loss patterns. The calculation reflected the historical credit losses experienced and reasonable and supportable information that was available at end of each period of the Track Record Period about past events, current conditions and forecasts of future economic conditions. Therefore, our Directors are of the view that sufficient provision had been made for our trade receivables during the Track Record Period in accordance with applicable accounting standards.

Having considered that (1) the trade receivables balances were mainly due from customers with ongoing business relationships with us, (2) there were no material ongoing disputes with such customers, (3) these customers had been making continuous subsequent repayment to us and their historical repayment patterns were generally consistent during the Track Record Period, (4) we have continuously carried out stringent credit management policy and increased efforts in the collection of trade receivables, and (5) our relatively slow settlement of trade receivables was primarily due to our settlement pattern, as the portion of receivables exceeding the prepaid limits under the public medical insurance programs is typically settled in the middle or second half of the following year, rather than due to any deterioration in our customers' repayment ability or credit quality, our Directors are of the view that there is no material recoverability issue for our trade receivables to the extent loss allowance had not been made.

Other Receivables and Prepayments

Our other receivables and prepayments primarily consist of (1) amounts due from related parties, representing loans due from our managed medical institutions and Puxiang Ren'ai, (2) amounts due from third parties, representing loans due from Puxiang Ophthalmology Hospital, Puxiang Ankang and potential partner medical institutions, including Hefei Rende Hospital and Beijing Chaoyang Linghe Wangjing Hospital, (3) receivables from a disposed subsidiary, representing amounts due from Tangshan Weikang Hospital, (4) deposits, (5) prepaid income tax, (6) capitalized [**REDACTED**] expenses incurred in connection with the proposed issuance of shares, (7) value-added tax recoverable, and (8) prepayments for inventories and services. The current portion of other receivables are expected to be settled within one year.

The following table sets forth the details of our other receivables and prepayments as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Current:			
Other receivables			
Amounts due from related parties	2,652	2,154	7,498
Receivables from a disposed subsidiary	–	–	2,500
Deposits	8,426	2,519	4,671
Others	357	283	333
Less: loss allowance	(439)	(140)	(258)
Prepayments			
Current tax recoverable	–	–	821
Capitalized [REDACTED] expenses incurred in connection with the proposed issuance of shares	[REDACTED]	[REDACTED]	[REDACTED]
Value-added tax recoverable	–	–	1,126
Prepayments for inventories and services	1,940	1,668	1,524
Subtotal	**12,936**	**6,484**	**22,349**
Non-current:			
Other receivables			
Amounts due from related parties	57,590	101,681	51,200
Amounts due from third parties	15,595	39,114	76,260
Receivables from a disposed subsidiary	–	–	11,483
Subtotal	**73,185**	**140,795**	**138,943**
Total	**86,121**	**147,279**	**161,292**

Our other receivables and prepayments increased from RMB86.1 million as of December 31, 2023 to RMB147.3 million as of December 31, 2024, primarily due to an increase in amounts due from related parties, mainly driven by (1) increased loans to our managed medical institutions to support their facility renovation and refurbishment, and (2) increased loans to Puxiang Ren'ai in connection with our Contractual Arrangements for its acquisition of the minority interests in our VIE Hospitals and to fund their operations. Our other receivables and prepayments further increased to RMB161.3 million as of December 31, 2025, primarily due to (1) an increase in amounts due from third parties, as a result of increased loans to certain third-party medical institutions to support their operations and development, and (2) receivables from a disposed subsidiary recognized in connection with the disposal of Tangshan Hospitals, partially offset by a decrease in amounts due from related parties primarily as a result of the partial settlement of the loans due from Puxiang Ren'ai.

During the Track Record Period, we provided loans to certain related parties, including our managed medical institutions and Puxiang Ren'ai. All of our amounts due from related parties included in other receivables and prepayments were non-trade in nature. Other than the balance for general corporate purposes of Puxiang Ren'ai in the amount of RMB5.5 million as of December 31, 2025, we do not expect to fully settle the amounts due from related parties prior to the

[**REDACTED**]. See "— Related Party Transactions" for details. During the Track Record Period, we also provided loans to third-party medical institutions to support their hospital operations and development needs. We hold 5% of the equity interests in Puxiang Ophthalmology Hospital, and Puxiang Consulting holds an additional 10.1% of the equity interests. We hold 17% of the equity interests in Puxiang Ankang. We currently do not hold, nor do we have any present plan to hold, any equity interests in Hefei Rende Hospital or Beijing Chaoyang Linghe Wangjing Hospital. Going forward, however, we may consider strategic partnership with these two medical institutions, including, among others, academic and clinical discipline collaboration, hospital management and consultation, and potential equity investments, subject to ongoing evaluation of their operating results and prospects. The loans to third parties bear an interest rate of 6% to 9% per annum, which we believe is consistent with market practice, and are repayable on demand. We do not intend to request repayment of the balances in the short term.

Pursuant to the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (《最高人民法院關於審理民間借貸案件適用法律若干問題的規定》) (the "Private Lending Provisions"), borrowing agreements between enterprises which are not financial institutions are treated as private lending. Such agreements are deemed valid if the loans are used for business operation purposes and do not fall within the specified circumstances outlined in the Civil Code of the PRC (《中華人民共和國民法典》) and Private Lending Provisions. PRC courts will uphold an enterprise's claim for interest on such loans, provided that the annual interest rate does not exceed four times of the applicable one-year loan prime rate. The loans we provided to our related parties and third parties are used for business operation purposes and do not fall within the circumstances set out in the Civil Code of the PRC and Private Lending Provisions. Based on the above, our PRC Legal Advisor is of the view that these loans transactions do not violate any applicable PRC laws and regulations.

We have established and implemented loan management measures to standardize lending operations and control credit risk, which generally apply to loans made to managed hospitals, equity investees and potential partner medical institutions. Specifically, we have a pre-loan due diligence process in place to evaluate the receiving parties and manage our own risks. Loan applications are subject to tiered approval, with all disbursements and collections managed by the finance department. Loan amount ceilings are set based on the classification of medical institutions (e.g., Class I or Class II hospital, or community health care centers) and their type (e.g., general or specialty). The actual loan amounts are determined by factors such as facility size, department and equipment setup, and operational performance expectations, and may not exceed the prescribed ceiling without Board approval. We conduct ongoing monitoring to assess the reasonability of fund uses as well as the financial conditions and operational performance of the receiving parties, and adjusts the loan amounts as necessary.

We believe that the amounts due from managed medical institutions and third-party medical institutions are recoverable, considering that (1) we have established and implemented loan management measures including determination of loan amount ceilings, internal loan approval process, and ongoing credit risk assessments and monitoring of loan recoverability; (2) the amount of loans to such medical institutions are typically determined with reference to their operating scale and cash flow status at the relevant time; and (3) our Directors are not aware of any material operational difficulties or instability of such medical institutions, and are of the view that these medical institutions maintain sound cash flow conditions and have access to external financing resources supported by their qualifications.

As of April 30, 2026, RMB2.3 million, or 10.2% of the current portion of our other receivables and prepayments outstanding as of December 31, 2025 had been subsequently settled.

Financial Assets Measured at Fair Value through Profit or Loss

Our financial assets measured at fair value through profit or loss primarily represent unlisted equity securities, representing our equity interests in Puxiang Ophthalmology Hospital, Puxiang Chunhui and Puxiang Ankang. Our financial assets measured at fair value through profit or loss increased from RMB2.5 million as of December 31, 2023 to RMB3.5 million as of December 31, 2024, and further increased to RMB9.5 million as of December 31, 2025, as we acquired additional unlisted equity securities.

We have implemented a comprehensive set of internal policies and guidelines to monitor and control investment risks associated with our financial assets portfolio. Our investment strategy aims to optimize the efficiency of idle funds, generate investment returns for our Shareholders and minimize investment and financial risks. Guided by this strategy, we typically allocate a portion of our available cash to high-liquidity, low-risk wealth management products issued by reputable and licensed commercial banks in order to generate short-term returns, after setting aside sufficient funds for working capital needs and our planned acquisition of medical institutions. We primarily invest in structured deposits with maturities generally ranging from one to three months. Our investment in wealth management products is subject to joint approval from the head of the finance department and the financial director, and our financial department is responsible for the purchase and management of our wealth management products and evaluates their respective terms and status. For strategic equity investments, we require a rigorous and comprehensive due diligence process conducted by our dedicated investment department, and such investments must be approved by our investment committee before execution. For a detailed discussion of our past experience and comprehensive measures in evaluating and integrating acquisition or investment targets, see "Business — Our Historical Acquisitions and Future Expansion." Our Board oversees the overall investment framework to ensure that all investment activities align with our internal policies and strategic objectives.

Cash and Cash Equivalents

Our cash and cash equivalents primarily consist of cash on hand and cash at bank. As of December 31, 2023, 2024 and 2025, we had cash and cash equivalents of RMB25.5 million, RMB107.8 million and RMB126.9 million, respectively. See "— Liquidity and Capital Resources — Cash Flow Analysis."

Trade Payables

Our trade payables primarily consist of amounts payable in relation to our pharmaceuticals and medical consumables. We had trade payables of RMB31.2 million, RMB25.4 million and RMB36.5 million as of December 31, 2023, 2024 and 2025, respectively. Changes in our trade payables are primarily due to fluctuations in the ordinary course of our business.

The following table sets for the aging analysis of our trade payables as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
		(RMB in thousands)	
Within 3 months	28,070	19,819	34,608
4 to 6 months	1,753	2,914	383
7 to 12 months	704	1,181	134
Over 1 year	703	1,491	1,397
Total	**31,230**	**25,405**	**36,522**

The following table sets forth our trade payables turnover days for the periods indicated.

	Year ended December 31,		
	2023	**2024**	**2025**
Trade payables turnover days[(1)]	31	27	31

Note:

(1) The trade payables turnover days are calculated by dividing the arithmetic mean of the opening and ending balances of trade payables in that period by cost of sales for the corresponding period and then multiplying by the number of days in that period. The number of days for the years ended December 31 is 365 days.

Our trade payables turnover days decreased from 31 days in 2023 to 27 days in 2024, primarily due to the relatively stable procurement of pharmaceuticals and medical consumables, as compared to the increase in our overall cost of sales, due to the expansion of our service portfolio to offer more rehabilitation and nursing services. Our trade payables turnover days increased to 31 days in 2025, primarily due to higher balances of trade payables attributable to a large procurement order of medical equipment.

As of April 30, 2026, RMB34.7 million, or 95.0% of our trade payables outstanding as of December 31, 2025 had been subsequently settled.

Accruals and Other Payables

Our accruals and other payables primarily consist of (1) salary and welfare payables relating to employee compensation, (2) other taxes payables, (3) amounts due to related parties, (4) amounts due to a third party, (5) payables of considerations for acquisition of a subsidiary in relation to the acquisition of a medical institution in 2021, (6) payables for purchase of property and equipment, and (7) accrued **[REDACTED]** expenses. All of our amounts due to related parties included in accruals and other payables were non-trade in nature, and had been settled. See "— Related Party Transactions."

The following table sets forth the details of our accruals and other payables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Salary and welfare payables	5,390	6,049	6,060
Other taxes payables	592	6,128	439
Amounts due to related parties	285	645	–
Amounts due to a third party	6,120	–	–
Payables for purchase of property and equipment	23,072	12,977	764
Accrued **[REDACTED]** expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Others	4,728	3,768	2,578
Total	**40,187**	**29,567**	**12,128**

Our accruals and other payables decreased from RMB40.2 million as of December 31, 2023 to RMB29.6 million as of December 31, 2024, primarily due to a decrease in payables for purchase of property and equipment of RMB10.1 million, as a result of the settlement payments to our upstream suppliers primarily for radiotherapy equipment. Our accruals and other payables further decreased to RMB12.1 million as of December 31, 2025, primarily due to a decrease in payables for purchase of property and equipment of RMB12.2 million, as no significant equipment purchases were made during the year.

As of April 30, 2026, RMB9.3 million, or 76.9% of our accruals and other payables outstanding as of December 31, 2025 had been subsequently settled.

Contract Liabilities

Our contract liabilities primarily represent the advance consideration received from our customers before we provide the underlying goods, mainly including medical equipment and consumables, and services, mainly representing advance deposit for inpatient services. Our contract liabilities increased from RMB1.4 million as of December 31, 2023 to RMB7.8 million as of December 31, 2024, as one of our customers engaged us to procure medical equipment and made an advance payment accordingly in 2024. Our contract liabilities further increased to RMB19.5 million as of December 31, 2025, primarily due to the increased advance payments received for the procurement of medical equipment, and from public medical insurance programs.

As of April 30, 2026, RMB13.4 million, or 68.5% of our contract liabilities outstanding as of December 31, 2025 had been subsequently recognized as revenue.

Property and Equipment

Our property and equipment primarily consist of leasehold improvement, medical equipment, motor vehicles, and office and other equipment. Our leasehold improvement primarily includes the renovation and refurbishment of various clinical departments, particularly newly established ones, to ensure that they comply with the operational requirements and standards of medical institutions. The following table sets forth a breakdown of the carrying amount of our property and equipment as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Leasehold improvement	20,831	20,942	14,876
Medical equipment	49,373	48,582	43,506
Motor vehicles	1,319	1,947	1,880
Office and other equipment	3,346	3,393	2,987
Total	**74,869**	**74,864**	**63,249**

The carrying amount of our property and equipment remained relatively stable at RMB74.9 million and RMB74.9 million as of December 31, 2023 and 2024, respectively. The carrying amount of our property and equipment subsequently decreased to RMB63.2 million as of December 31, 2025, primarily due to a decrease in leasehold improvement, as a result of routine amortization and the disposal of Tangshan Hospitals.

Right-of-use Assets

Our right-of-use assets primarily consist of leased properties and machinery and equipment. The following table sets forth a breakdown of the carrying amount of our right-of-use assets as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Property	99,924	82,839	75,960
Machinery and equipment	612	225	–
Total	**100,536**	**83,064**	**75,960**

Our right-of-use assets decreased from RMB100.5 million as of December 31, 2023 to RMB83.1 million as of December 31, 2024, primarily due to depreciation. Our right-of-use assets further decreased to RMB76.0 million as of December 31, 2025, primarily due to the disposal of Tangshan Hospitals.

Intangible Assets

Our intangible assets primarily consist of software and patents. Our intangible assets increased from RMB1.2 million as of December 31, 2023 to RMB3.2 million as of December 31, 2024, primarily due to the purchase of software for our business operations. Our intangible assets subsequently decreased to RMB2.6 million as of December 31, 2025, primarily due to the disposal of Yikang Network.

Goodwill

Our goodwill is recognized from our acquisition of Puxiang TCM Hospital. We recorded goodwill of RMB60.2 million, RMB60.2 million and RMB60.2 million as of December 31, 2023, 2024 and 2025, respectively.

Our goodwill is allocated to Puxiang TCM Hospital based on cash-generating unit identified according to operation. The recoverable amount of the cash-generating unit was determined based on the higher of fair value less costs of disposal and value in use calculations of the underlying assets with reference to valuation reports issued by an independent valuer. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. These cash flow projections adopted annual sales growth rates, which are based on our historical experience with these operations and adjusted for other factors that are specific to each cash-generating unit. Cash flows beyond the five-year period are extrapolated using an estimated growth rate by reference to the long-term inflation rate of China and the growth rate which is consistent with the market consensus on long-term growth rate of relevant market in the PRC. The discount rates used are pre-taxed and reflect specific risks relating to the respective cash generating unit.

For details of the impairment testing of goodwill, see Note 14 to the Accountants' Report included in Appendix I to this document.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements mainly from cash generated from our business operations, shareholder contributions and bank loans. After the [**REDACTED**], we intend to finance our future capital requirements through cash generated from our business operations, and the [**REDACTED**] from the [**REDACTED**]. We currently do not anticipate any changes to the availability of financing to fund our operations in the near future. We had cash and cash equivalents of RMB25.5 million, RMB107.8 million and RMB126.9 million as of December 31, 2023, 2024 and 2025, respectively.

Cash Flow Analysis

The following table sets forth a summary of our cash flows for the periods indicated.

	Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Operating cash flows before movements in working capital	86,272	110,990	82,942
Changes in working capital	(34,155)	17,124	25,807
Cash generated from operations	52,117	128,114	108,749
Income tax paid	(15,560)	(16,411)	(10,692)
Net cash flows generated from operating activities	36,557	111,703	98,057
Net cash flows used in investing activities	(77,170)	(86,047)	(61,077)
Net cash flows generated from/(used in) financing activities	16,775	56,578	(17,859)
Net (decrease)/increase in cash and cash equivalents	**(23,838)**	**82,234**	**19,121**
Cash and cash equivalents at the beginning of the year	49,332	25,516	107,804
Effects of foreign exchange rate changes	22	54	(60)
Cash and cash equivalents at the end of the year	**25,516**	**107,804**	**126,865**

Net cash flows generated from operating activities

Net cash flows generated from operating activities in 2025 was RMB98.1 million, which primarily consisted of profit before tax of RMB36.2 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily included (1) depreciation and amortization of RMB30.8 million and (2) share-based compensation expenses of RMB16.8 million. The amount was further adjusted by income tax paid of RMB10.7 million, and changes in working capital, primarily including (i) changes in trade receivables of RMB23.0 million, (ii) changes in inventories of RMB19.2 million, (iii) changes in trade payables of RMB15.0 million, and (iv) changes in contract liabilities of RMB11.7 million.

Net cash flows generated from operating activities in 2024 was RMB111.7 million, which primarily consisted of profit before tax of RMB61.5 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily included (1) depreciation and amortization of RMB31.0 million and (2) share-based compensation expenses of RMB15.4 million. The amount was further adjusted by income tax paid of RMB16.4 million, and changes in working capital, primarily including (i) changes in contract liabilities of RMB6.4 million, (ii) changes in other receivables and prepayments of RMB6.3 million, and (iii) changes in trade payables of RMB5.3 million.

Net cash flows generated from operating activities in 2023 was RMB36.6 million, which primarily consisted of profit before tax of RMB53.5 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily included (1) depreciation and amortization of RMB30.3 million and (2) interest expenses, net of RMB3.0 million. The amount was further adjusted by income tax paid of RMB15.6 million, and changes in working capital, primarily including (i) changes in trade receivables of RMB34.9 million, (ii) changes in other receivables and prepayments of RMB6.2 million, and (iii) changes in trade payables of RMB6.0 million.

Net cash flows used in investing activities

Net cash flows used in investing activities in 2025 was RMB61.1 million, which primarily consisted of (1) payments for purchase of financial assets measured at fair value through profit or loss of RMB326.7 million, (2) provision of advances to third parties of RMB36.2 million, and (3) payments for property and equipment and intangible assets of RMB20.2 million, partially offset by proceeds from disposal of financial assets measured at fair value through profit or loss of RMB321.8 million.

Net cash flows used in investing activities in 2024 was RMB86.0 million, which primarily consisted of (1) provision of advances to related parties of RMB44.1 million, (2) payments for purchase of financial assets measured at fair value through profit or loss of RMB41.0 million, and (3) provision of advances to third parties of RMB22.0 million, partially offset by proceeds from disposal of financial assets measured at fair value through profit or loss of RMB40.0 million.

Net cash flows used in investing activities in 2023 was RMB77.2 million, which primarily consisted of (1) payments for purchase of financial assets measured at fair value through profit or loss of RMB286.5 million, (2) provision of advances to related parties of RMB39.6 million, and (3) payments for property and equipment and intangible assets of RMB31.8 million, partially offset by proceeds from disposal of financial assets measured at fair value through profit or loss of RMB322.7 million.

Net cash flows (used in)/generated from financing activities

Net cash flows used in financing activities in 2025 was RMB17.9 million, which primarily consisted of (1) repayment of interest-bearing borrowings of RMB73.5 million, and (2) capital elements of lease payments of RMB17.1 million, partially offset by proceeds from interest-bearing borrowings of RMB82.0 million.

Net cash flows generated from financing activities in 2024 was RMB56.6 million, which primarily consisted of (1) proceeds from issuance of redeemable preference shares of RMB48.9 million, and (2) proceeds from interest-bearing borrowings of RMB36.0 million, partially offset by capital elements of lease payments of RMB17.0 million.

Net cash flows generated from financing activities in 2023 was RMB16.8 million, which primarily consisted of capital injection received form equity shareholders and non-controlling interests of a subsidiary of RMB69.9 million, partially offset by payment for acquisition of non-controlling interests of subsidiaries of RMB22.8 million.

WORKING CAPITAL SUFFICIENCY

Our Directors are of the opinion, and the Joint Sponsors concur, that, taking into account the financial resources available to our Group, including the estimated [**REDACTED**] from the [**REDACTED**], the expected cash flows generated from operating activities and available bank facilities, we have sufficient working capital for our present requirements and for the next 12 months from the date of this document.

INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as of the dates indicated.

	As of December 31,			As of
	2023	2024	2025	April 30, 2026
				(unaudited)
		(RMB in thousands)		
Current				
Interest-bearing borrowings	–	36,000	44,500	41,035
Lease liabilities	16,999	15,663	10,705	12,664
Other borrowings	–	50,000	50,000	50,000
Amounts due to related parties	285	645	–	–
Non-current				
Lease liabilities	84,494	68,865	66,331	62,218
Total	**101,778**	**171,173**	**171,536**	**165,917**

Interest-bearing Borrowings

Our interest-bearing borrowings represent bank borrowings from commercial banks in China. We recorded interest-bearing borrowings of nil, RMB36.0 million, RMB44.5 million and RMB41.0 million as of December 31, 2023, 2024 and 2025 and April 30, 2026, all of which are guaranteed by one of our subsidiaries. The bank borrowings bear an interest rate ranging from 2.20% to 2.72% per annum, and are payable within one year.

As of April 30, 2026 and the Latest Practicable Date, we have unutilized bank facilities of RMB5.1 million and RMB3.3 million, respectively.

Our Directors confirm that as of the Latest Practicable Date, the agreements under our borrowings did not contain any covenant that would have a material and adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors further confirm that we had no default in bank borrowings, nor did we breach any covenants (that were not waived) during the Track Record Period and up to the Latest Practicable Date. Furthermore, our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulties in obtaining credit facilities, or withdrawal of facilities or requests for early repayment.

Lease Liabilities

Our lease liabilities pertain to payment obligations for properties leased primarily as our self-owned medical institutions. The carrying amount of our lease liabilities amounted to RMB101.5 million, RMB84.5 million, RMB77.0 million and RMB74.9 million as of December 31, 2023, 2024 and 2025 and April 30, 2026, respectively.

Other Borrowings

Our other borrowings represent redemption liability in relation to redemption rights granted to our Series B pre-[**REDACTED**] investors included in our financing arrangements. For details, see Note 25 to the Accountants' Report included in Appendix I to this document. We recorded other borrowings of nil, RMB50.0 million, RMB50.0 million and RMB50.0 million as of December 31, 2023, 2024 and 2025 and April 30, 2026 respectively. In anticipation of the [**REDACTED**], the redemption rights granted to our pre-[**REDACTED**] investors had been terminated immediately prior to the submission of our Company's application for the [**REDACTED**].

Save as otherwise disclosed under sections headed "— Indebtedness" and "— Contingent Liabilities," as of April 30, 2026, being the most recent practicable date for determining our indebtedness, we did not have any material bank overdrafts, loans and other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, other recognized lease liabilities, guarantees or other material contingent liabilities. Our Directors confirm that there were no material changes in our indebtedness since April 30, 2026 and up to the date of this document.

CONTINGENT LIABILITIES

As of December 31, 2025, we had provided guarantees to a bank for credit facilities granted to Puxiang Ophthalmology Hospital. The maximum amount guaranteed was RMB10.0 million with an outstanding principal amount of RMB4.0 million. During the Track Record Period and up to the date of this document, we did not have any other material contingent liabilities.

CAPITAL EXPENDITURES AND COMMITMENTS

Capital Expenditures

Our capital expenditures primarily relating to the acquisition of medical institutions, purchase of medical equipment, intangible assets and right-of-use assets. Our capital expenditures for payments for property and equipment and intangible assets were RMB31.8 million, RMB21.5 million and RMB20.2 million in 2023, 2024 and 2025, respectively. We funded our capital expenditures mainly from cash generated from our business operations, shareholder contributions and bank loans.

We plan to fund our planned capital expenditures by using the cash flow generated from our operations, bank borrowings, and the [**REDACTED**] from the [**REDACTED**]. See "Business — Our Future Expansion" for details of our expansion plan and "Future Plans and Use of [**REDACTED**]" for the portion of capital expenditures to be funded by the [**REDACTED**] from the [**REDACTED**].

Capital Commitments

As of December 31, 2023, 2024 and 2025, we did not have any material capital commitments.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, save as otherwise disclosed under the section headed "— Contingent Liabilities," we had not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our Shares and classified as shareholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

[REDACTED] EXPENSES

Our [**REDACTED**] expenses mainly include (1) [**REDACTED**]-related expenses, such as [**REDACTED**] fees and commissions, and (2) [**REDACTED**]-related expenses, comprising (i) fees and expenses paid to our legal advisors and reporting accountants for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**], and (ii) other fees and expenses. Assuming full payment of the discretionary incentive fee, based on an [**REDACTED**] of HK$[**REDACTED**] per Share (being the mid-point of the indicative range of the [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per Share), and that the [**REDACTED**] is not exercised, the estimated total [**REDACTED**] expenses for the [**REDACTED**] are approximately HK$[**REDACTED**] million, accounting for approximately [**REDACTED**]% of our gross [**REDACTED**]. Among such estimated total [**REDACTED**] expenses, we expect to pay [**REDACTED**]-related expenses of HK$[**REDACTED**] million, fees and expenses for our legal advisors and reporting accountants of HK$[**REDACTED**] million and other fees and expenses of HK$[**REDACTED**] million. An estimated amount of HK$[**REDACTED**] million for our [**REDACTED**] expenses, accounting for approximately [**REDACTED**]% of our gross [**REDACTED**], is expected to be expensed through the statement of profit or loss and other comprehensive income and an estimated amount of HK$[**REDACTED**] million is expected to be recognized directly as a deduction from equity upon the [**REDACTED**]. We incurred [**REDACTED**] expenses of RMB[**REDACTED**] million charged to our consolidated statements of profit or loss and other comprehensive income during the Track Record Period, and expect to incur [**REDACTED**] expenses of RMB[**REDACTED**] million to be charged to our consolidated statements of profit or loss and other comprehensive income after the Track Record Period.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. During the Track Record Period, we entered into a number of related party transactions, primarily including (1) sales of medical equipment and consumables to managed medical institutions, (2) provision of management services to managed medical institutions, (3) provision of advances to related parties primarily to support our managed medical institutions' operation needs and for Puxiang Ren'ai's acquisition of the minority interests in our VIE Hospitals and to fund their operations, and (4) provision of advances by related parties. For details of our related party transactions, see Note 33 to the Accountants' Report included in Appendix I to this document. The following table sets forth a breakdown of our balances with related parties as of the dates indicated.

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Trade related:			
Trade receivables			
Beijing Daxing District Xingtao Community Healthcare Service Center ("Daxing Xingtao Service Center")	609	431	1,555
Gu'an Puxiang Hospital	465	501	1,094
Beijing Harmonious Integrative Traditional Chinese and Western Medicine Hospital ("Harmonious Integrative Hospital")	2,000	2,800	3,200
Beijing Fengtai Yikang Hospital	6,133	6,187	4,023
Tongxin Jiayuan Service Center	605	255	258
Beijing Shuangquan Real Estate Development	–	45	–
Subtotal	9,812	10,219	10,130
Prepayments for services			
Beijing Fengtai Yikang Hospital	–	–	60
Subtotal	–	–	60
Non-trade related:			
Amounts due from related parties (included in other receivables)			
Beijing Fengtai Yikang Hospital	29,600	34,200	34,200
Harmonious Integrative Hospital	2	4	–
Tongxin Jiayuan Service Center	2,500	2,000	2,000
Daxing Xingtao Service Center	150	150	–
Gu'an Puxiang Hospital	17,000	17,000	17,000
Puxiang Ren'ai	10,990	50,481	5,498
Subtotal	60,242	103,835	58,698
Amounts due to related parties (included in other payables)			
Beijing Shuangquan Real Estate Development	15	15	–
Beijing Puxin	–	200	–
Yinchuan Puxiang Yangyuan Internet Hospital Co., Ltd. (銀川普祥養元互聯網醫院有限公司)	20	–	–
Puxiang Consulting	250	430	–
Subtotal	285	645	–

During the Track Record Period, we provided advances to our managed medical institutions, including Beijing Fengtai Yikang Hospital, Harmonious Integrative Hospital, Tongxin Jiayuan Service Center, Daxing Xingtao Service Center and Gu'an Puxiang Hospital, to satisfy their temporary cash requirements for renovation and procurement of medical equipment and to support their business development, which were non-trade in nature and recorded as other receivables. The loans to managed medical institutions are interest-free. Taking into account the relatively high entry barriers for setting up a medical institution and the substantial upfront capital investments required, according to China Insights Consultancy, it is consistent with market practice that our managed hospitals may require financial support from us and other related parties to meet their capital needs, particularly during the initial setup and ramp-up phases. In particular, such advances were primarily provided during the early development and expansion stages of our managed medical institutions and are not intended to serve as a recurring source of funding. We assess the funding needs and financial conditions of the relevant institutions on a case-by-case basis and monitor the utilization of such advances. We also maintain ongoing communications with the managed medical institutions regarding repayment arrangements, and such balances are expected to be recovered through their operating cash flows over time. See "Discussion of Major Financial Position Items — Other Receivables and Prepayments" for details of our comprehensive loan management measures. In addition, as the operations of our managed medical institutions continue to stabilize and gradually improve, we expect that such institutions will become less reliant on external financial support. Over the longer term, improved operational performance of these institutions will increase our management services fees generated from them and strengthen our overall service network.

The amounts due from our managed medical institutions increased from RMB49.3 million as of December 31, 2023 to RMB53.4 million as of December 31, 2024, primarily due to additional loans provided to Beijing Fengtai Yikang Hospital to supports its business development. The amounts due from our managed medical institutions slightly decreased to RMB53.2 million as of December 31, 2025, primarily due to our collections from certain managed medical institutions as they achieved stable operations. The following table sets forth the aging analysis of our amounts due from our managed medical institutions, which were included in other receivables, as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Within 1 years	28,601	4,602	–
1 to 2 years	13,501	28,601	4,600
2 to 3 years	7,000	13,501	28,600
Over 3 years	150	6,650	20,000
Total	**49,252**	**53,354**	**53,200**

These managed medical institutions had progressively entered stable development phases, with improving operating performance and increasingly stable cash flows. As of the Latest Practicable Date, the managed medical institutions had generally been able to achieve cash flow balance from their operations and no longer relied on financial support from us to maintain their financial viability. Accordingly, we do not anticipate providing additional financial support to such managed medical institutions going forward.

As of the Latest Practicable Date, we did not require Beijing Fengtai Yikang Hospital, Tongxin Jiayuan Service Center and Gu'an Puxiang Hospital to settle their non-trade balances with us, primarily because (1) these managed medical institutions have demands for financial support during their ramp-up phases and/or due to their business development plans, (2) as discussed above, these managed medical institutions have now entered stable development phases, and we do not anticipate providing any additional financial support thereto, and (3) we recorded net cash inflows generated from operating activities in 2023, 2024 and 2025, respectively, and had cash and cash equivalents of RMB84.4 million as of April 30, 2026, and there was no need to settle all the outstanding non-trade related receivables at the time to supplement our working capital. Based on the reasons above, despite that such non-trade balances will be settled from time to time depending on the progress of development of the corresponding medical institutions in accordance with the relevant agreements, we do not expect to fully settle them prior to the [**REDACTED**].

On April 25, 2021, as part of the Contractual Arrangements, we, through Puxiang Investment, entered into a loan framework agreement (the "Loan Agreement") with Puxiang Ren'ai, Dashanzi Hospital, Puxiang Oncology Hospital, Dahuangzhuang Hospital, and Yanlong Hospital, pursuant to which Puxiang Investment agreed to provide interest-free loans to Puxiang Ren'ai. Puxiang Ren'ai agreed to utilize the proceeds of such loans to acquire equity interest in target hospitals, and our then VIE Hospitals agreed to utilize the proceeds of such loans to contribute to business operations and other uses as agreed by Puxiang Investment. The purpose of this loan is to facilitate the implementation of the Contractual Arrangements and is legitimate and commercially reasonable. See "Contractual Arrangements" for the principal terms of the Loan Agreement. In addition, we also provide interest-free loans to Puxiang Ren'ai for general corporate purposes. The following table sets forth a breakdown of our balances due from Puxiang Ren'ai by nature as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Loan under the Loan Agreement	10,990	48,823	–
General corporate purposes	–	1,658	5,498
Total	**10,990**	**50,481**	**5,498**

In September 2025, we entered into a supplemental agreement with Puxiang Ren'ai and agreed to change the intended use of the loan under the Loan Agreement, pursuant to which such loan in the amount of RMB48.8 million will solely be used to settle the considerations for the transfer of minority interests of the existing VIE Hospitals back to Puxiang Investment when it is legally permissible for us to hold these minority interests directly. As a result of the supplemental agreement, the balance of RMB48.8 million no longer represented a loan repayable in cash, but formed a part of the arrangement for the future transfer of the relevant minority interests, and was therefore recognized directly in equity as a distribution to shareholders at the date of the supplemental agreement. The balance for the general corporate purposes of Puxiang Ren'ai will be settled prior to the [**REDACTED**].

All other balances with related parties that were non-trade in nature will be settled prior to the [**REDACTED**].

Our Directors are of the view that each of the related party transactions set out in Note 33 to the Accountants' Report included in Appendix I to this document was conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

KEY FINANCIAL RATIOS

	As of/For the year ended December 31,		
	2023	2024	2025
Profitability ratios:			
Revenue growth rate	N/A	18.6%	(5.8)%
Gross profit margin	22.5%	23.5%	22.4%
Liquidity ratios:			
Current ratio(1)	1.3	1.1	1.2
Quick ratio(2)	1.0	1.0	1.0

Notes:

(1) Calculated using current assets divided by current liabilities as of the end of the period.

(2) Calculated using current assets less inventories and divided by current liabilities as of the end of the period.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Exposure to credit, liquidity, and interest rate risks arises in the normal course of our business. We are not exposed to significant currency risk. For details of our exposure to these risks and the financial risk management policies and practices we used to manage these risks, see Note 32 to the Accountants' Report included in Appendix I to this document.

DIVIDENDS

We have not declared and paid any dividend since our incorporation. According to our Articles of Association and applicable laws and regulations, the decision on whether to pay dividends will be made at the discretion of our Directors and will depend upon, among others, the financial results, cash flow, business conditions and strategies, future operations and earnings, capital requirements and expenditure plans, any restrictions on payment of dividends, and other factors that our Directors may consider relevant. We do not have a pre-determined dividend payout ratio.

We are a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividends will also depend on the availability of dividends received from our subsidiaries. PRC laws require that dividends shall be paid only out of the after-tax profits determined according to PRC accounting principles. PRC laws also require foreign-invested enterprises to set aside at least 10% of their after-tax profits, if any, to fund their statutory reserves, until the aggregate amount of such funds reaches 50% of their registered capital, which are not available for distribution as cash dividends. Dividend distribution to our Shareholders is recognized as a liability in the period in which the dividends are approved by our Shareholders or Directors, where appropriate.

DISTRIBUTABLE RESERVES

As of December 31, 2025, our share premium and retained profits amounted to RMB272.6 million, representing the distributable reserves available for distribution to our Shareholders.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

Our Directors have confirmed that, except for the amounts due from Puxiang Ren'ai as disclosed in "— Related Party Transactions," as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there has been no material adverse change to our financial or trading position since December 31, 2025 (being the period end date on which the latest consolidated financial statements of our Group was prepared) and there is no event since December 31, 2025 which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report included in Appendix I to this document.

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

See "Appendix II — Unaudited [**REDACTED**] Financial Information."