An [REDACTED] *in our H Shares involves various risks. You should carefully consider all the information in this document and in particular the risks and uncertainties described below before making an* [REDACTED] *in our H Shares. The following is a description of what we consider to be our material risks.*

The occurrence of any of the following events could materially and adversely affect our business, financial condition, results of operations or prospects. If any of these events occurs, the [REDACTED] *of our H Shares could decline and you may lose all or part of your* [REDACTED]. *You should seek professional advice from your relevant advisors regarding your prospective* [REDACTED] *in the context of your particular circumstances.*

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business depends significantly on our reputation, and any failure to develop, maintain and enhance our reputation, or any negative publicity and allegations in the media against us, could materially and adversely affect our business and financial conditions, results of operation and business prospects.

"AIER EYE HOSPITAL", is a known brand to our target markets. We believe that our brand is driven by the quality of the ophthalmic services provided by us to our patients at our eye hospitals, which include our ophthalmic hospitals, centers and clinics. If we fail to maintain a high level of patient satisfaction at our eye hospitals/clinicals, our reputation and brand value may be adversely affected and, as a result, our business, financial condition, operating results and business prospects may be adversely affected. Moreover, any negative publicity on any of our doctors or our Company or our Brand-Authorised Hospitals, regardless of its merits or correctness, could also adversely affect our brand.

Our reputation is critical to our success in the rapidly expanding ophthalmic service markets in the PRC and overseas. Maintaining and enhancing our reputation depends on a range of factors, including our ability to consistently manage the quality of our services and facilities, monitor the performance of our doctors and other medical staff, and keep pace with technological advancements or evolving industry standards. Our reputation may also be negatively affected if our services or facilities fail to meet patient expectations, if we are unable to sustain our established clinical and service standards, or if we become subject to negative media coverage in relation to patient disputes or adverse clinical outcomes. In addition, our brand-building efforts may be costly and may not achieve the intended effect. Any failure to develop, maintain or enhance our reputation could lead to reduced patient volumes, lower revenue and a deterioration in our business, financial condition and results of operations.

In addition, any negative publicity in relation to our services, our facilities or our industry, regardless of its merits or correctness, could seriously harm our reputation which in turn could result in loss of patients and doctors and have a material adverse effect on our business and financial conditions and operating results.

If we are unable to continue to attract and retain patients, provide high-quality healthcare services and maintain patients' trust in us, our business, financial condition and results of operations may be materially and adversely affected.

Our healthcare service institutions and platform are highly dependent on our patient base. Growth in our patient base is a key driver of our revenue growth. Our ability to continue to attract and retain patients depends on our brand image, reputation, our ability to provide high-quality healthcare services and improve patient experience, and patient perception as a quality and reliable healthcare service provider. In order to do so, we need to continue to provide a wide selection of high-quality healthcare solutions, explore services that are responsive to patients' demand and ensure high quality of the services we provide. However, there is no guarantee that our efforts in these respects will succeed in achieving the desired results. Any failure to maintain and enhance, or any damage to, our brand image, reputation or patient perception in relation to the services provided by us.

We may be adversely affected by unfavorable market perceptions of, or negative developments and news regarding, the private healthcare industry as a whole.

Recognition of the importance and value of healthcare has grown significantly in the PRC in recent years. However, many prospective patients and their families are prone to have more trust in public hospitals and may carry misconceptions and skepticism about the merits of the private hospital industry, and may be particularly susceptible to, among other things, media influences, social stigma, peer perceptions and reports alleging potential adverse health effects of certain healthcare procedures involved in our industry, any of which may have adverse consequences for the market perception of healthcare services provided in private hospitals and in turn, lead to less demand for services such as ours. In addition, if any news report or allegation surfaces in the traditional media, social media or other sources of any accident, ineffectiveness of treatment, poor service standards or mishandling of sensitive personal information by any operator of healthcare services provided by private hospitals, the private hospitals healthcare industry as a whole may suffer reputational harm. Any of the above developments may have a material adverse effect on our business, financial condition and results of operations.

Changes in healthcare reform policies, regulatory frameworks and government enforcement priorities may adversely affect our operations, pricing, reimbursement and compliance costs, and could materially and adversely affect our business, financial condition and results of operations.

The healthcare industry is highly regulated and subject to evolving healthcare reform measures, laws, regulations, administrative guidance and enforcement priorities. Changes in healthcare reform policies, including those relating to the organization and delivery of healthcare services, pricing controls, medical insurance coverage and reimbursement standards, pharmaceutical and medical devices procurement, data protection, licensing requirements, anti-corruption, advertising, and billing and claims practices, may materially affect the way we conduct our business. In addition, governmental authorities may strengthen oversight, increase inspections and audits, revise operating standards, or adopt stricter interpretations of existing laws and regulations, which may require us to incur additional compliance costs, modify our business practices, adjust our pricing structure, or limit the scope of services we may provide.

Healthcare reform initiatives and regulatory changes may reduce the amounts we are able to charge for our services, affect patient demand for certain treatments, delay or reduce reimbursement, or require us to make significant investments in personnel, systems, training and internal controls to comply with applicable requirements. Government enforcement priorities may also shift rapidly and regulators may take positions that differ from our understanding or past practice. Any actual or alleged failure by us to comply with applicable healthcare laws, regulations or regulatory expectations could result in warnings, fines, penalties, suspension or revocation of licenses, reimbursement clawbacks, exclusion from participation in government programs, reputational harm, or other administrative or legal actions.

A considerable portion of our revenue is derived from healthcare services provided to patients covered under public medical insurance programs. Whether a medical institution remains eligible for public medical insurance coverage has a direct impact on patient acceptance and visit volume, as patients typically expect to receive reimbursement for a portion of their medical expenses. If any of our medical centers fail to maintain such coverage due to changes in regulatory requirements, compliance issues or administrative reviews, our reputation, patient flow and revenue could be materially and adversely affected. In addition, coverage under public medical insurance plans may change from time to time, and certain ophthalmic services, consumables or procedures may become subject to more stringent thresholds or be removed from reimbursement coverage, thereby reducing patient accessibility and negatively affecting our service volume.

Under the DRG and DIP payment systems implemented by national and respective local medical insurance bureaus for inpatient services, medical centers are reimbursed based on standardized payment rates for specific disease groups rather than actual treatment costs. As reimbursement amounts under DRG/DIP may be lower than the actual inpatient service costs incurred for certain cases, our hospitals may record non-reimbursable amounts. If DRG/DIP reforms are further expanded or reimbursement standards become more stringent, our inpatient service revenue, cost structure and profitability may be materially and adversely affected. Furthermore, public medical insurance settlement practices may involve uncertainties such as delayed reimbursement, disputes, or government-approved annual quotas for medical insurance payments. If reimbursement quotas do not increase in line with service demand at our hospitals, non-reimbursable amounts may rise, leading to higher cost pressure and reduced profitability. Any delay, dispute or write-off relating to public medical insurance settlement could increase our trade receivables and adversely affect our cash flow. Any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

We operate a growing network of overseas hospitals and cross-border operations, and any failure to effectively manage international operations and comply with diverse local laws, regulations, cultural norms and operational requirements could materially and adversely affect our business, reputation, financial condition and results of operations.

We operate a network of specialist eye hospitals that combines a strong domestic foundation in China with a steadily expanding international presence, which exposes us to a broad range of risks associated with international healthcare operations. We have expanded our international presence through acquisitions of and investments in leading ophthalmic institutions in Hong Kong, the United States, Europe and Southeast Asia, and by introducing advanced global technologies into our service system. Managing medical centers across multiple jurisdictions requires us to comply with diverse regulatory regimes, licensing requirements, healthcare policies, data protection rules, labor laws and medical practice standards, some of which may differ significantly from those in the PRC. We may also face challenges in maintaining consistent clinical quality, ensuring effective oversight and internal control, integrating operational systems and adapting our service model to local market conditions, patient preferences and reimbursement environments.

Our overseas operations may be further affected by foreign exchange fluctuations, cross-border supply chain disruptions, talent shortages and increased operating costs. In addition, as part of our growth strategy, we have pursued and may continue to pursue acquisitions in other jurisdictions, where the local currencies may fluctuate significantly against Renminbi, which could adversely affect the value of our overseas assets and our consolidated financial results. Difficulties in obtaining or renewing local permits and approvals, establishing stable local management teams or ensuring compliance with local regulations may result in delays, interruptions or penalties. Any inability to effectively manage our global operations or navigate the regulatory and operational complexities of overseas eye health markets as well as ophthalmic medical services markets could materially and adversely affect our business, reputation, financial condition and results of operations.

We operate in a competitive industry. If we do not compete successfully against other hospitals and healthcare providers, our profitability and market share may be affected.

The healthcare industry in the PRC and the overseas markets in which we operate is highly competitive. We compete with public hospitals with ophthalmology departments as well as private ophthalmic hospitals and clinics, and certain public hospitals traditionally enjoy higher patient trust and stronger brand recognition, making it challenging for private ophthalmic providers to establish market position and attract patients. In addition, the growing eye health market and ophthalmic medical services markets may attract new entrants, including international operators with substantially greater financial, marketing or operational resources, which could further intensify competition. Private ophthalmic hospitals and clinics also continue to expand due to their relatively low entry barriers, and the increasing number of such providers may divert patients from our facilities and negatively affect our patient volume and market share. In addition, hospitals compete on factors such as reputation, ophthalmic clinical excellence and patient satisfaction. We cannot assure you that we will be able to successfully compete against new or existing competitors, and changes in the competitive landscape may result in price reduction, reduced profitability or loss of market share, any of which could have a material adverse effect on our business, results of operations and prospects.

Rapid advances in ophthalmic diagnostic and treatment technologies may render existing techniques and equipment less competitive, and if we fail to timely identify, adopt, invest in and commercialize new technologies, our competitiveness, reputation and results of operations may be materially and adversely affected.

We utilize various types of medical equipment in our operations, and the ophthalmic healthcare industry is characterized by rapid technological change, frequent product improvements and evolving clinical practices and patient expectations. As technologies develop across areas such as refractive surgery, cataract management, imaging and AI-enabled diagnostics, we must continuously assess technological trends and determine which equipment and technologies to adopt, upgrade or acquire in order to remain competitive and meet clinical and patient needs. However, technological trends may be uncertain, and if we fail to identify, invest in or adopt clinically validated or market-shifting technologies and equipment in a timely manner, our ability to provide services that meet evolving clinical standards or patient demand could be adversely affected.

Upgrading existing equipment and acquiring new equipment and technologies may require substantial capital expenditure and may also be subject to licensing and other regulatory requirements. In addition, the effective implementation of advanced equipment and technologies requires timely clinical integration, staff training and operational rollout, all of which may involve significant costs and execution risks. If we are unable to upgrade our equipment, satisfy applicable regulatory requirements, or effectively train our healthcare professionals to use newly introduced technologies and equipment, we may experience service disruption, operational inefficiencies, increased costs, underutilization of equipment, or increased risks of medical errors or malpractice. If we fail to introduce or effectively utilize new technologies and equipment at the pace expected by patients, medical professionals or the market, or if our competitors do so earlier or more effectively, our ability to attract and retain patients and medical professionals may be impaired. Any delay or shortfall in the adoption, upgrading, commercialization or effective utilization of advanced ophthalmic technologies and equipment could materially and adversely affect our competitiveness, reputation, business, results of operations and prospects.

We are exposed to inherent risks of medical disputes, including medical malpractice claims, and legal proceedings arising from our operations, and resolving such disputes and proceedings could result in further costs and harm to our reputation, and materially and adversely affect our results of operations and prospects.

We rely on doctors and other healthcare professionals of our hospitals to make proper clinical decisions regarding diagnosis and treatment of our patients. However, we do not have direct control over all clinical activities or the decisions and actions of our doctors and other healthcare professionals, as diagnoses and treatments are subject to professional judgment and often must be made in real time. Any lapse in judgment or failure to properly manage clinical activities may result in unsatisfactory treatment outcomes, patient injury or death. We are particularly exposed to such risks in treating complex medical conditions without guaranteed positive outcomes. As a result, we may be held liable in medical disputes and medical malpractice claims with our patients and/or their families that arise out of the personal judgment of our doctors and other healthcare professionals. In addition, there are inherent risks associated with our clinical activities which may result in unfavorable medical outcomes not caused by clinical decisions. We may also receive complaints from patients or their relatives from time to time, which may generate negative publicity.

Serious incidents of patient infection, injury or death may occur at our hospitals in the future. Even with strict clinical standards, inherent risks in providing ophthalmic medical services cannot be entirely eliminated. Any medical dispute may lead to a medical malpractice claim or other legal proceeding, which, regardless of merit, could adversely affect our industry reputation, divert management attention and cause us to incur additional costs such as legal fees. If any medical dispute is determined to constitute medical malpractice, we may be subject to penalties imposed by regulatory authorities, which could materially harm our reputation, business, financial condition and results of operations. Further, we may not be adequately insured against losses and liabilities arising from such claims, and any settlement or successful claim could result in additional costs, damages or compensation.

We may be subject to public relations crises, negative publicity and heightened media and public scrutiny (including allegations relating to individual incidents), and any failure to respond in a timely and appropriate manner could materially and adversely affect our reputation, patient trust, business and results of operations.

Negative publicity involving us, the ophthalmology industry in which we operate, our eye hospitals or ophthalmologists and other medical professionals practicing at such institutions, as well as the ophthalmic services and products offered within our network, could adversely impact our reputation and brand image. Any such negative publicity, including allegations relating to medical incidents, quality issues, patient complaints or disputes, could undermine public confidence in our eye-care services, leading to a deterioration in patient trust, reduced outpatient visits to our hospitals and clinics and demand for our services, as well as potential loss of our medical professionals and other staff. Even if we seek to defend our rights through actions such as reputation infringement claims or other legal remedies, such negative publicity may still inevitably weaken patient confidence in our services. In addition, negative publicity may divert management's attention and result in heightened media and public scrutiny, or even government inquiries or investigations. Any of these events could materially and adversely affect our reputation, business, results of operations, financial condition and prospects.

We may not be able to effectively educate the market, increase awareness and convert potential demand into utilization across our service lines, and our business growth and results of operations may be materially and adversely affected.

There can be no assurance that unmet eye-health needs in the regions in which we operate will translate into actual patient utilization across our service lines, or that we will be able to effectively educate the market or increase public awareness of ophthalmic diseases. Many eye diseases, such as early-stage cataract, glaucoma, diabetic retinopathy and refractive errors, are often under-diagnosed or untreated due to limited public awareness, misconceptions about treatment options, or delayed medical-seeking behavior. In addition, patients may lack understanding of advanced ophthalmic diagnostic and surgical technologies, which could reduce the uptake of premium or elective services such as refractive surgery, specialty lenses, or minimally invasive glaucoma surgery.

Our ability to grow depends, in part, on patient education, community outreach, and collaboration with local medical centers and primary healthcare providers to encourage timely diagnosis, referral and treatment. However, we cannot assure you that our market-education efforts will be successful or translate into increased patient volumes or utilization across our hospitals. Market acceptance of new or upgraded service lines may also be affected by entrenched clinical preferences, limited awareness among referring physicians, or uncertainties relating to reimbursement by public or private medical insurance programs. If we fail to effectively educate the market, enhance brand awareness, or convert underlying demand for eye-health services into actual patient utilization, our patient volumes, revenue growth and operating results may be materially and adversely affected. Any of these factors may also hinder our ability to expand into new regions or broaden our service offerings, which in turn may adversely affect our business, financial condition and prospects.

Demand for our healthcare services is affected by macroeconomic factors that are outside of our control.

We operate in the private sector healthcare industry in the PRC and overseas. The demand for our ophthalmic services is affected and will continue to be affected by a number of factors outside our control. These factors include certain macroeconomic factors, such as the overall affluence level and more importantly, the quality of the public sector healthcare services provided by the government in the relevant jurisdictions. Generally speaking, the increasing number of affluent population and the middle-class will increase the demand for private sector healthcare services. If the public sector in the PRC and relevant overseas jurisdictions is able to provide quality ophthalmic services competitively, both in terms of fee levels and waiting time for treatment, it will affect the demand for our ophthalmic services in private sector. In such event, our business and financial conditions as well as our operating results could be adversely affected.

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

Our relationship with commercial insurance providers is important to our success. Commercial insurance providers usually maintain a list of appropriate providers of certain medical services, which is made available to the patients who are funded by such insurance providers. Patients will not be reimbursed for treatments from hospitals that are not included in that list. Accordingly, our ability to attract patients who are funded by commercial insurance providers could be adversely affected if one or more commercial insurance providers for any reason were to: (i) remove our hospitals from its approved list of hospitals; (ii) eliminate coverage of treatment options that we provide; (iii) impose more onerous reimbursement policies; (iv) revoke any applicable direct settlement protocols; (v) change its policies in a manner which makes access to our services more difficult or costly to patients; or (vi) otherwise withdraw recognition status of our hospitals. Any of these situations could have a material adverse effect on patients' affordable accessibility to medical services delivered by our hospitals, which could have a corresponding material adverse effect on our business, results of operations and prospects.

We also rely on agreements with commercial insurance providers that establish reimbursement rates and coverage terms for our services. We may not be able to renew these agreements on comparable terms. Any reduction in reimbursement rates or scope of coverage, termination of such agreements, or renewal on less favorable terms could reduce patient access to our hospitals, lower patient volumes, require us to reduce prices, or otherwise materially and adversely affect our business, results of operations and prospects.

Any downgrade, suspension or adverse adjustment to the ratings, accreditations or classifications of our hospitals could negatively affect our eligibility for certain services, pricing, insurance reimbursement, patient traffic and reputation, and materially and adversely affect our business and results of operations.

We operate a network of eye hospitals including ophthalmic hospitals, specialized ophthalmic centers and clinics, many of which are subject to hospital rating, accreditation or classification assessments administered by local health authorities or industry bodies. These ratings and accreditations may affect our eligibility to provide certain ophthalmic services, our pricing ability, insurance reimbursement levels and patient preference. Maintaining such ratings requires ongoing compliance with requirements relating to clinical capabilities, medical staffing, equipment configuration, facility conditions, medical quality control and patient safety standards. We cannot assure you that our hospitals will continue to meet all applicable criteria, which are subject to periodic reassessment and increasingly stringent evaluation standards. Any downgrade, suspension or denial of renewal of hospital ratings or accreditations could reduce patient trust, limit our ability to provide certain reimbursable ophthalmic services, or adversely affect the reimbursement rates we are eligible to receive under public medical insurance programs, any of which could materially and adversely affect our patient traffic, reputation, business, results of operations and prospects.

We are subject to credit risk in respect of our trade receivables and any significant default on our trade receivables could materially and adversely affect our liquidity, financial condition and results of operations.

Our trade receivables primarily represent amounts due from local medical insurance authorities for the settlement of ophthalmic medical services and amounts due from external hospitals and medical centers for sales of medical consumables and equipment. Patients covered by public medical insurance programs typically settle part of their bills out-of-pocket, with the remaining portion reimbursable by local medical insurance bureaus.

For the years ended December 31, 2023, 2024 and 2025, our trade receivables amounted to RMB1,899.2 million, RMB1,993.0 million, and RMB1,848.9 million, respectively, and our trade receivables turnover days for the same periods were 31 days, 34 days and 31 days, respectively. We recorded net impairment losses on receivables of RMB111.2 million, RMB112.1 million and RMB144.5 million for the years ended December 31, 2023, 2024 and 2025, respectively. We cannot assure you that our historical provisioning practices will remain adequate or unchanged in the future. See Note 28 to the Accountants' Report in Appendix I for further details.

We are exposed to the risk that patients, enterprise customers or public medical insurance programs may delay payment or default on amounts due to us. As our business continues to grow, the absolute amount of our trade receivables may increase, thereby elevating our credit exposure. Although we closely monitor outstanding balances, we cannot assure you that all receivables will be recovered in a timely manner, or at all. Any significant delay or default in settlement of our trade receivables could adversely affect our liquidity, financial condition and results of operations.

We may not be successful in executing our growth and expansion strategy, including establishing new eye hospitals, identifying and acquiring suitable targets, achieving effective post-acquisition integration, or managing the increasing complexity of our growing network, and the development and ramp-up of new eye hospitals could result in fluctuations in our short-term financial performance, any of which could materially and adversely affect our business, financial condition, results of operations and growth prospects.

Our growth strategy depends in part on our ability to establish new eye hospitals and acquire and manage additional eye hospitals and related healthcare businesses. We are considering expansion into markets outside our current core operating regions, where we have limited operating history and may lack familiarity with local regulatory, commercial and clinical environments. There is no assurance that we will be able to replicate our business model, brand recognition or operational practices in new regions in a timely or cost-effective manner. We are subject to various risks associated with the execution of our growth strategy, including: (i) significant demands on management time and diversion of resources; (ii) difficulties in identifying suitable targets, negotiating acceptable terms or completing expansion projects on time, within budget or with expected benefits; (iii) the potential need for external financing, which may not be available on commercially reasonable terms; (iv) challenges in recruiting and retaining qualified ophthalmologists, physicians, technicians and management personnel in new regions; (v) unfamiliarity with local regulatory requirements, healthcare policies, licensing procedures and competitive dynamics; (vi) inability to achieve expected operating levels, patient demand, profitability or synergies; and (vii) integration risks relating to acquired institutions, including aligning clinical quality, medical safety standards and operational procedures. Future expansion or upgrade projects may also require us to obtain various approvals, permits and licenses from relevant authorities including construction-related approvals, fire safety acceptance, environmental protection acceptance, medical institution practice licenses and deployment approvals for certain ophthalmic equipment, and there is no assurance that these approvals will be obtained in a timely manner, or at all.

The establishment of new eye hospitals typically requires substantial capital expenditure, as well as investments in construction, decoration or renovation, recruitment of qualified ophthalmologists and other medical staff, and procurement of specialized ophthalmic equipment and instruments. As a result, relevant costs and expenses, including depreciation and amortization, staff costs and rental expenses, begin to accrue during the initial phase before such facilities reach stable operating levels, and the development and ramp-up of new eye hospitals may adversely affect our results of operations and lead to period-to-period fluctuations. We may not be able to fully ramp up new facilities in line with our anticipated timetables due to, among other factors: (i) delays or failures in obtaining required approvals, permits or licenses; (ii) higher than expected costs for ramp-up and utilization; (iii) weaker market reception or patient demand than expected; and (iv) difficulties in recruiting sufficient medical staff for new facilities. The operating results of our new hospitals may not be comparable to the historical performance of our existing hospitals, and new hospitals may operate at a loss during their initial periods. We cannot assure you that our new hospitals will achieve the profitability of our existing hospitals, if at all.

With respect to acquisitions and investments, we may not be able to identify suitable targets, negotiate commercially acceptable terms, secure required financing, or compete effectively with other healthcare companies seeking similar opportunities. Even if acquisitions are completed, we may not achieve the expected operating performance, return on investment or intended synergies due to integration difficulties or underperformance of acquired hospitals. We may also encounter unknown or contingent liabilities, including those incurred for non-compliance with relevant laws, rules and regulations, which may result in financial penalties, reputational damage or the need to relocate our facilities. Our participation in industry merger and acquisition funds may involve limited visibility over daily operations and may result in exposure to underperforming assets, compliance deficiencies or financial underperformance. We may also license or otherwise authorize the use of our brand to hospitals invested in or managed through such acquisition funds, and any misuse of our brand, non-compliance with applicable laws and regulations, or service quality issues at these hospitals may adversely affect patient perception of our brand, even if we do not directly operate such institutions. We have also recorded significant goodwill arising from our past acquisitions and investments. We recorded net impairment losses on goodwill of RMB383.6 million, RMB187.7 million and RMB156.0 million for the years ended December 31, 2023, 2024 and 2025, respectively. If any acquired hospitals fail to achieve expected operating results, or if changes in reimbursement policies, heightened competition, regulatory developments or adverse market conditions negatively affect their performance, we may be required to recognize goodwill impairment charges. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations and overall growth prospects.

We are subject to brand reputation risks and industry merger and litigation or arbitration risks in connection with our Brand-Authorised Hospitals operated by the Acquisition Funds.

We participate as a limited partner in certain acquisition funds focused on the ophthalmic healthcare industry in China (the "**Acquisition Funds**"), which we co-invest in with fund managers and which acquire or establish ophthalmic hospitals that are authorized to use our designated trademarks and the "Aier" trade name. Each Brand-Authorised Hospital is an independent legal entity, is not a subsidiary of our Company, is not controlled or managed by our Company, and independently assumes all liabilities arising from its own operations. For further details of our investment in the Acquisition Funds, see "Financial Information — Discussion of Certain Key Items of Consolidated Statements of Financial Position — Other Financial Assets." Under this brand authorization model, we are exposed to brand reputation risks and litigation or arbitration risks.

Although we do not control or manage the Brand-Authorised Hospitals, they operate under our brand and any failure by them to meet our operational standards — whether due to inadequate execution, operational errors or improper understanding of our requirements — could adversely affect our brand image and reputation. In severe cases, such failure may result in non-compliance with applicable laws and regulations, medical incidents or medical disputes, which could in turn materially and adversely affect our business, financial condition and results of operations. In addition, where disputes arise between patients or other third parties and a Brand-Authorised Hospital, there is a risk that we may be named as a co-defendant in litigation or arbitration proceedings, which could expose us to legal liability and related costs, regardless of whether we have any involvement in the underlying matter. To mitigate these risks, we have entered into management consulting services agreements with each Acquisition Fund and technical consulting services agreements with each Brand-Authorised Hospital to assist them in establishing medical quality standards aligned with those of our Group, provide personnel training, technical guidance and operational management consulting, and help them continuously improve their management capabilities and service quality. We have also adopted internal rules governing the licensing of our trade name and trademarks, which set out detailed procedures for approval, day-to-day supervision, incident response, reporting and accountability. We conduct regular and ad hoc inspections of the Brand-Authorised Hospitals and are contractually entitled to terminate the relevant agreements if a Brand-Authorised Hospital fails to meet our standards. All liabilities arising from the operations of Brand-Authorised Hospitals are borne solely by such hospitals. However, there can be no assurance that these measures will be sufficient to fully protect our brand or prevent us from being involved in litigation or arbitration proceedings.

Impairment losses on goodwill may adversely affect our financial condition and results of operations.

We have recognized significant goodwill in connection with our growth and expansion strategy, including through acquisitions. In the healthcare services industry, goodwill may be attributable to factors such as market presence, brand value, customer resources, expected synergies and other business advantages associated with the relevant businesses, and its value depends in part on the future operating performance, profitability and growth prospects of such businesses and the realization of expected synergies. We recorded net impairment losses on goodwill of RMB383.6 million, RMB187.7 million and RMB156.0 million for the years ended December 31, 2023, 2024 and 2025, respectively. For further details, see "Financial Information — Description of Certain Consolidated Statements of Profit or Loss and Other Comprehensive Income Items — Impairment Loss on Goodwill." There can be no assurance that we will not incur further impairment losses on goodwill in the future. Any impairment of some or all of the remaining goodwill on our consolidated statement of financial position could have a material adverse effect on our financial condition, results of operations and profitability.

We rely on third-party suppliers to provide a stable and sufficient supply of pharmaceuticals, medical equipment and consumables for our operations. Any supply interruptions, significant price increases or quality issues in such third-party-provided materials could disrupt our services and adversely affect our business and reputation.

We rely on third-party suppliers to provide a stable and sufficient supply of pharmaceuticals, medical equipment, medical consumables and other supplies for our operations. The provision of ophthalmic medical services involves the frequent use of such materials, including IOLs, ophthalmic surgical consumables and diagnostic equipment, the procurements of which are from suppliers over which we have no control. We cannot assure you that all supplies are authentic, free of defects and meet the relevant quality standards. If these products are subsequently found to have been defective at the time of supply, even though we did not know or could not have known about such defects, we may be subject to liability claims, negative publicity, reputational damage or administrative sanctions. We cannot assure you that significant claims of such nature will not be asserted against us in the future or that we will be able to recover losses from our suppliers. In addition, we cannot assure you that we will be able to find suitable replacement suppliers in the event of supply disruptions. Any of the foregoing may adversely affect our business, results of operations and reputation.

We depend on third parties for different aspects of our business, such as supplying pharmaceuticals, medical equipment, medical consumables and other supplies, and, during the Track Record Period, we also engaged third-party suppliers and service providers for construction projects supporting our medical center network expansion. The availability and prices of the pharmaceuticals, medical consumables and other supplies used in our business particularly those required for ophthalmic surgeries and examinations may fluctuate from time to time and are subject to factors beyond our control, including supply and demand dynamics, general economic conditions and governmental regulations. We cannot assure you that we will be able to anticipate or respond to such changes by securing alternative suppliers on more favorable terms or adjusting our service fees, or that our current suppliers have the capacity to meet our growing demand as we continue to expand. Any interruptions or disruptions to our supply chain may impair our ability to meet patient demand and negatively affect our business operations, results of operations and prospects.

We may not be able to cultivate, recruit and retain a sufficient number of high-caliber ophthalmologists, hospital management personnel and other medical professionals, and the capability and stability of our hospital management team are critical to maintaining service quality, operational efficiency and compliance across our network; we also incur significant costs to attract and retain such talent, any of which may adversely affect our business, financial condition and operations.

Competition for medical talent in the healthcare industry is intense, particularly for experienced ophthalmologists and other medical professionals. We continue to face pressure to offer competitive and increasing compensation packages due to the shortage of qualified professionals in the market, especially in high-complexity ophthalmic disciplines. Private ophthalmic hospitals and clinics also compete for doctors in less complex disciplines, where outpatient clinics may offer competitive remuneration and more flexible working arrangements. We cannot assure you that we will be able to cultivate, recruit or retain sufficient qualified ophthalmologists and other medical professionals to support our existing operations or future expansion. Talent shortages and rising personnel costs may adversely affect our service capacity, profitability and long-term growth.

We depend on the continual service of our key personnel, and loss of the services of one or more of our key executives or a significant portion of our management personnel could weaken our management team and materially adversely affect our business, results of operations and prospects.

Our success depends on the skills, experience and efforts of our senior management. For details, see "Directors and Senior Management" in this document. Our senior management has extensive experience in the healthcare industry and have skills that are important to the operation of our business. The pool of individuals with industry-specific experience is limited, and the market for such individuals is competitive. Should we incur loss of one or more of our key personnel, we may not be able to attract, recruit and retain qualified personnel with comparable expertise to replace or succeed members of our senior management or other key employees. We do not maintain any key man life insurance policies. The loss of services of one or more members of our senior management or of a significant portion of any of our management staff could weaken our management expertise and our ability to deliver healthcare services efficiently, which could in turn have a material adverse effect on our business, results of operations and prospects.

Our relationships with certain academic institutions and clinical experts may affect our business prospects.

We emphasize research, education and innovation in ophthalmology, which help us attract, nurture and retain healthcare professionals. We engage leading ophthalmologists and sub-specialty experts in our professional team and, from time to time, invite visiting specialist doctors to consult on complex or highly challenging ophthalmic cases. Our research and innovation efforts increasingly rely on multi-location research platforms, school — enterprise collaborations, co-established training centers and coordinated deployment of scientific projects, and our ability to sustain these academic and clinical partnerships has become an important element of our long-term development. However, we cannot assure you that we will be able to maintain or strengthen such collaborations and relationships. Competition for cooperation with leading ophthalmic institutions and experts is intensive; they may choose to work with other hospitals or academic centers, and these experts may leave their roles, alter their practice arrangements or shift their clinical and research focus, rendering continued cooperation with us infeasible. If we are unable to maintain or strengthen such collaborations and relationships, or generate returns from them as anticipated, our business, financial condition and results of operations may be materially and adversely affected.

We are subject to risks of system failure and business interruption due to network disruptions, cyberattacks or natural or man-made disasters; any failure to safeguard the security and confidentiality of our patient data could result in regulatory investigations, litigation and reputational harm, which could materially and adversely affect our business, financial condition and results of operations.

Our business operation depends significantly on the reliability of our information technology infrastructure for medical center administration, management of patient information and financial information. There is no assurance that we can successfully maintain the satisfactory performance, reliability, security and availability of such infrastructure, whether due to unexpected network interruptions, security breaches, attacks by hackers or computer viruses, or events such as fire, flood, hardware and software failure, loss of power, telecommunication failure or other natural or man-made disasters. In addition, given the nature of our business, we collect, process and store a large amount of sensitive patient information, including personal data, ophthalmic examination results, diagnostic images and medical records. We rely on a combination of internal controls, technical safeguards and third-party systems to protect such data. However, we cannot assure you that our existing data protection measures, encryption protocols or access control mechanisms will always be effective. Any actual or perceived failure to prevent unauthorized access, data leakage, loss, corruption or misuse of patient information could subject us to heightened regulatory scrutiny, investigations, penalties or mandatory rectification measures. It may also lead to claims from affected patients, damage to patient trust, or adverse publicity, any of which could materially and adversely affect our reputation, business, results of operations and financial condition. In addition, as we continue to digitalize our operations and develop or apply AI technologies in certain aspects of our business, we may face risks associated with the performance, reliability, security, compliance and use of such technologies. Failure of our AI applications, development or deployment to function as intended, or any inaccurate, unreliable or inappropriate output generated by such technologies, could impair our service quality or operational efficiency, give rise to regulatory scrutiny, complaints or disputes, and adversely affect our reputation, business, results of operations and financial condition.

We may not be able to protect our name, trademarks or other intellectual property rights.

We believe our patents, trademarks and other intellectual property rights are crucial to our success. Our principal intellectual property rights include our patents in relation to ophthalmic diagnosis and treatment and our trademarks. See "Business — Intellectual Property" for details. We are susceptible to infringement of our intellectual property rights by third parties. We cannot assure you that third parties will not copy or otherwise obtain and use our intellectual property rights without our prior authorization. Our efforts to enforce or defend our intellectual property rights may not be adequate. We may have to initiate legal proceedings to defend the ownership of our intellectual property rights against any infringement by third parties, which may be costly and time-consuming, and we might be required to devote substantial management time and resources in an attempt to achieve a favorable outcome. Furthermore, the outcome of any legal actions to protect our intellectual property rights may be uncertain. If we are unable to adequately protect or safeguard our intellectual property rights, our business, financial condition and results of operations may be adversely affected.

In addition, other parties may register trademarks which may look similar to our registered trademarks under certain circumstances, which may cause confusion among patients. We may not be able to timely prevent other parties from using trademarks that are similar to ours, and the patients may confuse our medical centers with others using similar trademarks. In such case, the goodwill and value of our trademarks and the public perception of our brand image may be adversely affected. A negative perception of our brand image could have a material and adverse effect on our business, results of operations and financial condition.

We may be subject to intellectual property rights infringement or misappropriation claims by third parties, which may force us to incur substantial legal expenses and, if determined adversely against us, may materially disrupt our business.

We may be exposed to intellectual property rights infringement or misappropriation claims, including claims of trademark infringement, by third parties during the course of our operations. Defense against any of these claims would be both costly and time-consuming, could significantly divert the efforts and resources of our management and other personnel, regardless of their merit. An adverse determination in any such litigation or proceedings to which we may become a party could subject us to significant liability to third parties, require us to seek licenses from third parties, pay ongoing royalties, or subject us to injunctions prohibiting the provision and marketing of the relevant brand or services. To the extent that licenses are not available to us on commercially reasonable terms or at all, we may be required to expend considerable time and resources sourcing alternative technologies or rebranding our services, if any, or we may be forced to delay or suspend the relevant services or the promotion of our brand. We may incur substantial expenses and require significant attention of management in defending against these third-party infringement claims, regardless of their merit. Protracted litigation could also result in our patients or potential patients deferring or canceling their visits to our medical centers. In addition, we could face disruptions to our business operations as well as damage to our reputation as a result of such claims, and our business, financial condition and results of operations could be materially and adversely affected.

The current tensions in international trade and rising political tensions may materially and adversely impact our business, financial condition and results of operations.

During the Track Record Period, our suppliers of pharmaceuticals, medical consumables and medical equipment consist of both domestic suppliers and overseas suppliers. For more details, see "Business — Our Suppliers" in this document. Our network is supported by a centralized global supply chain management system designed to standardize procurement, distribution and management of equipment and consumables. Leveraging Group-scale procurement, we maintain long-term relationships with leading suppliers and apply unified quality standards and procurement pricing for key materials, including surgical instruments, optometry equipment and consumables. In addition, our hospitals in overseas markets procure pharmaceuticals, consumables and equipment through local channels in accordance with applicable local laws, regulations and procurement practices. As a result, some of our procurement activities may be subject to changes in trade policies, import tariffs, trade restrictions or other trade barriers applicable to cross-border supply. Our business is therefore subject to constantly changing international economic, regulatory, social and political conditions, and local conditions in foreign countries and regions. We cannot assure you that we will always be able to obtain a steady supply in time and at competitive prices. In that case, our profitability and operational capabilities may be adversely affected by these changing trade policies.

We may not obtain adequate or timely financing to fund our expansion plans.

In order to finance our growth and development, including any potential investments and upgrades in our existing hospitals, we will require additional cash resources. If our internal resources are insufficient to satisfy our cash requirements, we may seek additional financing. If we raise additional financing by issuing additional equity, our shareholders may experience dilution in their shareholdings. Our ability to obtain additional capital on acceptable terms is subject to a variety of uncertainties, some of which are beyond our control, including general economic and capital market conditions, credit availability from banks or other lenders, receipt of necessary PRC government approvals, investors' confidence, general performance of the healthcare industry, specific policies and legal requirements applicable to the healthcare industry, and in particular, our operating and financial performance. We cannot assure you that future financing will be available in amounts or on terms acceptable to us, if at all. In the event that financing is not available or is not available on terms acceptable to us, our business, results of operations and prospects may be adversely affected.

Our improvement projects may not be completed within the expected time frame and within our budget, or at all and even if consummated, we might not be able to achieve the intended economic results. To the extent we engage in debt financing, the indebtedness we incur would result in increased debt service obligations and could result in operating and financing covenants that may, among other things, restrict our operations or our ability to pay dividends. In the event that we fail to service any debt obligations or are unable to comply with such debt covenants, we could be in default under the relevant debt obligations, which could trigger a default of other debt obligations. Any of the foregoing could have a material adverse effect on our business, reputation, financial condition, results of operations and liquidity.

Any changes in or discontinuation of preferential tax treatment and government grants currently available to us could adversely affect our business, results of operations and financial condition.

During the Track Record Period, we received certain government grants and enjoyed preferential tax treatment according to relevant PRC laws, regulations and policies. We recognized government grants of RMB218.1 million, RMB215.6 million, and RMB75.4 million, in the consolidated statements of profit or loss in 2023, 2024 and 2025, respectively. Our eligibility for government grants and other favorable policies, and the corresponding timing, amount and criteria of such government grants and policies are determined within the discretion of the local government authorities and cannot be predicted with certainty before we actually receive any financial incentive. Some of the government grants and policies may be on a project basis and subject to the satisfaction of certain conditions, including compliance with the applicable financial incentive policies and completion of the specific projects therein. In addition, certain of our PRC subsidiaries enjoyed preferential tax treatment during the Track Record Period. We cannot assure you of the continued availability of such financial incentives and subsidies or preferential tax treatment in the future. Our interpretation of the eligibility requirements and scope of such preferential tax treatment may differ from that of the relevant tax authorities. We cannot assure you of the continued availability of such financial incentives and subsidies and preferential tax treatment in the future. The discontinuation of these subsidies or preferential tax treatment, or any change in the relevant laws, regulations or policies, could adversely affect our financial condition and results of operations.

Fluctuations in exchange rates could adversely affect our financial condition and results of operations.

The Renminbi has fluctuated against the Hong Kong dollar, U.S. dollar, euro and Singapore dollar, as well as other currencies. The value of the Renminbi against the Hong Kong dollar, U.S. dollar, euro, Singapore dollar and other currencies is affected by changes in political and economic conditions, foreign exchange policies and other factors. We cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against the Hong Kong dollar, U.S. dollar, euro, Singapore dollar or other currencies in the future. It is difficult to predict how market forces or governmental policies may affect the exchange rates between the Renminbi and foreign currencies in the future. In addition, fluctuations in exchange rates may affect our foreign currency-denominated assets and liabilities, income, expenses and other transactions, and may result in foreign exchange gains or losses. As our H Shares are traded in Hong Kong dollars, fluctuations in exchange rates may adversely affect the value of, and dividends payable on, our H Shares in foreign currency terms. These factors could materially and adversely affect our financial condition and results of operations and could reduce the value of, and dividends payable on, our H Shares in foreign currency terms.

We lease some of the premises where our eye hospitals are located and face certain risks relating to such leases; the stability of hospital locations is critical to our operations, and if we are unable to renew leases on acceptable terms, encounter disputes with landlords, or are otherwise forced to relocate or change hospital addresses due to lease-related or other reasons, our patient traffic, brand recognition, service continuity and operating results may be materially and adversely affected.

Certain of our eye hospital in the PRC and overseas locations are operated at leased premises. The landlords may exercise early termination of our leases or may refuse to renew our leases on acceptable terms following expiration. We cannot assure you that we will be able to enter into new leases or renew our leases on commercially acceptable terms in the future or at all. The availability of commercially suitable and convenient locations is important to our business. If we are required to relocate any of our medical centers because we are unable to renew the relevant lease, such relocation would result in disruption in our operations and significant expenses. The availability of commercially attractive locations for our operations is important to our brand recognition, our patient traffic, service continuity, profitability and business expansion. If we are unable to maintain operations in such locations, our reputation, business, results of operations and financial condition may be materially and adversely affected.

Major external events such as pandemics, public health emergencies, natural disasters or large-scale movement restrictions may disrupt hospital operations, reduce outpatient visits and increase operating costs, and could materially and adversely affect our business, financial condition and results of operations.

We may be subject to disruptions from force majeure events, natural disasters including earthquakes, floods and droughts, or epidemic outbreaks including COVID-19, avian influenza, swine influenza and severe acute respiratory syndrome, which may restrict business activities in affected areas, reduce outpatient visits, increase operating costs and have a material adverse effect on our business, financial condition and results of operations. Specifically, such force majeure events, natural disasters and epidemic outbreaks may hinder our healthcare service institutions from providing services, result in their temporary closure, and negatively impact patient demand for our services. Given the inherent nature of force majeure events, natural disasters and epidemics, we cannot predict their occurrence, timing or severity. If such events were to occur in the future, our business operations could be severely disrupted, which would in turn adversely affect our operating results and financial condition.

Our insurance coverage may not be sufficient to cover all losses or potential claims which would affect our business, results of operations and financial condition.

We are exposed to potential liabilities that are inherent to the provision of healthcare services. We may face claims in excess of our insurance coverage or claims which are not covered by our insurance due to other policy limitations or exclusions or where we have failed to comply with the terms of the policy. In addition, there is only a limited number of medical liability insurance providers in the market and we may experience gaps in coverage when seeking to renew our insurance policies or seeking to change insurance providers. Moreover, we cannot assure you that we will be able to obtain medical liability insurance in the future for our hospitals on acceptable terms or without substantial premium increases or at all, particularly if there is deterioration in our claims experience history. Any successful claim against us not covered by or in excess of our insurance cover could have a material adverse effect on our business, results of operation and prospects.

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

Our historical results may not be indicative of future performance. Our financial and operating results may not meet the expectations of our investors or public market analysts who are tracking our performance, which may cause the future price of our Shares to decline. Our revenue, cost, expenses, and operating results may vary from period to period as it could be affected by various factors beyond our control, including changes in the general economic conditions, new trends in the healthcare market, adjustments and changes in healthcare related policies, and our ability to control costs and operating expenses. Historically, our operations have largely depended on our ability to treat patients effectively and leveraging our success and reputation to attract new patients. To maintain our growth and profitability, we must continue to maintain our strength in service quality, strengthen our reputation, attract quality talent, adopt innovative technologies and treatment processes, increase the awareness of our brand through effective marketing, promotional activities and word-of-mouth, and utilize any growth in demand in the markets in which we operate or intend to operate. We will also need to successfully expand our footprint into new geographical locations where we have limited experience. We cannot assure you that we will achieve any of the above. As a result, we believe that period-to-period comparisons of our operating results during the Track Record Period may not be indicative of our future performance, and you should not rely such comparisons to predict the future performance of our operating results or the Shares.

RISKS RELATING TO GOVERNMENT REGULATIONS

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

We are subject to laws and regulations at the national, regional and local levels as the private hospital in the PRC and overseas jurisdictions in which we operate, including those relating to medical services quality, procurement and use of pharmaceuticals and medical devices, licensing of healthcare facilities and professionals, environmental protection, anti-corruption, patient records and data privacy. For details, see "Regulatory Overview" in this document. Due to the complexity and evolving nature of the regulatory environment, we cannot assure you that our operations will always remain fully compliant with all applicable laws and regulations, or that future laws and regulations will not impose additional requirements on our hospitals. If we are required to remedy any non-compliance or adapt to new regulatory requirements, we may need to modify our operations in a manner that could adversely affect our business, financial condition and results of operations. Announced and unannounced inspections by regulators may be carried out periodically at our hospitals depending on the applicable regulatory requirements. Any failure to comply with applicable laws and regulations, any unsatisfactory inspection outcome, any determination of non-compliance, or any failure to timely rectify material deficiencies identified during such inspections may result in reputational harm, financial losses, administrative or judicial penalties, restrictions on our licenses, suspension or revocation of our licenses, or downsizing or cessation of certain services. For instance, irregularities in fee charging, payment practices or prescribing activities may result in confiscation of revenue, fines or other penalties. Any such consequences could materially and adversely affect our business, financial condition, results of operations and prospects.

We are subject to laws and regulations governing medical advertising and marketing activities, and any non-compliance, regulatory scrutiny or penalties could materially and adversely affect our business, reputation, financial condition and results of operations.

We are obligated under PRC laws and regulations to monitor our advertising content to comply with applicable laws. According to the Measures for the Administration of Medical Advertisement (《醫療廣告管理辦法》) and Circular of the MOH on Strengthening the Medical Advertisement Administration (《衛生部關於進一步加強醫療廣告管理的通知》), our hospitals must apply for and obtain a Medical Advertisement Examination Certificate before publishing a medical advertisement. As our eye hospitals may conduct brand-building and public education initiatives relating to myopia prevention and ophthalmic healthcare, we are required to ensure that such publicity and promotional content strictly complies with medical advertising rules and does not constitute unauthorized medical advertising. Violation of these regulations may result in penalties against our hospitals, including rectification, warnings, suspension of operations, revocation of relevant diagnostic and therapeutic disciplines and the revocation of the hospitals' Medical Institution Practicing License. In addition, if the content of the published advertisement is different from what is approved and documented in the Medical Advertisement Examination Certificate, the competent authority may revoke the Medical Advertisement Examination Certificate and refuse to accept any applications for advertisement examination for a period of one year. Any violation of the relevant laws and regulations may subject us to governmental penalties, impair our brand and adversely impact our financial condition and results of operations.

Our physicians and medical staff are subject to licensing, credentialing and practice-related supervision and enforcement, and any violation or alleged violation of applicable practice requirements, or any tightening of regulatory oversight, could lead to administrative sanctions, restrictions on clinical activities, medical disputes and reputational harm, and materially and adversely affect our business and operations.

Physicians, nurses, laboratory technicians and medical technicians who practice at medical centers must hold practicing licenses and may only practice within the scope of their licenses and at the specific medical centers at which their licenses are registered. If the doctor conducts medical practice in a medical institution not registered in his or her license, the relevant medical institution would also be subject to regulatory penalties, including a fine and, in the worst-case scenario, revocation of the Medical Institution Practicing License. For details, see "Regulatory Overview — Regulations on Medical Practitioners of Medical Institutions" in this document.

A physician practicing in multiple institutions must register or file with the competent administrative authorities and can only conduct medical practice at the registered or filed practicing institution. We had multi-site practice physicians practicing at our hospitals during the Track Record Period. If future regulations impose additional requirements on such practice, we may not be able to retain our current base of multi-site practice physicians. In addition, it takes time for physicians to transfer their licenses from one medical institution to another or add another institution to their permitted practicing institutions, and we cannot assure you that our multi-site practicing physicians or external physicians with whom we collaborate will complete such procedures in a timely manner, or at all. We also cannot assure you that all medical professionals at our hospitals will always practice strictly within the permitted scope of their respective licenses. Any failure by our hospitals to properly manage the registration and practice arrangements of their physicians and other medical professionals may subject us to administrative penalties, which could materially and adversely affect our business, operations and reputation.

Our interests in certain leased properties may be defective, and certain of our lease agreements have not been registered as required.

As of the Latest Practicable Date, certain properties leased by our Company and our Major Subsidiaries were not registered with the appropriate government authorities in the Chinese Mainland. Under current PRC law, failure to complete the registration of lease agreements may lead to a fine ranging from RMB1,000 to RMB10,000 for each lease agreement if the registration is not completed within the stipulated period.

As of the Latest Practicable Date, certain properties leased by our Company and our Major Subsidiaries were located on allocated land, and the lessors were unable to provide documents showing that the required approval procedures for leasing such properties had been completed. Under applicable PRC regulations, allocated land properties may only be leased after completing approval procedures with the relevant authorities. Where such procedures have not been completed, there may be uncertainty regarding compliance with relevant regulatory requirements, and any administrative penalties arising in this regard would generally be imposed on the lessors rather than the lessees.

As of the Latest Practicable Date, certain properties leased by our Company and our Major Subsidiaries obtained from third parties had legal defects, including cases where the lessors had not provided complete and valid ownership certificates or other documents demonstrating their right to lease the relevant properties. These deficiencies may require the lessors to complete supplementary procedures or other remedial actions and may create uncertainties as to the validity or enforceability of the relevant leases.

As a result, we cannot assure you that we will not be subject to any challenges, lawsuits or other actions taken against us with respect to the properties we use or lease. If any challenge against us in these respects is successful, our use or lease of such properties may be affected and we may be required to relocate from the relevant properties. If we fail to find suitable alternative premises on terms acceptable to us, or if we are subject to any material liability resulting from such challenges, our business, financial condition, results of operations and prospects may be affected. For further details, see "Risks Relating to Our Business and Industry — We lease some of the premises where our eye hospitals are located and face certain risks relating to such leases; the stability of hospital locations is critical to our operations, and if we are unable to renew leases on acceptable terms, encounter disputes with landlords, or are otherwise forced to relocate or change hospital addresses due to lease-related or other reasons, our patient traffic, brand recognition, service continuity and operating results may be materially and adversely affected."

Failure to comply with labor laws and regulations in jurisdictions where we operate, including regulations in relation to social insurance and housing fund contributions for our employees, could subject us to legal liabilities, fines and other legal or administrative sanctions, and reputational harm.

According to applicable PRC regulations, we are required to participate in the employee social welfare plan administered by local governments. Such plan consists of pension insurance, medical insurance, work-related injury insurance, maternity insurance, unemployment insurance and housing provident fund. During the Track Record Period and up to the Latest Practicable Date, we did not make full payments in relation to social insurance and housing provident fund contributions for certain of our employees. As advised by our PRC Legal Advisor, employer that has not made social insurance contributions in full and on time may be ordered to rectify the non-compliance and pay the required contributions within a stipulated deadline and be subject to a late payment fee of up to 0.05% per day. See "Regulatory Overview — Regulations on Employment and Social Welfare" for details. Failure to comply within the stipulated deadline may result in fines ranging from one to three times the amount overdue. In addition, employer that has not made required housing provident fund contributions may be ordered to rectify the noncompliance and pay the required contributions within a stipulated deadline. Failure to comply within the stipulated deadline may result in compulsory court enforcement. In addition, under the Supreme People's Court's Interpretation (II) on Several Issues Concerning the Application of Law in the Trial of Labor Dispute Cases, effective on September 1, 2025, any agreement or undertaking that social insurance contributions need not be paid shall be invalid, and the relevant employee may be entitled to petition the court to rescind the labor contract and claim economic compensation in accordance with applicable PRC laws. We undertake that if competent authorities require us to rectify, remit, or supplement any outstanding social insurance premiums and/or housing provident fund contributions within a specified timeframe, we will fully cooperate and fulfill the relevant obligations. As such, as advised by our PRC Legal Advisor, based on the current PRC regulatory framework and confirmations obtained from the competent social insurance and housing provident fund authorities, the likelihood that we are subject to concentrated recovery of unpaid social insurance or housing provident fund contributions, late payment surcharges or significant administrative penalties is remote. If the competent authorities materially strengthen their regulatory oversight or enforcement practices in the future, we cannot assure you that we will not be required to make outstanding payments or be subject to late payment surcharges or other administrative penalties, which could increase our labor costs and have a material adverse effect on our business, financial condition and results of operations.

We are exposed to risks in relation to work safety and occurrence of accidents as well as other operational, occupational and environment related risks, which could materially and adversely affect our business, financial condition and results of operations.

Our operations are subject to extensive laws and regulations in Chinese Mainland and the overseas jurisdictions in which we operate relating to workplace safety, occupational health, environmental protection and the handling of hazardous substances. We are required to maintain safe production conditions and protect the occupational health of our employees. Any failure to comply with applicable requirements may result in fines, administrative penalties, compensation claims or other liabilities. In addition, accidents or other operational incidents, if they occur, could give rise to personal injuries and fatalities, damages to or destruction of properties or manufacturing facilities, environmental harm, business interruption and damages to our reputation. Although we conduct regular inspections and equipment maintenance to ensure compliance with applicable laws and regulations, we cannot assure you that we will not experience any major accidents or work-related injuries in our future production processes, and any such event could materially and adversely affect our business, financial condition and results of operations.

We are subject to certain regulatory requirements over foreign currency conversion and remittance.

We receive a majority of payments from our operations in Chinese Mainland in RMB and may need to convert certain Renminbi into other currencies for payment of dividends, if any, to holders of our Shares, and to fund our business activities outside of Chinese Mainland, among other things. The convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of Chinese Mainland are subject to related regulatory requirements. Under current foreign exchange regulations, payment of current account items, including profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the SAFE or its local branches, through licensed banks for foreign exchange business, by complying with certain procedural requirements. However, prior registration and other procedures with competent government authorities is required where Renminbi is to be converted into foreign currency and remitted out of Chinese Mainland to pay capital expenses. Further, there is no assurance that new regulations will not be promulgated in the future that would have further requirements on the remittance of Renminbi into or out of Chinese Mainland. If we cannot fulfill the applicable regulatory requirements to obtain sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders, purchase raw materials and components outside of Chinese Mainland, or otherwise fund our business activities conducted in foreign currencies.

RISKS RELATING TO THE JURISDICTIONS WHERE WE OPERATE

Developments in social and economic policies, as well as the interpretation and enforcement of laws, rules and regulations, may affect our business, financial condition, results of operations and prospects.

We operate in Chinese Mainland and some overseas regions and therefore our business, financial condition, results of operations and prospects may be affected by local economic, social and legal policies. We cannot guarantee that our business operations will be able to benefit from such measures. In addition, laws, rules and regulations may also be amended from time to time, and the application, interpretation and enforcement of such evolving laws, rules and regulations may affect our business operations. Any of the foregoing may have a material and adverse effect on our business, financial condition, results of operations and prospects.

Non-PRC resident holders of our H Shares may be subject to Chinese Mainland income tax obligations.

Under the EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between the Chinese Mainland and a non-Chinese Mainland investor's jurisdiction of residence that provides for a different income tax arrangement, Chinese Mainland withholding tax at the rate of 10% is normally applicable to dividends from Chinese Mainland sources payable to investors that are non-PRC resident enterprises, which do not have an establishment or place of business in Chinese Mainland, or which have an establishment or place of business in Chinese Mainland if the relevant income is not effectively connected with such establishment or place of business. Any gains realized on the transfer of shares by such investors are subject to a 10% Chinese Mainland income tax rate if such gains are regarded as income from sources within Chinese Mainland unless a treaty or similar arrangement provides otherwise.

Non-PRC individuals are generally subject to a tax rate of 20% on dividends or gains under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》). While we generally withhold 10% from dividends paid to H Shareholders, this rate may vary based on applicable tax treaties or increase to 20% if no treaty applies where the holder's identity is known. There is uncertainty as to whether gains realized upon disposition of H shares by non-PRC individuals are subject to PRC individual income tax. Non-PRC resident enterprises without establishments or premises in the PRC, or those whose income is unrelated to their establishments or premises are subject to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) ("the EIT") at the rate of 10% on dividends and gains, unless reduced or eliminated under special arrangements or applicable treaties. We intend to withhold tax at a rate of 10% from dividends. Enterprises entitled to lower treaty rates will be required to apply for a refund subject to regulatory verification. As of the Latest Practicable Date, specific rules regarding the levy of tax on gains realized by non-resident enterprises from H Share transfers have not been established. The interpretation and application of the relevant PRC tax laws are subject to evolvement. If any such tax is collected, the value of our H Shares may be affected accordingly.

Our offshore subsidiaries may be treated as a resident enterprise for tax purposes in Chinese Mainland.

Under the EIT Law and the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), enterprises established under the laws of jurisdictions outside of Chinese Mainland with "de facto management bodies" located in Chinese Mainland may be considered PRC resident enterprises for tax purposes and may be subject to the PRC EIT at the rate of 25% on their global income. In addition, the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Resident Enterprises on the Basis of De Facto Management Bodies (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) (Guo Shui Fa [2009] No. 82) (the "Circular 82"), specifies that certain

Chinese-controlled offshore incorporated enterprises and its subsequent implementation guidance, certain Chinese-controlled offshore incorporated enterprises will be classified as PRC resident enterprises if a number of specified conditions are met.

As our Company is a PRC enterprise, our offshore subsidiaries may be questioned by the competent regulatory authorities, and if our offshore subsidiaries are deemed PRC resident enterprises, the competent regulatory authorities may request EIT at 25% on such our offshore subsidiaries' global income, except that the dividends they receive from our Chinese Mainland subsidiaries, if any, may be exempt from the EIT to the extent such dividend income constitutes "dividends received by a PRC resident enterprise from its directly invested entity that is also a PRC resident enterprise." Nonetheless, it remains subject to future interpretation as to what type of enterprise would be deemed a "PRC resident enterprise" for such purposes. The EIT on our subsidiaries' global income could significantly increase our tax burden and affect our cash flows and profitability.

You may experience difficulties in effecting service of process upon or enforcing foreign judgments against us or our Directors or senior management.

Most of our assets are situated in the PRC and most of our Directors and officers reside in the PRC. Additionally, as the PRC lacks reciprocal treaties with many countries, you may face difficulties enforcing foreign judgments against us or our management in the PRC. On January 29, 2024, the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》), came into effect, which stipulates that a judgment rendered by a Hong Kong court can generally be recognized and enforced in the PRC even if the parties in the dispute do not enter into a choice of court agreement in writing. However, we cannot guarantee that all judgments made by Hong Kong courts will be recognized and enforced in the PRC, as they remain subject to case-by-case examination by relevant courts.

RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to [REDACTED] and regulatory requirements of Chinese Mainland and Hong Kong.

As we are listed on the Shenzhen Stock Exchange and will be listed on the Main Board of the Stock Exchange, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless an exemption is available or a waiver has been obtained. Accordingly, we may incur additional costs and resources in continuously complying with all sets of listing rules in the two jurisdictions.

Our A Shares are listed on the ChiNext Market of the Shenzhen Stock Exchange, and the characteristics of the A share and H share markets may differ.

Our A Shares are listed and traded on the ChiNext Market of Shenzhen Stock Exchange. Following the [**REDACTED**], our A Shares will continue to be traded on the Shenzhen Stock Exchange and our H Shares will be traded on the Stock Exchange. Under current laws and regulations of Chinese Mainland, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no direct trading or settlement between the H Share and A Share markets. With different trading characteristics, the H Share and A Share markets have divergent trading volumes, liquidity and investor bases, as well as different levels of retail and institutional investor participation. As a result, the [**REDACTED**] performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the [**REDACTED**] of our H Shares, and vice versa. Due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the [**REDACTED**] decision in our H Shares.

There has been no prior public market for our H Shares, and an active trading market for our H Shares may not develop or be sustained.

Prior to the [**REDACTED**], there was no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity and [**REDACTED**] will develop and be sustained following completion of the [**REDACTED**]. In addition, the [**REDACTED**] of our H Shares is expected to be fixed by agreement between the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]) and us, and may not be an indication of the market price of our H Shares following completion of the [**REDACTED**]. If an active public market for our H Shares does not develop following completion of the [**REDACTED**], the market price and liquidity of our H Shares may be materially and adversely affected.

The price and [REDACTED] of our H Shares may be volatile, which could lead to substantial losses to [REDACTED].

The price and [**REDACTED**] of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. The Stock Exchange and other securities markets have, from time to time, experienced significant price and trading volume volatility that are not related to the operating performance of any particular company. The business and performance and the market price of the shares of other companies engaging in similar business may also affect the price and trading volume of our H Shares. In addition to market and industry factors, the price and trading volume of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, [**REDACTED**], expenditures, regulatory developments, relationships with our business partners, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies listed on the Stock Exchange have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in price not directly related to our performance.

You will incur immediate and substantial dilution, and may experience further dilution in the future.

The [**REDACTED**] of the H Shares is higher than the [**REDACTED**] value per H Share immediately prior to the [**REDACTED**]. Therefore, purchasers of the H Shares in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**] consolidated [**REDACTED**] value. In order to expand our business, we may consider [**REDACTED**] and issuing additional Shares in the future. Purchasers of the H Shares may experience dilution in the net tangible asset value per H Share of their H Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per H Share at that time. Furthermore, we may issue Shares pursuant to any existing or future share option incentive scheme, which would further dilute our Shareholders' interests in our Company.

Future sales or perceived sales of substantial amounts of our H Shares in the public market could have a material adverse effect on the prevailing market price of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your shareholding.

The market price of our H Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate could be negatively impacted as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, especially by our Directors, executive officer, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. Furthermore, we may issue shares pursuant to any existing or future share option incentive schemes, which would further dilute our Shareholders' interests in our Company. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares. Market sale of Shares by such Shareholders and the availability of these Shares for future sale may have a negative impact on the market price of our H Shares.

In addition, while [**REDACTED**] shares in the [**REDACTED**] are not subject to any restrictions on the disposal of the H Shares they [**REDACTED**], they may have existing arrangements or agreement to dispose part or all of the H Shares they hold immediately or within certain period upon completion of the [**REDACTED**] for legal and regulatory, business and market, or other reasons. Such disposal may occur within a short period or any time or period after [**REDACTED**]. Any sale of the H Shares [**REDACTED**] by such [**REDACTED**] pursuant to such arrangement or agreement could adversely affect the market price of our H Shares and any sizeable sale could have a material and adverse effect on the market price of our H Shares and could cause substantial volatility in the [**REDACTED**] of our H Shares.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance whether and when we will pay dividends in the future.

We have declared dividends in the past. However, there is no assurance that dividends of any amount will be declared or distributed by us in any year in the future. Under the applicable laws and regulations of Chinese Mainland, the payment of dividends may be subject to certain limitations, and the calculation of our profit under the Accounting Standards for Business Enterprises may differ in certain respects from the calculation under the IFRS Accounting Standards ("**IFRSs**"). The declaration, payment and amount of any future dividends are subject to the discretion of our Directors, after taking into account various factors, including but not limited to our results of operations, financial condition, cash flows, capital expenditure requirements, market conditions, our strategic plans and prospects for business development, regulatory restrictions on the payment of dividends and other factors as our Directors may deem relevant, and subject to the approval at Shareholders' meeting. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable laws and regulations of Chinese Mainland. See "Financial Information — Dividends" for further details of our dividend policy. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our historical dividends should not be taken as indicative of our dividend policy in the future.

This document contains certain facts, forecast and other statistics derived from various official government resources. These have not been independently verified and may not be reliable.

Certain facts, forecast and other statistics in this document are derived from various official government resources. However, our Directors cannot guarantee the quality or reliability of such source materials. Nevertheless, information from official government sources has not been independently verified by us, the Sole Sponsor, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**] or any of their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts and statistics. In all cases, our [**REDACTED**] should consider carefully how much weight or importance should be attached to or placed on such facts or statistics.

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

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain [**REDACTED**] information and other matters. The words "aim", "anticipate", "believe", "could", "predict", "potential", "continue", "expect", "intend", "may", "might", "plan", "seek", "will", "would", "should" and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including, amongst others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessarily estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set out in this section. Accordingly, such statements are not a guarantee of future performance and [**REDACTED**] should not place undue reliance.

You should read the entire document carefully and only rely on the information included in this document to make your [REDACTED] decision, and we strongly caution you not to rely on any information contained in press articles or other media coverage relating to us, our Shares or the [REDACTED].

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