An [**REDACTED**] *in our Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an* [**REDACTED**] *in our Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material and adverse effect on our business, financial condition and results of operations. In any such case, the market price of our Shares could decline, and you may lose all or part of your* [**REDACTED**]. *These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section titled "Forward-Looking Statements" of this document.*

We are at a relatively early stage of commercialization of our healthcare AI solutions. We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into (i) risks relating to our general operations and industry; (ii) risks relating to the research and development and intellectual property rights of our products and solutions; (iii) risks relating to the commercialization of our products and solutions; (iv) risks relating to our financial condition; (v) risks relating to doing business in the jurisdictions where we operate; and (vi) risks relating to the [**REDACTED**]. You should consider our business and prospects in light of the challenges we face, including those discussed in this section.

RISKS RELATING TO OUR GENERAL OPERATIONS AND INDUSTRY

The healthcare AI industry in which we operate is characterized by constant changes. If we fail to continuously improve our technology and provide innovative solutions that address the demands of our clients, our business, financial condition and prospects may be materially and adversely affected.

We operate in the emerging and dynamic healthcare AI market in the PRC and globally. The healthcare AI market is relatively new, and it is uncertain whether it would achieve and sustain high levels of demand, client acceptance and market adoption. In particular, there is no guarantee that we will be able to continuously develop, commercialize or upgrade our technologies and solutions in the fast-evolving market to keep addressing clients' needs. Even if our technologies meet the performance benchmarks, they may not be widely accepted by the healthcare AI market, which could be due to various factors, including those out of our control, such as resistance from medical institutions, concerns about data privacy, and ethical use of AI in healthcare. Other risks and challenges we may face in this emerging and dynamic market include our ability to, among other things:

- navigate an evolving regulatory environment;
- enhance and maintain the value of our brand;
- anticipate, respond to, or adapt to evolving client demands in a timely manner;
- retain our major clients;
- develop and launch diversified and distinguishable products to effectively address the needs of our clients and industry participants;
- grow our client base and enhance our client engagement in a cost-efficient manner;
- maintain a reliable, secure, high-performing and scalable technology infrastructure;
- maintain our corporate culture and continue to attract, retain and motivate talented employees; and
- defend ourselves against litigation, regulatory interference, claims concerning intellectual property, privacy or other aspects of our business.

As our business develops and in response to competition and changes in the industry and regulatory environment, we may continue to introduce new products and solutions, improve our existing products or adjust and optimize our business model. There can be no assurance that we may be able to achieve the expected results for any such changes. If our current or future monetization strategies fail to succeed as we anticipate or if we fail to address any of the foregoing risks and challenges, we may not be able to maintain or increase our revenue, generate profits or achieve positive operating cash flows, and our business and prospects may be materially and adversely affected.

We operate in an emerging and dynamic industry and have a limited operating history, and our historical results of operations and financial performance may not be indicative of future performance.

As a fast-growing company with a relatively limited operating history, our ability to forecast our future results of operations is limited and subject to a number of uncertainties. It is difficult to predict our future revenues and appropriately budget for our costs and expenses. As our business develops or in response to competition, we may continue to introduce new solutions, make adjustments to our existing products and solutions, our business model or our operations in general. Furthermore, the laws and regulations governing the healthcare AI market in China may be subject to further changes. As a result, our existing solutions may not continue to deliver the expected business results.

Our revenue increased by 22.1% from RMB239.1 million in 2023 to RMB291.9 million in 2024, and further increased by 11.3% to RMB324.9 million in 2025. Our revenue growth in recent periods may not be indicative of our future performance. We believe growth of our revenue depends on a number of factors, including, among others:

- innovate and adapt our products and solutions, and create and productize new solutions to meet evolving needs of current and potential customers and clients;
- continue to attract and retain more customers and clients;
- continuously improve on the technologies underlying our solutions;
- introduce our solutions to new geographic markets;
- maintain the reliability, security and functionality of our products and solutions;
- adopt new technologies or adapt our AI infrastructure to changing customer and client requirements or emerging industry standards;
- adapt to a changing regulatory landscape governing privacy matters; and
- attract and retain talents.

We cannot assure you that we will be able to accomplish any of these objectives. Our failure to accomplish any of these objectives may materially and adversely affect our business, results of operations, financial condition and prospects.

If we are unable to compete effectively, our business, financial condition and prospects may be materially and adversely affected.

We face intense competition in the healthcare AI market. Our competitors may have different business models and cost structures or participate selectively in different industry segments. They may ultimately prove to be more successful or more adaptable to customer demand and new regulatory, technological and other developments. Some of our competitors may have longer operating histories, more project experience, more established brand names, larger client base and greater financial, technical and marketing resources than we do, and in turn may have an advantage in attracting and retaining customers and clients. Further, if one or more of our competitors and potential competitors were to merge or partner with another of our competitors, or if a new entrant emerged with substantial resources, the change in the competitive landscape could adversely affect our ability to compete effectively. In response to competition, we may have to lower and/or adjust the various fees that we charge to our customers and clients or increase our operating expenses and capital expenditures to attract more clients, which could materially and adversely affect our business, profit margins and results of operations. If we are not able to compete effectively, our ability to attract and retain clients may be adversely affected, which could materially and adversely affect our business, financial condition, results of operations and prospects, our reputation and brands.

If we fail to successfully expand into the international market, our business, financial condition and prospects may be materially and adversely affected.

We view overseas expansion as an important part of our growth strategy. However, our international business is still at an early stage and faces a number of risks, including but not limited to:

- foreign exchange control and exchange rate fluctuations;
- increased costs associated with maintaining the ability to understand the local markets and develop and maintain effective marketing presence in various countries;
- difficulties and costs related to providing after-sales services and client support in these markets;
- difficulty with staffing and managing overseas operations;
- failure to develop and implement appropriate risk management and internal control structures tailored to overseas operations;
- difficulty and cost relating to compliance with different commercial and legal requirements of the overseas markets in which we offer or plan to offer our products;
- inability to obtain, maintain or enforce intellectual property rights; and
- unanticipated changes in prevailing economic conditions and regulatory requirements.

If we are unable to successfully expand and operate in international markets as planned, our business, financial condition and prospects may be materially and adversely affected.

Our business may be materially and adversely affected by changes in industry policies, regulatory evaluation standards, or digitalization trends in China's public hospital sector.

Medical institutions are our main clients. However, medical institutions may delay purchasing decisions because of factors beyond our control, including but not limited to budget concern, even though demand for digital and AI solutions remains strong. If these challenges continue, we may face slower sales, lower contract values, longer payment cycles, and fewer market opportunities. Changes in regulatory standards or evaluation metrics could shift hospitals' spending priorities, requiring us to adjust our products, or delay projects. New technical or compliance requirements may also force us to invest more resources in system updates, with no guarantee of success or commercial viability.

We face competition that requires us to respond rapidly to pricing pressures.

We face pricing competition in the markets in which we operate. Certain competitors possess sufficient financial, technical and management resources to develop and market products and solutions that may effectively compete against our offerings, and business integration among our competitors may enable them to compete more efficiently. To expand their market share, they may adopt low-price competition strategies to attract new customers and clients. The price pressure that results from such competition may lead to reduced profit margins and lost business opportunities in the event that we are unable to match the price declines or cost efficiencies, or excel in the technological, product, and service advancements of our competitors.

The technologies we use may contain undetected errors, which could result in customer and client dissatisfaction, damage to our reputation and loss of customers and clients.

We aim to make our operations and our solutions more streamlined, automated and cost-effective by using advanced technologies, including AI, cloud and big data. We may encounter technical obstacles, and we may discover problems that prevent our technologies from operating properly. If our solutions do not function reliably or fail to meet our customers and clients' expectations in terms of performance, we may lose existing customers and clients or fail to attract new ones, which may damage our reputation and materially and adversely affect our business.

Material performance problems, defects or errors in our existing or new software, applications and solutions may arise and may result from the solutions, systems and data that we did not develop, the function of which is beyond our control, or defects and errors that were undetected in our testing. As our offerings are built based on several foundation models provided by third parties, if they discontinue support or make changes to the models, it may affect the operations of our offerings and necessitate costly adjustment. Defects or errors may discourage existing or potential customers and clients from utilizing our solutions. Correcting these types of defects or errors could prove to be impossible or impracticable. The costs incurred in correcting any defects or errors may be substantial and could have a material adverse impact on our business, financial condition and prospects.

Our business and results of operations may be harmed by disruption or failure in our or third party's system or the technology infrastructure.

We collaborate in our operations with business partners, which include our clients, customers and suppliers. Misconduct, non-compliance and omissions by such business partners could subject us to liability or negative publicity. We cannot rule out the possibility of incurring liabilities or suffering losses due to any non-compliance by our clients, customers and suppliers.

In addition, our clients, customers and suppliers may experience disruptions in their operations due to equipment breakdowns, labor strikes or shortages, natural disasters, material shortages, cost increases, environmental non-compliance issues or other similar problems. In addition, we may not be able to renew contracts with our customers and suppliers. There is a risk that we may face legal action due to product liability claims if defects are found in our offerings, even if these defects are caused by our business partners. This potential lack of indemnification could result in significant financial strain and could negatively impact our reputation, business and overall financial condition.

Moreover, we may experience service disruptions, outages and other performance problems due to a variety of factors, including infrastructure changes, human or software errors, hardware failure, computer viruses, fraud and security attacks. Any disruption or failure in our or our business partners' system or the technology infrastructure could hinder our ability to deliver services and the day-to-day management of our business, and could result in corruption, loss or unauthorized disclosure of proprietary, confidential or other data, which in turn may harm our reputation and business, entail claims and liabilities and deter prospective customers and clients.

We depend on the continued service of our senior management team and other key employees, and our business, financial condition and prospects will suffer greatly if we lose their services

We have been, and will continue to be, heavily dependent on the continued service of our senior management team and other key employees. Competition for competent candidates in the industry is intense and the pool of competent candidates is limited. If we lose the services of one or more of our key employees, we may not be able to locate suitable or qualified replacements in a timely manner or at all, and may incur additional expenses to recruit and train new personnel. Consequently, our business could be severely disrupted, and our financial condition and results of operations could be materially and adversely affected. In addition, if any member of our senior management team or other key employees joins a competitor or forms a competing business, we may lose know-how, trade secrets and key professionals and staff. Each of our key employees has either entered into a separate confidentiality agreement with us or been subject to the confidentiality clause contained in his or her employment contract. There can be no assurance, however, regarding the extent to which any of these agreements will be enforceable under the applicable laws.

We face risks related to not being able to apply the net [REDACTED] from the [REDACTED] effectively.

The success of our R&D initiatives and commercialization efforts depends on a variety of internal and external factors, many of which are beyond our control. If we fail to meet the objectives outlined in our expansion plan, our operations and business results could be adversely affected. We expect that investments in our R&D projects will strengthen our competitiveness within the industry and further increase our revenue and gross profit. However, we also anticipate that R&D expenses will rise correspondingly. We cannot assure you that increased investment in R&D will yield the expected results or commercial success, and any failure to achieve anticipated outcomes could negatively impact our profitability and our results of operation. Additionally, we expect that the expansion of our global channel network will broaden our overseas customer base and drive growth in our overseas business revenue, but it will also result in higher marketing expenses. There is a risk that such investments may not translate into the desired market expansion or revenue growth, potentially affecting our overall financial performance.

Our business and prospects depend on our ability to build our brand and reputation, which may not be effective, and our brand and reputation could be harmed by negative publicity with respect to us, our services and operations, our management or our business partners.

We believe that maintaining and enhancing our brand is of significant importance to the success of our business. Since we operate in a highly competitive market, brand maintenance and enhancement directly affect our ability to maintain our market position. We may incur extra expenses in promoting our brand. However, we cannot assure you that these activities are and will be successful or that we can achieve the brand promotion effect we expect. In addition, negative publicity about us, our solutions and operations, our management or our business partners may adversely affect our brand, reputation and business. Certain of such negative publicity may come from malicious harassment or unfair competition acts by third parties, which are beyond our control.

Investments in and acquisitions of assets, technologies and businesses may fail and may adversely affect our business, results of operations and financial performance.

We may invest in or acquire assets, technologies and businesses. Our investments or acquisitions may not yield the results we expect. In addition, investments and acquisitions could result in the use of substantial amounts of cash, dilutive issuances of equity securities, significant amortization expenses related to goodwill or intangible assets and exposure to potential unknown liabilities of the acquired business. We had intangible assets and goodwill of RMB46.2 million, RMB39.9 million and RMB28.0 million as of December 31, 2023, 2024 and 2025, respectively. The impairment assessment of intangible assets is based on a number of assumptions made by our management. If any of these assumptions does not materialize, or if the performance of our business is not consistent with such assumptions, we may be required to make a significant provision for our intangible assets and goodwill and record a significant impairment loss, which could in turn adversely affect our business, financial condition and results of operations.

In addition, we have made certain acquisitions during the Track Record Period, including acquisitions of subsidiaries. If the historically acquired or future to-be-acquired subsidiaries do not perform as expected, we may incur impairment charges or other losses. The challenges and uncertainties associated with past acquisitions may therefore continue to have a material impact on our business and financial performance.

Such investments and acquisitions may also require our management team to devote a significant amount of attention. Moreover, the cost of identifying and consummating investments and acquisitions, and integrating the acquired businesses into ours, may be significant, and the integration of acquired businesses may be disruptive to our existing business operations. We may also have to obtain approval from the relevant PRC governmental authorities for the investments and acquisitions and comply with any applicable rules and regulations, which may be costly. In the event that our investments and acquisitions are not successful, our results of operations and financial condition may be materially and adversely affected. Additionally, the geographic distance between companies, the complexity of the technologies and operations being integrated and the disparate corporate cultures may altogether increase the difficulties of integrating an acquired company or technology. Future acquisitions may present challenges and could require that our management develop expertise in new areas, manage new business relationships and attract new types of clients. The diversion of our management's attention and any difficulties encountered in these acquisitions may have an adverse effect on our ability to effectively manage our own business.

Our after-sales and maintenance policies may materially and adversely affect our financial condition.

Our policy provides that if our solutions contain defects and fail to meet our clients' satisfaction and expectations, we will repair them. We may also be required by law to adopt new or amend existing after-sales and maintenance policies from time to time. These policies subject us to additional costs and expenses which we may not recoup through increased revenue. We cannot assure you that our after-sales and maintenance policy will not be misused by our clients, which may materially and adversely affect our business and financial condition. If we revise these policies to reduce our costs and expenses, our clients may be dissatisfied, which may result in loss of existing clients or failure to acquire new clients at a desirable pace, which may materially and adversely affect our financial condition.

Any actual or perceived misuse of AI technologies by us or by other third parties intentionally or inadvertently, could materially and adversely affect our business, financial condition and prospects.

Any misuse, abuse, or premature application of AI technologies, whether real or perceived, intentional or unintentional, by us or third parties, could deter potential users from embracing AI solutions, which could further impair societal acceptance of AI solutions, generate negative publicity, and negatively impact our reputation. It could also potentially breach laws and regulations in China and other jurisdictions, leading to legal or administrative proceedings, pressures from activist groups or other organizations, and increased regulatory scrutiny. Each of these events could, in turn, have a significant negative impact on our business, financial condition and prospects.

We may not be able to fulfil our obligations in respect of contract liabilities, which may have a material and adverse impact on our results of operations and financial condition.

Our contract liabilities primarily represent advance payments from customers upon which the performance obligations have been established while the underlying products and solutions are yet to be provided. Our contract liabilities amounted to RMB102.6 million, RMB84.3 million and RMB34.5 million as of December 31, 2023, 2024 and 2025, respectively. If we fail to fulfill our obligations under our contracts with customers, we may not be able to convert such contract liabilities into revenue, and our customers may also require us to refund the advance payments we have received, which may adversely affect our cash flow and liquidity condition. In addition, it may adversely affect our business, our relationship with such customers, which may also affect our reputation and results of operations in the future.

If we fail to maintain adequate internal controls or fail to detect or prevent fraud and employee misconduct, we may not be able to effectively manage our business and may experience errors or information lapses affecting our business.

Prior to the [**REDACTED**], we were a private company with limited accounting personnel and other resources with which to address our internal controls and procedures. As we continue to expand, we will need to modify and improve our financial and managerial controls, reporting systems and procedures and other internal controls and compliance procedures. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any instances of fraud or other misconduct involving our employees and other third parties that had a material and adverse impact on our business and results of operations. However, we cannot assure you that there will not be any such instances in the future. If we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our financial statements, which would likely cause [**REDACTED**] to lose confidence in our reported financial information. This could in turn limit our access to capital markets, harm our results of operations and lead to a decline in the [**REDACTED**] of our Shares. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets, regulatory investigations and civil or criminal sanctions. There is no assurance that we will be able to spot and eliminate all weaknesses in our internal control system on a timely basis. If our employees or other parties are found or alleged to have violated anti-bribery or anti-corruption laws and regulations, we may face or be involved in fines, lawsuits and damage to our reputation, which could have a material adverse effect on our business, financial condition and results of operations.

We have limited business insurance coverage, which could expose us to significant costs and business disruption.

We maintain various insurance policies to safeguard against risks and unexpected events. However, we do not maintain business interruption insurance or key-man insurance or any insurance covering liabilities resulting from misconduct or illegal activities committed by our employees or clients. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

In addition, we are subject to laws, rules, and regulations relating to insurance coverage. Any failure, or perceived failure, by us to comply with laws, rules, and regulations or contractual obligations relating to insurance coverage could result in proceedings or actions against us by governmental entities or others. These proceedings or actions may subject us to significant penalties and negative publicity, require us to increase our insurance coverage, require us to amend our insurance policy disclosure, increase our costs, and disrupt our business.

Our business growth and results of operations may be affected by changes in global and regional macroeconomic conditions, natural disasters, health epidemics and pandemics, and social disruption and other outbreaks.

Uncertainties about global economic conditions and regulatory changes and other factors including fluctuation of interest rates, inflation level, unemployment, labor and healthcare costs, access to credit, client confidence and other macroeconomic factors may pose risks and materially and adversely affect demand for our products. In addition, natural disasters such as floods, earthquakes, sandstorms, snowstorms, fire or drought, the outbreak of a widespread health epidemic or any severe epidemic disease such as SARS, Ebola, Zika or the COVID-19, acts of war, terrorism or other force majeure events beyond our control may disrupt our research and development, commercialization activities and business operations. All of the foregoing could adversely affect our business, results of operations, financial condition and prospects.

We are subject to risks associated with international trade policies, geopolitics and trade protection measures, and our business, financial condition and results of operations could be adversely affected.

Our operations may be negatively affected by any deterioration in the political and economic relations among countries. For example, we may be materially and adversely affected by sanctions and export controls, and other geopolitical challenges, including, but not limited to, economic and labor conditions, increased duties, taxes and other costs, and political instability. Furthermore, concerns over inflation, energy costs, geopolitical frictions, capital market volatility and liquidity issues may create difficult operating conditions in the future. In addition, sales of our products and services in certain countries and sales of products that include components obtained from certain foreign suppliers could be materially and adversely affected by international trade regulations.

The U.S. government imposed economic sanctions and trade restrictions directly or indirectly affecting China-based technology companies. Although we currently do not engage in sales to regions that are comprehensively subject to international sanctions, we cannot assure that our customers or suppliers may be included on the lists maintained by relevant authorities for sanctions, export controls or other trade restrictions. If any of our customers or suppliers, or any of their affiliates or ultimate beneficial owners, were to become subject to sanctions, export controls or other trade restrictions, we may be required to suspend, limit or terminate our business with them. This could result in the loss of business opportunities, disruption to our supply chain, adverse impact on our reputation, and increased compliance costs.

Sanctions laws and regulations are complex and subject to frequent changes, and the scope of restricted persons and activities continues to evolve. We cannot assure you that new sanctions or export control measures will not be imposed in the future against our customers, suppliers, or counterparties, or that our existing or future business relationships will not be scrutinized or restricted by relevant authorities. Any determination by sanctions authorities that our dealings are non-compliant could expose us to fines, penalties or other enforcement actions, and materially and adversely affect our business, financial condition, results of operations and reputation.

We and our H Shares may be adversely affected by any [REDACTED] restrictions that may be imposed on us or our H Shares.

The Outbound Investment Rule imposed investment prohibition and notification requirements on U.S. persons for investments in entities associated with China (including Hong Kong and Macau) that engage in activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems, and such entities are defined as "Covered Foreign Persons." Under the Outbound Investment Rule, U.S. persons are prohibited from making, or required to notify for, investments in Covered Foreign Persons through certain acquisitions of equity interests, debt financing, joint ventures, and investments as a limited partner in a non-U.S. person pooled investment fund, which are defined as "Covered Transactions." The Outbound Investment Rule excludes some investments from the scope of Covered Transactions, including those in [**REDACTED**]. As the Outbound Investment Rule is aimed at exerting greater control over U.S. direct and indirect investments in China (including Hong Kong and Macau) and may introduce new hurdles or tighten requirements for cross-border investments, collaborations and funding opportunities of China-based issuers, including us, any legal development of such rules or similar regulations may limit our ability to engage in certain sectors; it may also limit our ability to raise capital from the U.S. and other countries if we engage in the business or development of certain sector or technologies.

If prior to our H Shares being [**REDACTED**], we were to be deemed a Covered Foreign Person or acquisition of our H Shares were to become a Covered Transaction, U.S. persons would be prohibited from making such acquisition or be required to make a notification pursuant to the Outbound Investment Rule. As such, as advised by our legal adviser on the Outbound Investment

Rule, our Directors are of the view that the Outbound Investment Rule has not and will not impact our current financial and operation performance, and our compliance status during the Track Record Period and up to the Latest Practicable Date.

However, the Outbound Investment Rule could still limit our ability to raise capital or future funding from U.S. [**REDACTED**] after the [**REDACTED**] as the relevant laws, regulations, and policies continue to develop. If our ability to raise capital from U.S. [**REDACTED**] is significantly and negatively affected, it could affect our business prospects. In such circumstances, the value of our H Shares may be significantly and adversely affected.

Our business and results of operations may be subject to seasonal fluctuations.

Our business and results of operations are affected by seasonality. This was because the payment settlement cycle of our clients our solutions are typically in the second half of the year. Therefore, comparing our operating results for different periods may not be meaningful, and you should not rely on our past results as an indication of our future performance. Our quarterly and annual revenues and costs and expenses as a percentage of our revenues in a given period may be significantly different from our historical or projected rates, and our operating results in future quarters may fall below expectations.

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

Due to our extensive operations in the PRC, our business, financial condition, results of operations and prospects could be affected by economic, social, and legal developments in the PRC. The overall economic growth could be influenced by the governmental regulations and policies in relation to resource allocation, monetary policies, regulations of financial services and institutions, preferential treatment to particular industries or companies and others. Any of the foregoing would affect our business, financial condition, results of operations and prospects. Additionally, we shall comply with the applicable PRC laws, rules and regulations. With the social development, the relevant PRC laws, rules and regulations in force at present may be amended in the future, and their interpretation and implementation shall be determined in accordance with relevant laws and regulations in force at the time. Any non-compliance with any existing or new laws and regulations could materially and adversely affect our business, financial condition, results of operations, cash flows and prospects.

RISKS RELATING TO THE RESEARCH AND DEVELOPMENT AND INTELLECTUAL PROPERTY RIGHTS OF OUR PRODUCTS AND SOLUTIONS

We may not benefit from our substantial investments in research and development and which in turn could materially and adversely impact our financial condition and prospects.

Our long-term competitiveness depends on our ability to enhance our existing services and solutions and to develop and commercialize new products. The research and development process of our offerings is time-consuming and costly, and there can be no assurance that our research and development activities will lead to successfully developed new solutions and products. Our research and development costs amounted to RMB98.4 million, RMB63.0 million and RMB49.7 million, respectively, in 2023, 2024 and 2025, and accounted for 41.2%, 21.6% and 15.3% of our revenue in 2023, 2024 and 2025, respectively. The industry in which we operate is subject to rapid technological shifts and evolves quickly with regard to technological innovation. It necessitates substantial investment, including financial resources, in research and development to spearhead technological advancement. This is crucial to ensure that our solutions remain competitive in the market. As a result, we expect that our research and development costs will increase in absolute amount.

We have incurred losses in the past and may not be able to achieve or subsequently maintain profitability, partially due to the significant investment in research and development. If our financial resources are insufficient to support our R&D activities, we may be unable to keep pace with technological advancements or meet the changing needs of our customers and clients, which could delay the launch of new products and solutions, leading to a loss of market share, decreased revenues and reduced profitability. Accordingly, we may require further funding through public or private offerings, debt financing, collaboration and licensing arrangements or other sources. However, the inherent uncertainty of research and development activities may lead to potential challenges in the commercialization of our findings. Given the rapid evolution of technology, we may face challenges in updating our technologies in a cost-effective and timely manner. The advent of new technologies within our industry could potentially render our existing technologies, technological infrastructure, or anticipated future solutions obsolete or less attractive. This could hinder our ability to recoup related research and development costs, potentially leading to a decline in our revenues, profitability and market share.

Rapid technological changes in large language models and the emergence of new AI technologies may adversely affect our ability to maintain the competitiveness of our AI solutions.

The healthcare AI industry in which we operate is characterized by unprecedented velocity of innovation, particularly in relation to large language models, or LLMs, and adjacent AI architectures. Breakthroughs in model size, training paradigms, inference efficiency, multi-modal capabilities and agentic frameworks can materially alter market expectations within months or even weeks. Our solutions rely on timely access to, and seamless integration of, leading-edge foundation models supplied by third-party vendors or the open-source community. Should any current model provider discontinue support, modify licensing terms, restrict parameter access, impose unfavorable commercial conditions or otherwise become subject to regulatory constraints, we may be forced to expend significant additional resources to migrate our knowledge layer, re-train verticalized modules, or re-engineer inference pipelines, in each case with no assurance of achieving comparable performance, cost efficiency or latency.

Furthermore, new model classes may rapidly redefine industry benchmarks for accuracy, safety, hallucination control and explainability. If competitors are able to embed such capabilities more quickly, either through direct ownership of proprietary models, preferential commercial arrangements with upstream suppliers or deeper access to clinical data, we may experience erosion of our value proposition, pricing power and customer retention. This competitive pressure is further heightened by the fact that most hospitals have not yet widely adopted AI applications, meaning late entrants can catch up quickly without being constrained by legacy systems.

To remain competitive, we must continuously invest substantial capital and specialized engineering talent. However, there can be no assurance that we will succeed in anticipating technological inflection points, securing adequate compute or attracting and retaining the highly specialized personnel required to operationalize next-generation models. Failure to do so, or delays in doing so, could lead to decreased system performance, loss of key contracts, increased churn, higher customer acquisition costs, and ultimately a material adverse effect on our business, financial condition and prospects.

We are subject to risks relating to our use of open-source technologies.

We rely on a variety of open-source technologies, including LLMs, databases and other infrastructure tools, in our business operations and product development. The use of open-source technologies may expose us to security vulnerabilities and cyberattacks, as these technologies are generally publicly available and may be exploited by hackers or other malicious parties. Any successful cyberattack targeting the open-source components could result in data leakage, service interruption, reputational damage and legal liabilities, which may materially and adversely affect our business and operations.

In addition, while many open-source technologies are currently available free of charge, there can be no assurance that the developers or organizations maintaining these technologies will not, in the future, impose licensing fees or usage restrictions. If the underlying open-source technologies we rely upon are modified, discontinued or become subject to commercial licensing, we may be required to pay significant fees or invest substantial resources to reconfigure or replace our systems. This could increase our research and development costs, reduce the efficiency of our product development, and adversely impact our ability to compete effectively with our peers.

We are subject to risks relating to the emergence of artificial general intelligence.

Artificial general intelligence, or AGI, if achieved, may have capabilities far exceeding those current AI technologies, potentially enabling machines to perform a wide range of cognitive tasks previously reserved for humans. The emergence of AGI could fundamentally reshape industry structures, competitive dynamics and value chains. We cannot predict how AGI will evolve, how quickly it will be commercialized, or how it will be regulated. If AGI technologies become available and are adopted by our competitors more rapidly or effectively than by us, our existing competitive advantages could be diminished or eliminated. Furthermore, regulatory frameworks that may be introduced to govern AGI could impose new obligations, restrictions or compliance costs on our operations. As a result, the development of AGI may materially and adversely affect our industry as a whole, and our business, results of operations and prospects as well.

We may not be able to prevent unauthorized use of, or access to, our intellectual property and proprietary information, which may be expensive and time-consuming to defend and may disrupt our business and operations.

We rely on a combination of copyright, trademark, patent and other intellectual property laws, trade secret protection and confidentiality and invention assignment agreements with our employees and third parties and other measures to protect our intellectual property rights and proprietary information. We have been enriching our intellectual property portfolio. As of December 31, 2025, we have a net book value of intangible assets amounting to RMB9.1 million, including trademarks, softwares, and patent and software copyright acquired. However, there can be no assurance that any of our pending patents, trademarks, software copyrights or other intellectual property applications will be registered. We cannot control the use of intellectual property by co-owners of intellectual property and the potential risks it brings. Any intellectual property rights we have obtained or may obtain in the future may not be sufficient to provide us with a competitive advantage, and could be challenged, invalidated, circumvented, infringed or misappropriated. If we are unable to effectively protect our intellectual property rights or prevent unauthorized use of our intellectual property, the value of our intangible assets may be impaired.

We partially rely on confidentiality agreements to protect our unpatented know-how, technology, trade secrets and other proprietary information, and to maintain our competitive position and we consider these proprietary information to be one of our primary sources of intellectual property. We cannot guarantee that we have entered into such agreements with all parties that may have or have had access to our proprietary information, including our technology and processes. These confidentiality agreements may be breached, may not be adequate to protect our confidential information, trade secrets, and proprietary technologies and may not provide an adequate remedy in the event of unauthorized use or disclosure of our confidential information, trade secrets, or proprietary technology. Further, these agreements do not prevent our competitors or others from independently developing the same or similar technologies and processes, which may allow them to provide a product or service similar or superior to ours, which could harm our competitive position.

Unauthorized parties may attempt to copy or otherwise obtain and use our copyrighted information and other intellectual property. Monitoring for infringement or other unauthorized use of our intellectual property rights is difficult and costly, and such monitoring may not be effective. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and a diversion of our managerial and financial resources, and could put our intellectual property at risk of being invalidated or narrowed in scope. There can be no assurance that we would prevail in such litigation, and even if we manage to prevail, we may not obtain a meaningful recovery. Any failure in maintaining, protecting or enforcing our intellectual property rights could have a material adverse impact on our business, financial condition and prospects.

We may be subject to intellectual property infringement claims, unfair competition or other allegations, particularly relating to the resources or data we use in our AI training, which could result in payment of substantial damages, penalties and fines and removal of data or technology from our system.

Our internal procedures and licensing practices may not be effective in completely preventing the unauthorized use of copyrighted materials or the infringement by us of other rights of third parties. We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate patents, copyrights or other intellectual property rights held by third parties, and there could be existing intellectual property of which we are not aware that our operations and business may inadvertently infringe. Competitors and other third parties may claim that our officers or employees have infringed, misappropriated or otherwise violated their software, confidential information, trade secrets or other proprietary technology during their employment with us as well. We cannot guarantee that any policies or contractual provisions that we have implemented or may implement will be effective. It is possible that any ongoing or threatened claim of infringement, misappropriation or violation brought against us or our officers or employees could damage our reputation, and we may be required to pay substantial damages, subject to injunction or court orders or be required to remove the data and redesign our technology, any of which could adversely affect our business, financial condition and results of operations. In addition, we cannot assure you that we will not become subject to intellectual property laws in other jurisdictions. If a claim of infringement brought against us in another jurisdiction is successful, we may be required to pay substantial penalties or other damages and fines or to enter into license agreements which may not be available on commercially reasonable terms or at all, or we may be subject to injunctions or court orders. Even if allegations or claims lack merit, defending against them could be both costly and time consuming and could significantly divert the efforts and resources of our management and other personnel.

RISKS RELATING TO THE COMMERCIALIZATION OF OUR PRODUCTS AND SOLUTIONS

If we are unable to attract new clients and customers to purchase our offerings or retain existing customers and clients, our business, financial condition and prospects could be materially and adversely affected.

Our business, to a large extent, relies on our relationships with our customers and clients, primarily medical institutions. If we fail to capture recurring or new demand from these customers and clients, we may not be able to increase our revenue as quickly as we anticipate, or at all. There can be no assurance that we would be able to maintain stable relationships with such customers and clients. We may fail to provide clients with solutions that meet their specific demand. Such failures could result in client dissatisfaction, decreased overall demand for our solutions and loss of expected revenue. In addition, our inability to meet client expectations may damage our reputation and could consequently limit our ability to retain existing clients and attract new clients, which would materially and adversely affect our business, financial condition and prospects. In addition, our relationship with our customers and clients may be materially and adversely affected by factors out of our control, including:

- an overall decline in the business or liquidity position of one or more of our major customers;
- the failure or inability of any of our major customers to make timely payment for our solutions;

- changes in macroeconomic conditions, government policies or regulatory environment, particularly given the highly regulated nature of the healthcare AI industry;
- shifts in client demand or purchasing preferences that reduce the need for our solutions;
- disruptive changes or rapid iterations in AI technologies that render our offerings less competitive or obsolete;
- failure to win or retain key projects due to unsuccessful bidding processes;
- the inability to retain or attract qualified employees critical to our operations and development;
- claims or disputes relating to infringement of intellectual property rights;
- adverse public perception or negative publicity relating to the use of AI in healthcare, which could undermine customer and client confidence, attract regulatory scrutiny, or otherwise materially and adversely affect our reputation and business;
- changes in fiscal or procurement procedures or decreases in available government funding;
- appeals, disputes, or litigation relating to procurement, including, but not limited to, bid protests by unsuccessful bidders on potential or actual awards of contracts to us or our partners by the government;
- the adoption of new laws or regulations or changes to existing laws or regulations;
- budgetary cycles and constraints, including constraints imposed by any lapses in appropriations for the regional healthcare administrators or certain of their departments and agencies; and
- influence by, or competition from, third parties with respect to pending, new, or existing contracts.

If we fail to maintain relationships with our customers and clients, and if we are unable to find replacement customers and clients on commercially desirable terms or in a timely manner or at all, our business, financial condition and prospects may be materially and adversely affected.

Failure to further upgrade, iterate, launch or commercialize our products and solutions or inability to gain market acceptance may have a negative impact on our business, financial condition and prospects.

We cannot ensure that our products or solutions will successfully transition from the research and development phase to commercial viability. The commercialization process is complex and burdened with challenges, including, but not limited to, regulatory compliance and market receptivity. Failure to effectively navigate these challenges could result in our inability to commercialize our products and solutions, which could have a negative impact on our business, financial condition and prospects. Moreover, our industry is intensely competitive, characterized by rapid technological advancements and shifting customer and client preferences. If our products and solutions fail to continuously meet market demand, or if they are outperformed by competing solutions, it could lead to limited market penetration and sales that fall short of expectations, which may further adversely affect our business, financial condition and prospects.

If we fail to deliver our products and solutions in accordance with contractual requirements, we could be subject to significant costs or liability and our reputation could be harmed.

We contract with our customers to provide a wide range of solutions and products. These solutions and products are complex and subject to contractual requirements, and any mistake or failure to perform in accordance with contractual specifications on our part could result in our customers suing us for breach of contract or other severe consequences. For instance, non-compliance with contractual specification for medical institutions may result in our customers suing us for breach of contract. Any such mistake or failure to perform in accordance with contractual requirements and standards may harm our reputation and business, result in administrative actions or heavy civil and contractual liabilities, and may deter prospective customers and clients.

Our end users, including doctors and medical professionals, are responsible for providing information when using our products and solutions. Human error, unintentional or intentional in this process, may compromise the performance of our products and solutions.

Our end users, including doctors and medical professionals, are responsible for providing information when using our products and solutions. For example, our agentic AI solutions rely on information filled by doctors to provide diagnostic suggestions. This practice is inherently subject to human error. The situation is further complicated by the fact that multiple medical natural language expressions may be used by different physicians in clinical records to convey the same idea, leading to risks of mistranslation or inaccurate categorization when we perform natural language processing. These mistakes or errors could compromise the performance of our products and solutions, which could lead to liabilities against us, deter prospective customers and clients and harm our reputation, business and financial condition.

We may not be able to conduct our marketing and business development activities effectively, properly or at reasonable costs, which may have a negative impact on our business operations.

We invest resources from time to time in a variety of marketing, business development and brand promotion efforts designed to enhance our brand recognition and increase sales of our solutions. We incurred selling and marketing costs of RMB74.2 million, RMB56.4 million and RMB61.0 million in 2023, 2024 and 2025, respectively. However, our brand promotion, marketing and business development activities may not be well received and may not result in the levels of sales that we anticipate. Meanwhile, marketing and business development approaches and tools in the healthcare AI market in China are continually evolving, which may further require us to enhance our marketing and business development approaches and experiment with new marketing and business development methods to keep pace with industry developments and client preferences. Failure to refine our existing marketing and business development approaches or to introduce new marketing and business development approaches in a cost-effective manner could reduce our market share and materially and adversely affect our financial condition, results of operations and profitability.

Our financial results may be adversely affected if we underprice our products and solutions in our agreements with customers, overrun our cost estimates or fail to convert out-of-scope work or excessive costs into pricing term amendments.

Our pricing considers a combination of factors including industry competition, market demand, relevant cost, technology advancements, brand reputation and customer and client service. For individual sales agreements, the pricing would factor in the requirements of products or solutions. In a bidding process, we must submit our bid with pricing terms specified, which is not permitted to be changed through secondary negotiation after the bidding result is announced. If we initially underprice our solutions or otherwise overrun our cost estimates, we may not be able to recover our excessive costs. We cannot be sure that we will be able to reach an amendment to the pricing terms in a timely manner without incurring substantial legal and administration costs, or at all. If any of the foregoing occurs, our profit margin, results of operations, financial condition and cash flows may be adversely affected.

Any loss or deterioration of our relationships with our important customers may materially and adversely affect our business, financial condition and prospects.

We derive a substantial portion of our revenues from a few large customers. Our top five customers accounted for 29.1%, 23.7% and 21.3% of our total revenues for the fiscal years ended December 31, 2023, 2024 and 2025, respectively. We have one, nil and nil customers that accounted for more than 10% of our total revenues in the fiscal years ended December 31, 2023, 2024 and 2025, respectively. If any large customer decreases its contract amount or terminates its relationship with us, our business, results of operations and financial condition could be harmed. In addition, our large customers concentrated in the medical institutions in the Track Record Period and may continue to be so in the foreseeable future. In light of the highly regulated nature of the healthcare AI industry, especially business involving healthcare data, and the evolving policy and regulatory environment in this regard, our agreements with large customers usually allow them to terminate the agreement without liability in case of change of policies requiring the termination or if the termination is upon order by regulatory authorities. If any such policy or order is made, we will lose the anticipated revenues and may not be able to recover the advanced costs. Moreover, a large number of our sales agreements, if not all, may be impacted and a substantial part of our revenue streams may be blanked out if such policy or order is made by the highest regulatory authorities.

RISKS RELATING TO OUR FINANCIAL POSITION

We have incurred net losses, net liabilities, net current liabilities and net operating cash outflow in the past and may not be able to achieve or maintain profitability, net assets or net operating cash inflow in the foreseeable future.

We incurred net losses in the Track Record Period. In 2023, 2024 and 2025, we reported a loss for the year of RMB352.1 million, RMB206.9 million and RMB234.2 million, respectively. These losses reflect the substantial investments we made to grow our business, including development of our data analytics, machine learning and other AI capabilities, improvement of our technology infrastructure, commercialization of our solutions and our sales and marketing efforts. We cannot assure you that we will be able to generate net profits in the future.

We expect to continue to make significant future expenditures related to the continuous development and expansion of our business, including:

- investments in our research and development team and in the development of new services and solutions and enhancement of our services and solutions;
- investments in sales and marketing, including expanding our sales force, enlarging our customer base and promoting market awareness of our services and solutions;
- expanding our operations and infrastructure, including internationally; and
- incurring costs associated with general administration, including legal, accounting and other expenses related to being a public company.

As a result of these significant expenses, we will have to generate sufficient revenue to be profitable in future periods. Even if we achieve profitability in the future, we may not be able to sustain or increase profitability in subsequent periods. If we fail to achieve, sustain or increase profitability, our business and results of operations could be adversely affected.

We incurred net liabilities as of December 31, 2023, 2024 and 2025. Net liabilities (or deficiency in assets) position can expose us to the risk of shortfalls in liquidity. This in turn would require us to undertake additional equity financing, which could result in dilution of your equity interests, or to seek debt financing, which may not be available on terms favorable or commercially reasonable to us or at all. Any difficulty or failure to meet our liquidity needs as and when needed can have a material adverse effect on our prospects.

We had net current liabilities of RMB1,889.8 million as of December 31, 2025. There can be no assurance that we will not experience liquidity problems in the future. If we fail to generate sufficient revenue from our operations, or if we fail to maintain sufficient cash and financing, we may not have sufficient cash flows to fund our business, operations and capital expenditure and our business and financial position will be adversely affected.

Net cash used in our operating activities was RMB148.6 million, RMB82.4 million and RMB7.5 million in 2023, 2024 and 2025, respectively. We cannot guarantee that we will be able to have net cash inflows from our operating activities for the foreseeable future. If we are unable to maintain adequate working capital, we may default on our payment obligations and may not be able to meet our capital expenditure requirements, which may have a material adverse effect on our business, financial condition and results of operations.

If we fail to collect contract assets and accounts receivables from our customers in a timely manner, our business, results of operations and financial condition may be materially and adversely affected.

As of December 31, 2023, 2024 and 2025, our trade and other receivables were RMB105.3 million, RMB172.2 million and RMB203.4 million, respectively. We recorded impairment loss on trade receivables and contract assets of RMB10.9 million, RMB8.4 million and RMB17.9 million as of the same dates, respectively. If any of our customers' cash flow, working capital, financial condition or results of operations deteriorates, it may be unable, or it may otherwise be unwilling, to pay trade and other receivables owed to us promptly or at all, which may materially and adversely affect our business, financial conditions and results of operations.

Our financial assets at FVPL are subject to uncertainties in accounting estimates. Fluctuations in the changes in fair value of our financial assets measured at FVPL would affect our financial results.

Our financial assets at fair value through profit or loss, or financial assets at FVPL, consist of wealth management products purchased from banks and financial institutions in the PRC. As of December 31, 2023, 2024 and 2025, our financial assets at FVPL were RMB10.0 million, nil and RMB3.0 million, respectively. Estimated changes in fair values involve the exercise of professional judgment and the use of certain bases and assumptions, which, by their nature, are subjective and uncertain. As such, the financial assets valuation has been, and will continue to be, subject to uncertainties in accounting estimation, which may not reflect actual fair value of these financial assets and result in significant fluctuations in profit or loss. To the extent we need to revalue these financial assets, any change in fair value and related valuation uncertainty could materially affect our financial condition and results of operations.

Impairment of goodwill and other intangible assets could materially and adversely affect our financial condition and results of operations.

We recorded intangible assets and goodwill of RMB46.2 million, RMB39.9 million and RMB28.0 million as of December 31, 2023, 2024 and 2025, respectively. As of the same dates, we recorded goodwill of RMB18.9 million, RMB18.9 million and RMB18.9 million, respectively. We carry out our impairment test on goodwill by comparing the recoverable amounts of CGUs to the carrying amount. The impairment reviews of the goodwill arising from the acquisition of Yilianwang and Mukang in 2022 has been conducted by our management at the end of each year during the Track Record Period. As a result, we recognized goodwill impairment loss of RMB57.1 million, nil and nil in 2023, 2024 and 2025, respectively. For details, see "Financial Information — Material Accounting Policies and Estimates — Goodwill." Impairment of some or all of the remaining goodwill on our consolidated balance sheets could have a material adverse effect on our profitability. An impairment of goodwill and other intangible assets may have a material adverse effect on our financial condition and results of operations. For more information on our goodwill and other intangible assets, see "Financial Information."

We may need additional capital and may not be able to obtain it in a timely manner or on commercially acceptable terms, or at all.

In order to further expand our presence, develop new services, undertake desirable acquisitions and remain competitive, we may require additional capital. We expect to satisfy the capital commitments using part of the net [**REDACTED**] from the [**REDACTED**], cash at hand and bank facilities available to us. Financing may be unavailable in amounts or on terms acceptable to us. Our ability to obtain additional capital is subject to a variety of uncertainties, including our future financial condition, results of operations and cash flows, general market conditions for capital-raising activities, and economic, political and other conditions in the jurisdictions where we operate. Any failure to raise sufficient additional capital to meet our capital requirements may materially and adversely affect our business, financial condition and results of operations.

We are exposed to risks of obsolete and slow-moving inventory which may adversely impact our cash flow and liquidity.

Our inventories include contract fulfillment costs and procured hardware and software. Adequate inventory level is subject to numerous uncertainties, including current project progress, our level of success in securing new projects and other factors beyond our control. We recorded inventories and other contract costs of RMB109.4 million, RMB99.7 million and RMB44.9 million as of December 31, 2023, 2024 and 2025, respectively. If we fail to manage our inventory levels effectively, we may be subject to a heightened risk of inventory obsolescence, a decline in the value of inventories, and potential inventory write-downs or write-offs. Procuring additional inventories may also require us to commit substantial working capital, preventing us from using such capital for other purposes. Any of the foregoing may materially and adversely affect our results of operations and financial condition.

The discontinuation of any of the government incentives or preferential tax treatment currently available to us could adversely affect our financial condition, results of operations and prospects.

During the Track Record Period, we recorded government grants, as a component of our other net income, of RMB10.0 million, RMB8.6 million and RMB5.8 million in 2023, 2024 and 2025, respectively. As the determination and granting of subsidies are subject to the discretion of the government under the law and are non-recurring in nature, we cannot assure you that we will continue to receive government grants at the same level or at all, in which case our business, financial condition and result of operations may be materially and adversely affected.

For a qualified high and new technology enterprise, the applicable enterprise income tax rate is 15%. The high and new technology enterprise qualification is re-assessed by the relevant authorities every three years. During the Track Record Period, we and certain of our subsidiaries were qualified as high and new technology enterprise and therefore were entitled to a preferential income tax rate of 15%. If we or our respective subsidiaries fail to maintain required qualifications under the relevant PRC laws and regulations, our applicable enterprise income tax rates may increase to up to 25%, which could have a material adverse effect on our results of operations.

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

If we fail to obtain and maintain the requisite licenses, permits and approvals applicable to our business, or fail to obtain additional licenses that become necessary as a result of new enactment or promulgation of laws and regulations or the expansion of our business, our business and results of operations may be materially and adversely affected.

The healthcare AI industry in China is highly regulated and requires multiple licenses, permits, filings and approvals to conduct and develop business. As of the Latest Practicable Date, we have obtained all licenses material to our business. Some of the licenses we hold are subject to periodic renewal. If we fail to maintain or renew one or more of our licenses and certificates when their current term expires, or obtain such renewals in a timely manner, our operations could be disrupted. In addition, under relevant PRC laws and regulations, we are required to update certain licenses if any change to our name, registered capital, legal representative or other operation content or business operation method during the validity period of such license. If we fail to properly renew and maintain these requisite licenses on time, we may face penalties and in extreme circumstances, order to suspend or terminate our business. Due to the evolvement of interpretation and implementation of existing laws and the adoption of relevant laws and regulations, the licenses we held may be deemed insufficient by PRC governments, which may restrain our ability to expand our business scope and may subject us to fines or other regulatory actions. Furthermore, as we develop and expand our business scope, we may need to obtain additional permits and licenses and we cannot assure that we will be able to obtain such permits on time or at all.

Healthcare AI industry is subject to extensive and evolving regulatory requirements. Non-compliance with the requirements or changes in the requirements may materially and adversely affect our business and prospects.

The healthcare AI industry is evolving and we may experience a strengthened regulatory environment along with rapid industry evolution. See "Regulatory Overview — Regulations Relating to Cyber Security, Information Security, Privacy and Data Protection." Our business is subject to governmental supervision and regulation by various PRC governmental authorities, including, but not limited to, the MOFCOM, the Ministry of Industry and Information Technology, or the MIIT, the CFDA, the SAIC, the Cyberspace Administration of China and the corresponding local regulatory authorities. Uncertainties exist regarding the interpretation and implementation of existing and future laws, regulations and policies governing our business activities. We cannot assure you that we will not be found in violation of any current or future laws, regulations and policies due to changes in the authorities' interpretation. In addition, we are committed to the research, development and promotion of AI clinic, but regulatory attitudes toward this solution remain uncertain across jurisdictions worldwide. If restrictive policies are introduced, our business may be materially and adversely affected. If we fail to complete, obtain or maintain any of the requirements or make the necessary filings in any of the jurisdictions where we operate our business, we may be subject to various penalties, which may disrupt our business operations and materially and adversely affect our business, financial condition and results of operations.

In addition, as we pursue overseas business expansion, we may face challenges in understanding and complying with AI-related legal and regulatory requirements across different jurisdictions that may be enacted in the future. Both AI technologies and relevant laws and regulations are rapidly evolving, which is expected to bring uncertainties to our overseas business and may further impact our operations.

Failure to comply with or adapt to changes in data protection, privacy and similar laws in China and other jurisdictions on data collection restriction could materially and adversely harm our business.

Our solutions are designed to be deployed and run entirely within our hospital clients' on-premises environments. Although we generally do not take custody of, download or otherwise remove any patient-level data from a hospital's internal network, our solutions interface with, and operate on, large volumes of highly sensitive medical, financial and administrative information that belong to the hospital. As a result, we face substantially the same regulatory, contractual and reputational risks as if we were directly collecting or storing such data ourselves. Once deployed, the system we provide to clients (i) connect to dozens of hospital information systems, (ii) cleanse, normalize and label multi-modal clinical and operational data, and (iii) generate analytics or AI-driven recommendations that hospitals rely upon for clinical, research and management purposes. In performing these functions, we face a number of challenges and risks, including:

- protecting the data in and hosted on our system, including against attacks on our system by external parties or misbehavior by our employees;
- addressing concerns related to privacy, security and other factors; and
- complying with applicable laws, rules and regulations relating to the collection, storage, use, transfer, disclosure and security of personal information, including any requests from regulatory and government authorities relating to such data.

In particular, although we do not process data from our clients on our local servers, if we fail to secure our clients' identity and protect their identity-specific data, these data may be misused, our clients may be vulnerable to harassments, and their assets may also be put at risk due to data leakages. As a result, we may be held liable for these incidents, and our clients may feel insecure and cease to use our products and solutions. In addition, any system or technological failure or compromise of our technology system that results in loss of, unauthorized access to or release of any data collected or stored in connection with providing our products and solutions could significantly harm our reputation and/or result in litigation, regulatory investigations and penalties against us.

We are subject to various data privacy and protections laws and regulations in China. For details, please see "Regulatory Overview — Regulations Relating to Cyber Security, Information Security, Privacy and Data Protection." We may have to spend significant time and resources to ensure full compliance with relevant privacy and protections laws and regulations, which could increase our operating cost. Besides, we cannot guarantee the effectiveness of these policies and measures undertaken by us on our solutions. Any failure or perceived failure of our business partners to comply with all applicable data privacy and protection laws and regulations, or any failure or perceived failure of our employees to comply with our internal control measures, may result in negative publicity and legal proceedings or regulatory actions against us, and could result in fines, administrative penalties or other liabilities, which may in turn damage our reputation, discourage clients from using our services, and could have a material adverse effect on our business and results of operations.

Furthermore, the regulatory and enforcement regime with regard to data security and data protection may continue to evolve. For example, on June 10, 2021, the Standing Committee of the National People's Congress of China promulgated the Data Security Law of the PRC (《中華人民共和國數據安全法》), or the Data Security Law, which became effective in September 2021. On August 20, 2021, the Standing Committee of the National People's Congress of China promulgated the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》). For more details, please see "Regulatory Overview — Regulations Relating to Cyber Security, Information Security, Privacy and Data Protection." These newly enacted laws further provides for data security and privacy obligations on entities and individuals carrying out data processing activities and grant individuals rights in the processing of their personal information. We expect that data security and protection will continue to receive significant public attention and scrutiny from regulators going forward, which could increase our compliance costs and subject us to heightened risks and challenges associated with data security and protection. If we are unable to manage these risks, we could become subject to penalties, fines, suspension of business and revocation of required licenses, and our reputation and results of operations could be materially and adversely affected.

In addition, new legal and regulatory developments may affect how we design our IT systems and how we operate our business. For example, on July 10, 2023, the Cyberspace Administration of China, or the CAC, consented by the National Development and Reform Commission, or the NDRC, the Ministry of Education, the Ministry of Science and Technology, MIIT, the Ministry of Public Security, and the National Radio and Television Administration, promulgated the Provisional Administrative Measures for Generative Artificial Intelligence Services (《生成式人工智能服務管理暫行辦法》), or the AIGC Services Measures, effective on August 15, 2023. The AIGC Services Measures impose compliance requirements on providers of generative AI services to the general public within the territory of the PRC. The AIGC Services Measures provide, among other things, that the provider of generative AI services of text, image, audio or video to the general public shall (i) assume the responsibilities as the producers of the AI-generated content thereon, and (ii) any provider of generative AI services with attribute of public opinions or capable of social mobilization shall conduct security assessment in accordance with the relevant regulations, and complete the formalities for algorithm filing, change or deregistration in accordance with the Provisions on the Administration of Algorithm-generated Recommendations for Internet Information Services (《互聯網信息服務算法推薦管理規定》). In the course of our business operations, we exclusively provide intelligent AI solutions to our customers and, leveraging our data middle platform, deliver AI products for clinical, research, and operations management applications. However, the AIGC Services Measures do not state what constitutes "general public." Although we do not directly provide any AIGC products, technologies or services to users within the PRC, as AIGC is a relatively novel technology, we cannot assure you that our use of AIGC technologies will not be subject to any new regulations in the future. Our Directors believe that, based on the view of Grandall, our PRC data legal adviser and since we strictly limit our application of AIGC products and technologies to internal usage and do not directly provide any AIGC products, technologies, or services to users within the territory of Chinese mainland, the AIGC Service Measures are not applicable to us during the Track Record Period and up to the Latest Practicable Date. In addition, our PRC data legal adviser is of the view that we are not required to file for record our algorithms with the CAC. However, we cannot assure you that the contents generated by our AIGC technologies will not be deemed as identical or similar to pre-existing works and hence, subject us to lawsuits for infringement on intellectual property rights.

On July 27, 2021, the Supreme People's Court issued the Provisions on Several Issues Concerning the Application of Law in the Trial of Civil Cases Involving the Use of Face Recognition Technologies to Process Personal Information (《關於審理使用人臉識別技術處理個人信息相關民事案件適用法律若干問題的規定》), or the Face Recognition Provisions. The Face Recognition Provisions apply to civil disputes arising from the use of face recognition technology to deal with facial information between equal civil subjects. The Face Recognition Provisions clarify the nature and responsibilities of the abuse of face recognition technologies to process facial information. To process the facial information of a natural person, the separate consent of such natural person or his/her guardian must be obtained. Any violation of individual consent, or forcing or de facto forcing of a natural person to consent to the processing of facial information constitutes an infringement of the personal rights and interests of natural persons. The Face Recognition Provisions further stipulate that if the information processor enters into a contract with a natural person using boilerplate terms that would require such natural person to grant the processor an indefinite right to process his/her human facial information, or that such terms are irrevocable or would permit the information processor to assign the right to process such facial information, and if the natural person claims to confirm that the boilerplate terms are invalid, the People's Court shall support such claim pursuant to the law. Based on the legal opinion on data compliance matters issued by Grandall, our PRC data legal adviser, our business operations do not involve the collection, use or storage of data including facial information, and do not involve disputes under the Face Recognition Provisions and as such, the Face Recognition Provisions are not applicable to us during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, we were not aware of any material matter that was not in compliance with the relevant laws and regulations as mentioned above.

Failure to make full contribution to social insurance and housing provident funds for our employees in accordance with relevant PRC laws and regulations may subject us to penalties.

We are required by PRC labor laws and regulations to pay various statutory employee benefits, including pensions insurance, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance and housing fund, to designated government agencies for the benefit of our employees. See "Regulatory Overview — Regulations Relating to Employment and Social Welfare" for details. Failure to make full contribution to social insurance and housing provident funds for our employees in accordance with relevant PRC laws and regulations may subject us to penalties.

Furthermore, the Interpretation II of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), or the New Judicial Interpretation, was enacted by the Supreme People's Court on July 31, 2025 and effective as of September 1, 2025. According to the New Judicial Interpretation, if the employer and its employee agree or the employee undertakes that social insurance contributions need not be paid, the People's Court shall deem such agreement or undertaking invalid. Furthermore, where the employer fails to pay social insurance contributions in accordance with the applicable laws, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to the Labor Contract Law of the PRC, the People's Court shall support such claims. See "Regulatory Overview — Regulations Relating to Employment and Social Welfare" for details. According to our PRC Legal Adviser's understanding of PRC laws and regulations, this provision generally applies to situations where the employer has completely failed to make social insurance contributions for the employees. In cases where contributions have been made but the contribution base is insufficient, the likelihood of the People's Court upholding the employee's claim is relatively low. While certain domestic subsidiaries did not make full social insurance contributions for certain employees during the Track Record Period, we have made social insurance contributions for all employees, and there have been no agreements with, or commitments from, employees waiving the social insurance contributions. As of the Latest Practicable Date, none of our domestic subsidiaries have received any notices from the relevant authorities regarding complaints by employees concerning the social insurance contributions, nor have there been any penalties imposed by the relevant authorities or orders to make retroactive payments. Therefore, we believe the New Judicial Interpretation will not have a material adverse effect on our operations or financial condition.

During the Track Record Period, we did not make full contributions to social insurance and housing provident funds for some of our employees with the relevant social insurance or housing provident funds authorities in the PRC. For more details, see "Business — Employees." Moreover, we cannot assure you that any new laws and regulations or any changes in the implementation of the existing laws and regulations will not require us to pay any contribution shortfall or impose late payment penalties on us retroactively, thereby adversely affecting our financial condition and results of operations.

Any failure to comply with anti-corruption and anti-bribery laws of China and other jurisdictions could subject us to penalties and other adverse effects.

Our business involves large volume of business solicitations and development activities targeting hospitals and companies in the private sector, which may expose us to potential risk of violation by our employees and agents of anti-corruption and anti-bribery laws of China and other jurisdictions. In addition, there have been recent regulatory and governance developments in relation to the physician payment transparency, anti-kickback and other anti-corruption issues across the healthcare sector in China. For details of laws and regulations of China related to anti-corruption and anti-bribery, please see "Regulatory Overview — Regulations on Anti-Unfair Competition." Any wrongdoings committed by our employees, even if committed without our knowledge or in violation of our policies, or any bad practice in terms of record keeping of the spending by our employees during the business development process, could subject us to anti-corruption and anti-bribery law liabilities.

We cannot assure that each of our employees is able to strictly follow our guidance on compliance with anti-corruption and anti-bribery laws and regulations or, in situations not covered by the guidance, could use a good judgment as to the dos and don'ts. Any violations of these anti-corruption laws by our employees, or even allegations of such violations, can lead to an investigation and/or enforcement action, which could disrupt our operations, involve significant management distraction, and lead to significant costs and expenses, including legal fees. If we, or our employees or agents acting on our behalf, are found to have engaged in practices that violate these laws and regulations, we could suffer severe fines and penalties, profit disgorgement, injunctions on future conduct, securities litigation, bans on transacting government business, and other consequences that may have a material adverse effect on our business, financial condition and results of operations. In addition, our brand and reputation, our sales activities or our stock price could be adversely affected if we become the subject of any negative publicity related to actual or potential violations of anti-corruption and anti-bribery laws and regulations.

We may become subject to lawsuits and liabilities which could cause us to incur significant expenses and adversely affect our business, financial condition and results of operations.

From time to time, we have become and may in the future become a party to various legal, arbitral or administrative proceedings or allegations arising in the ordinary course of our business, including breach of contract claims, employment dispute claims, and other matters whether in China or in other jurisdictions where we have business presence. We cannot accurately predict the results of such proceedings. Regardless of the outcome and merit of such proceedings, any such legal action could have an adverse impact on our business because of defense costs, negative publicity, diversion of management's attention and other factors.

In addition, it is possible that an unfavorable resolution, including any judgment or settlement subjecting us to liability, of one or more legal or administrative proceedings, whether in China or in another jurisdiction, could be time-consuming and costly to defend and distractive to our management, which could materially and adversely affect our business, financial position, results of operations or cash flows in a particular period or damage our reputation.

We involved in an arbitration with a former employee regarding the termination of certain equity incentives. In September 2025, the Shanghai Arbitration Commission (SAC) ruled in the Company's favor and confirmed the validity of the termination and such ruling is final and binding on the parties. Subsequently, such former employee filed counter-arbitration applications solely in respect of the repurchase amount for the vested portion of the relevant equity incentives with the SAC. On June 29, 2026, the SAC has issued its final rulings on the Counter-Arbitrations, pursuant to which the aggregate repurchase amount determined thereunder was approximately RMB7.40 million. See "History, Development and Corporate Structure — Arbitration with a Former Employee" for more details. Our Directors are of the view that there is no material adverse impact on our shareholding structure, business operations or financial condition in connection with the foregoing matter and accordingly, no provision is necessary.

We may be subject to fines for failure to register some of our leases.

As of the Latest Practicable Date, we had not obtained proper lease registration for four leased properties due to difficulties in securing lessor cooperation. According to our PRC Legal Adviser, the non-registration does not affect the validity of the lease contract or our legal rights under the contract. However, local housing authorities may require us to complete registration within a prescribed period, and we may face penalties ranging from RMB1,000 to RMB10,000 for each property. For details, see "Business — Properties."

We are subject to the PRC laws and regulations in respect of currency conversion.

The conversion of Renminbi into foreign currencies and in certain cases and the remittance of currency out of China shall be made in compliance with relevant PRC laws and regulations. A substantial majority of our future revenue is expected to be denominated in Renminbi and we will need to convert Renminbi into foreign currencies for the payment of dividends, if any, to holders of our H Shares. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to pay dividends or other payments, or otherwise satisfy our foreign currency denominated obligations.

Under China's current foreign exchange regulations, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from SAFE, but we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business. Approval from appropriate government authorities may be required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses in accordance with applicable PRC laws and regulations.

Any failure to comply with PRC regulations regarding our share incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

We and our directors, executive officers and other employees who are PRC citizens or who have resided in China for a continuous period of not less than one year and who have been granted restricted (H) share units, restricted (H) shares or options will be subject to the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Share Incentive Plan of Overseas Publicly Listed Company (《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) when our company becomes an overseas-[**REDACTED**] company upon the completion of the [**REDACTED**]. According to the aforementioned notice, employees, directors, supervisors and other management members participating in any (H) share incentive plan of an overseas [**REDACTED**] company who are PRC citizens or who are non-PRC citizens residing in China for a continuous period of not less than one year, subject to limited exceptions, are required to register with the SAFE or its local branches or commercial banks, through a domestic qualified agent, which could be a PRC subsidiary of such overseas [**REDACTED**] company, and complete certain other procedures.

If we implement a stock incentive plan or an option plan based on H shares after the [**REDACTED**], we will assist our employees to register their (H) share options or (H) shares. However, any failure to complete SAFE registrations may subject such employees and us to: (i) legal or administrative sanctions imposed by the SAFE or other PRC authorities, including fines; (ii) restrictions on our cross-border investment activities; (iii) limits on the ability of our wholly owned subsidiaries in China to distribute dividends or the proceeds from any reduction in capital, share transfer or liquidation to us; and (iv) prohibitions on our ability to inject additional capital into these subsidiaries. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC law for circumventing applicable foreign exchange restrictions.

We are a PRC tax resident and we are subject to PRC tax on our global income, and the dividends payable to [REDACTED] and gains on the [REDACTED] of our H Shares by our [REDACTED] are subject to PRC tax.

As a PRC-incorporated company, under applicable PRC tax laws, we are subject to a tax of up to 25% on our global income. Under applicable PRC tax laws, regulations and statutory documents, non-PRC resident individuals and enterprises are subject to different tax obligations with respect to dividends received from us or gains realized upon the [**REDACTED**] or other disposition of our H Shares. Pursuant to Circular on Some Policy Questions Concerning Individual Income Tax (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》), which was promulgated on May 13, 1999, non-PRC individuals are temporarily exempt from individual income tax on dividends and bonus income obtained from foreign-invested enterprises. Pursuant to applicable regulations, we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including HKSCC Nominees and payments through CCASS). For details, please see "Regulations Relating to Taxation — Regulations Relating to Enterprise Income Tax (the "EIT"). For details on tax obligations and special tax benefits granted to non-resident enterprises, please see "Regulations Relating to Taxation — Regulations Relating to Withholding Income Tax."

The interpretation and application of the relevant PRC tax laws by the PRC tax authorities, including whether and how individual income tax or the EIT Law on gains derived by holders of our H Shares from their disposition of our H Shares may be collected, are subject to evolvement and shall be determined in accordance with relevant laws and regulations in force at the time. If any such tax is collected, the value of our H Shares may be materially and adversely affected.

RISKS RELATING TO THE [REDACTED]

An active [REDACTED] market for our H Shares may not develop or be sustained.

Prior to the [**REDACTED**], there was no [**REDACTED**] for our H Shares. We cannot assure you that a [**REDACTED**] for our H Shares with adequate liquidity will develop and be sustained following the completion of [**REDACTED**]. In addition, the [**REDACTED**] of our H Shares may not be indicative of the [**REDACTED**] of our H Shares following the completion of the [**REDACTED**]. If an active [**REDACTED**] for our H Shares does not develop following the completion of the [**REDACTED**], the [**REDACTED**] and liquidity of our H Shares could be materially and adversely affected.

The [REDACTED] and [REDACTED] of our H Shares may be volatile, which could result in substantial losses to you.

The [**REDACTED**] 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. In particular, the business and performance and the market price of the shares of other companies engaging in similar business may affect the [**REDACTED**] and [**REDACTED**] of our Shares. In addition to market and industry factors, the [**REDACTED**] and [**REDACTED**] of our Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies [**REDACTED**] on the Hong Kong Stock Exchange with significant operations and assets in China have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in [**REDACTED**] not directly related to our performance.

You will incur immediate and significant dilution and may experience further dilution if we issue additional Shares in the future.

The [**REDACTED**] of the [**REDACTED**] is higher than the net tangible asset value per Share immediately prior to the [**REDACTED**]. Therefore, purchasers of the [**REDACTED**] in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**] consolidated net tangible asset value. There can be no assurance that if we were to immediately liquidate after the [**REDACTED**], any assets will be distributed to Shareholders after the creditors' claims. To expand our business, we may consider [**REDACTED**] and issuing additional Shares in the future. Purchasers of the [**REDACTED**] may experience dilution in the net tangible asset value per Share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time. In addition, purchasers of our H Shares may experience further dilution of their interest if the [**REDACTED**] exercise the [**REDACTED**] or if we issue additional shares in the future to raise additional capital.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute any dividends in the future.

During the Track Record Period, no dividend has been paid or declared by us. As a holding company, our ability to declare future dividends will depend on the availability of dividends, if any, received from us and our other PRC operating subsidiaries. See "Financial Information — Dividend Policy" for further details of our dividend policy. There can be no assurance that future dividends will be declared or paid. The declaration, payment and amount of any future dividends are subject to the discretion of our Directors, after taking into account our results of operations, financial condition, cash requirements and availability and other factors as they may deem relevant, and subject to the approval at Shareholders' meeting. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable.

Future [REDACTED] or perceived [REDACTED] of substantial amounts of our H Shares in the [REDACTED] could have a material adverse effect on the [REDACTED] of our H Shares and our ability to raise additional capital in the future.

The [**REDACTED**] of our H Shares could decline as a result of future [**REDACTED**] of a substantial number of our H Shares or other securities relating to our H Shares in the [**REDACTED**], or the issuance of new shares or other securities, or the perception that such [**REDACTED**] or issuances may occur. Future [**REDACTED**], or anticipated [**REDACTED**], of substantial amounts of our securities, including any future [**REDACTED**], could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution in their holdings if we [**REDACTED**] more securities in the future. New shares or shares-linked securities [**REDACTED**] by us may also confer rights and privileges that take priority over those conferred by the H Shares.

Our Controlling Shareholders have significant influence over our Company and their interests may not be aligned with the interest of our other shareholders.

Our Controlling Shareholders and our single largest group of Shareholders upon the [**REDACTED**] have significant influence over our operations and business strategies, and may have the ability to require our Group to effect corporate actions according to their own desires by virtue of their shareholding in our Group. The interests of our Controlling Shareholders may not always coincide with the best interests of other Shareholders. If the interests of any of our Controlling Shareholders conflict with the interests of other Shareholders, or if any of our Controlling Shareholders chooses to cause our business to pursue strategic objectives that conflict with the interests of other Shareholders, our Group or those other Shareholders' interests may be adversely affected as a result.

In addition, there is no guarantee that the Controlling Shareholders will not dispose of their Shares following the expiration of their respective lock-up periods after the [**REDACTED**]. We cannot predict the effect, if any, of any future [**REDACTED**] of the Shares by any of its Controlling

Shareholders, or that the availability of the Shares [**REDACTED**] by any of the Controlling Shareholders for purchase may have on the market price of the Shares. [**REDACTED**] of a substantial number of Shares by any of our Controlling Shareholders or the market perception that such [**REDACTED**] may occur could materially and adversely affect the prevailing market price of the Shares.

If securities or industry analysts do not publish research reports about our business, or if they adversely change their recommendations regarding our Shares, the market price and [REDACTED] of our Shares may decline.

The [**REDACTED**] of our Shares may be influenced by research reports that industry or securities analysts publish about us or our business. If one or more analysts who cover us downgrade our Shares or publish negative opinions about us, the market price of our Shares would likely decline regardless of the accuracy of the information. If one or more of these analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause the [**REDACTED**] or [**REDACTED**] of our Shares to decline.