江西一脈陽光集團股份有限公司

Jiangxi Rimag Group Co.,Ltd.

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code : **2522**

Global Offering

Sole Sponsor, Sole Sponsor-Overall Coordinator, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager

CITIC SECURITIES

Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

招银国际 CMB INTERNATIONAL

华泰国际 HUATAI INTERNATIONAL

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

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GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	**17,816,000 H Shares**
Number of Hong Kong Offer Shares	:	**1,782,000 H Shares (subject to adjustment)**
Number of International Offer Shares	:	**16,034,000 H Shares (subject to adjustment)**
Maximum Offer Price	:	**HK$16.80 per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	:	**RMB1.00 per H Share**
Stock code	:	**2522**

Sole Sponsor, Sole Sponsor-Overall Coordinator, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager

CITIC SECURITIES

Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

招銀国际 CMB INTERNATIONAL　　华泰国际 HUATAI INTERNATIONAL

Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager

FOSUN INTL SECURITIES

Joint Bookrunners and Joint Lead Managers

農銀國際 ABC INTERNATIONAL　中國銀河國際 CHINA GALAXY INTERNATIONAL　富途證券　ICBC 工银国际

百惠證券 PATRONS　華富建業證券 QUAM SECURITIES　浦銀國際 SPDB INTERNATIONAL

TradeGo Markets　維港國際金融 VICTORIA HARBOUR INTERNATIONAL FINANCIAL　越秀証券 YUE XIU SECURITIES　ZTSC 中泰國際

A copy of this prospectus, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display" in Appendix VII to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong. The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be fixed by agreement between the Overall Coordinators and us on the Price Determination Date. The Price Determination Date is expected to be on or around Wednesday, June 5, 2024 (Hong Kong time). The Offer Price will be not more than HK$16.80 and is currently expected to be not less than HK$14.60 per Offer Share. If, for any reason, the Offer Price is not agreed by 12:00 noon on Wednesday, June 5, 2024 (Hong Kong time) between the Overall Coordinators and us, the Global Offering will not proceed and will lapse.

Applicants for Hong Kong Offer Share may be required to pay, on application (subject to application channels), the maximum Offer Price of HK$16.80 for each Hong Kong Offer Share together with a brokerage fee of 1.0%, a SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and a Hong Kong Stock Exchange trading fee of 0.00565%, subject to refund if the Offer Price as finally determined is less than HK$16.80.

The Overall Coordinators, on behalf of the Underwriters, and with our consent may, where considered appropriate, reduce the number of Hong Kong Offer Shares and/or the indicative Offer Price range below that is stated in this prospectus (which is HK$14.60 to HK$16.80) at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Hong Kong Offer Shares and/or the indicative Offer Price range will be available on the website of our Company at www.rimag.com.cn and on the website of the Hong Kong Stock Exchange at www.hkexnews.hk. Further details are set forth in "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

We are incorporated, and all of our businesses are located, in the PRC. Potential investors should be aware of the differences in the legal, economic and financial systems between the PRC and Hong Kong and that there are different risk factors relating to investment in PRC-incorporated businesses. Potential investors should also be aware that the regulatory framework in the PRC is different from the regulatory framework in Hong Kong and should take into consideration the different market nature of the H Shares. Such differences and risk factors are set out in "Risk Factors," "Appendix IV — Summary of Principal Legal and Regulatory Provisions" and "Appendix V — Summary of Articles of Association" to this prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Overall Coordinators (on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. See "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Hong Kong Underwriting Agreement — Grounds for Termination" of this prospectus.

The Offer Shares have not been and will not be registered under the US Securities Act or any state securities law in the United States and may be offered and sold only outside the United States in an offshore transaction in accordance with Regulation S under the US Securities Act.

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this Prospectus to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk and our website at www.rimag.com.cn. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

May 30, 2024

**IMPORTANT NOTICE TO INVESTORS:
FULLY ELECTRONIC APPLICATION PROCESS**

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this Prospectus to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the "*HKEXnews > New Listings > New Listing Information*" section, and our website at www.rimag.com.cn. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

To apply for the Hong Kong Offer Shares, you may:

(1) apply online via the **HK eIPO White Form** service in the **IPO App** (which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**) or at **www.hkeipo.hk**; or

(2) apply through the **HKSCC EIPO** channel to electronically cause HKSCC Nominees to apply on your behalf by instructing your **broker** or **custodian** who is a HKSCC Participant to give **electronic application instructions** via HKSCC's FINI system.

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this prospectus are identical to the printed document as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an **intermediary**, **broker** or **agent**, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses above.

See "How to Apply for Hong Kong Offer Shares" for further details on the procedures through which you can apply for the Hong Kong Offer Shares electronically.

Your application through the **HK eIPO White Form** service or the **HKSCC EIPO** channel must be for a minimum of 500 Hong Kong Offer Shares and in one of the numbers set out in the table. If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares. If you are applying through the **HKSCC EIPO** channel, you are required to prefund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

No. of Hong Kong Offer Shares applied for	Maximum Amount payable[(2)] on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable[(2)] on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable[(2)] on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable[(2)] on application/ successful allotment
	HK$		*HK$*		*HK$*		*HK$*
500	8,484.71	8,000	135,755.42	70,000	1,187,859.95	600,000	10,181,656.80
1,000	16,969.43	9,000	152,724.85	80,000	1,357,554.25	700,000	11,878,599.60
1,500	25,454.14	10,000	169,694.28	90,000	1,527,248.52	800,000	13,575,542.40
2,000	33,938.86	15,000	254,541.42	100,000	1,696,942.80	891,000[(1)]	15,119,760.35
2,500	42,423.56	20,000	339,388.55	150,000	2,545,414.20		
3,000	50,908.29	25,000	424,235.70	200,000	3,393,885.60		
3,500	59,393.00	30,000	509,082.85	250,000	4,242,357.00		
4,000	67,877.71	35,000	593,929.98	300,000	5,090,828.40		
4,500	76,362.42	40,000	678,777.12	350,000	5,939,299.80		
5,000	84,847.15	45,000	763,624.25	400,000	6,787,771.20		
6,000	101,816.57	50,000	848,471.40	450,000	7,636,242.60		
7,000	118,786.00	60,000	1,018,165.68	500,000	8,484,714.00		

(1) Maximum number of Hong Kong Offer Shares you may apply for and this is 50% of the Hong Kong Offer Shares initially offered.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** Service Provider) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the Stock Exchange (in the case of the SFC transaction levy and the AFRC transaction levy, collected by the Stock Exchange on behalf of the SFC and the AFRC, respectively).

No application for any other number of the Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published on the websites of the Stock Exchange at ***www.hkexnews.hk*** *and our Company at* ***www.rimag.com.cn****.*

Hong Kong Public Offering commences	9:00 a.m. on Thursday, May 30, 2024
Latest time for completing electronic applications under the **HK eIPO White Form** service through one of the below ways[2]:	
(1) the **IPO App**, which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**; or	
(2) the designated website at **www.hkeipo.hk**	11:30 a.m. on Tuesday, June 4, 2024
Application lists for the Hong Kong Public Offering open[3]	11:45 a.m. on Tuesday, June 4, 2024
Latest time for (a) completing payment for the **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (b) giving **electronic application instructions** to HKSCC[4]	12:00 noon on Tuesday, June 4, 2024
If you are instructing your broker or custodian who is a HKSCC Participant to give **electronic application instructions** via HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.	
Application lists for the Hong Kong Public Offering close[3]	12:00 noon on Tuesday, June 4, 2024
Expected Price Determination Date[5]	Wednesday, June 5, 2024

Announcement of the final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of the Hong Kong Offer Shares to be published on the website of our Company at **www.rimag.com.cn** and the website of the Stock Exchange at **www.hkexnews.hk** on or before[6] . . . . Thursday, June 6, 2024

Results of allocations in the Hong Kong Public Offering to be available through a variety of channels as described in the section headed "How to Apply for Hong Kong Offer Shares — B. Publication of Results" in this prospectus from . . . . Thursday, June 6, 2024

Results of allocations in the Hong Kong Public Offering will be available at the "IPO Results" function in the **IPO App** or at **www.tricor.com.hk/ipo/result** or **www.hkeipo.hk/IPOResult** with a "search by ID" function from[4] . . . . Thursday, June 6, 2024

Dispatch of H Share certificates or deposit of the H Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before[7] . . . . Thursday, June 6, 2024

Dispatch of **HK eIPO White Form** e-Auto Refund payment instructions/refund checks on or before[7] . . . . Friday, June 7, 2024

Dealings in the H Shares on the Stock Exchange expected to commence at . . . . 9:00 a.m. on Friday, June 7, 2024

Notes:

(1) All dates and times refer to Hong Kong dates and times.

(2) You will not be permitted to submit your application under the **HK eIPO White Form** service through the **IPO App** or the designated website at **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the **IPO App** or the

designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of the application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is a "black" rainstorm warning signal, a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, June 4, 2024, the application lists will not open and close on that day. See the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via HKSCC's FINI system should refer to the section headed "How to Apply for Hong Kong Offer Shares — 2. Application Channels" in this prospectus.

(5) The Price Determination Date is expected to be on or about Wednesday, June 5, 2024, and in any event, not later than 12:00 noon on Wednesday, June 5, 2024. If, for any reason, the Offer Price is not agreed between the Overall Coordinators and us on or before 12:00 noon on Wednesday, June 5, 2024, the Global Offering will not proceed and will lapse.

(6) None of the websites or any of the information contained on the websites forms part of this prospectus.

(7) The H Share certificates will only become valid evidence of title at 8:00 a.m. on the Listing Date, which is expected to be Friday, June 7, 2024, provided that the Global Offering has become unconditional in all respects at or before that time. Investors who trade H Shares on the basis of publicly available allocation details or prior to the receipt of the H Share certificates or prior to the H Share certificates becoming valid evidence of title do so entirely at their own risk.

e-Auto Refund payment instructions/refund checks will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and in respect of successful applicants in the event that the final Offer Price is less than the price payable per Offer Share on application.

The above expected timetable is a summary only. For details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, see "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares", respectively.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such a case, our Company will make an announcement as soon as practicable thereafter.

IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

This prospectus is issued by our Company solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to subscribe for or buy any security other than the Hong Kong Offer Shares. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer to subscribe for or buy any security in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not included in this prospectus must not be relied on by you as having been authorized by us, the Sole Sponsor, the Sole Sponsor-Overall Coordinator, the Overall Coordinators, the Capital Market Intermediaries, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors or advisors, or any other person or party involved in the Global Offering. Information contained on our website, located at ***www.rimag.com.cn****, does not form part of this prospectus.*

Page

CONTENTS

CONTENTS

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the risks in investing in the Offer Shares are set out in "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

Overview

We are a leading medical group specialized in medical imaging in China. According to Frost & Sullivan, the PRC third-party medical imaging center market is still at the ramp-up stage with a relatively late start in comparison with that in developed countries, and it accounted for approximately 1.1% of the PRC medical imaging service market in 2023. In 2023, we ranked first among all PRC third-party medical imaging center operators in terms of the number of medical imaging centers in the network, number of units of equipment, number of registrations by practicing radiologists who are registered with us as the primary workplace, average daily screening volume and fees paid by patients; and in terms of revenue generated from imaging center services in 2023, we ranked second among all PRC third-party medical imaging center operators, according to Frost & Sullivan. See "Industry Overview — Competitive Landscape." We mainly compete in the PRC third-party medical imaging center market, a fast-growing segment whose market size grew at a CAGR of 29.0% from 2018 to 2023 and is expected to grow with a CAGR of 33.5% from 2023 to 2026, far exceeding that of 12.9% and 14.3% of the PRC medical imaging service market during the same periods, respectively. We are also the only operator and manager of a medical imaging platform that provides diversified imaging services and value to the entire medical imaging industry chain in China, as the other four players among top five players (in terms of fees paid by patients) in the PRC third-party medical imaging center market do not concurrently provide solutions and services comparable to our imaging solution services and Rimag Cloud services, according to the same source.

We generate revenue mainly through the following medical imaging services and solutions:

- ***Imaging Center Services.*** We offer imaging examination and diagnostic services to patients and other healthcare consumers via our flagship imaging centers, such as MRI, CT, PET, X-ray, ultrasound and mammography. In addition, we provide medical institutions with services such as medical imaging service, equipment selection and configuration, infrastructure renovation services and operational management services based on their needs through our regional collaborative imaging centers, specialized medical consortium imaging centers and operational management imaging centers, and charge the medical institutions a service fee based on the content of the services provided.

- ***Imaging Solution Services.*** We commenced the provision of imaging solution services to customers in 2019. Our imaging solution services mainly help medical institution customers, such as hospitals, select and acquire appropriate imaging equipment that meets their development needs, and a series of accompanying modular solutions to maximize the utility value of imaging equipment. We are entitled to receive payment based on the medical imaging equipment and/or our modular services and solutions for factors including the market prices of imaging equipment we help select for customers, the content and number of service modules chosen by our customers, our costs in providing the relevant solutions and length of service term.

- ***Rimag Cloud Services.*** We have continually invested in and developed our Rimag Cloud platform to bolster the development of our imaging center services business, informatization management and data-driven operations. In 2018, as our products and services continued to mature, we commercialized our Rimag Cloud services and offered such services under our Rimag brand to the PRC medical imaging industry. We authorize customers to use our Rimag Cloud platform or some of its modules, and provide follow-up data storage, data analysis and other services and we charge customers service fees based on storage volume and number of usage instances, or fixed annual fees, among other things. Customers can also choose one-time purchases of software according to their resources and capacity, and we charge customers a one-time fee per software sale.

The following table sets forth a breakdown of our revenue by business line for the years indicated:

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	(RMB in thousand, except for percentages)					
Imaging center services	442,312	74.7	497,743	63.4	638,074	68.7
Imaging solution services	139,252	23.5	269,589	34.4	278,372	30.0
Rimag Cloud services	10,449	1.8	17,112	2.2	12,468	1.3
Total	**592,013**	**100.0**	**784,444**	**100.0**	**928,914**	**100.0**

During the Track Record Period, we have generated the majority of our revenue from provision of imaging center services. We have taken an approach to establish and operate a medical imaging center network and explore service models under the hierarchical diagnosis and treatment system in China with the aim to promote the extension of quality medical resources to the primary healthcare system and balance the distribution of such resources in line with favorable policies and industry trends since our inception in 2014. See "— Competitive Landscape." Covering 17 provinces, autonomous regions and municipalities and spanning first- and second-tier cities to 59 county-level divisions, our medical imaging center network consisted of 97 imaging centers, including: (i) nine flagship imaging centers; (ii) 24 regional collaborative imaging centers; (iii) 50 specialized medical consortium imaging centers; and (iv) 14 operational management imaging centers as of December 31, 2023. We uphold the concept of "clinically targeted imaging services" throughout the establishment, management and operation of our medical imaging center network with advanced imaging equipment, quality professional team, standard operating procedure ("**SOP**") system and personnel training system to ensure quality and consistent delivery of services.

Through operating imaging centers owned by us and providing operational management services to other imaging centers, we have accumulated and maintained solid service capabilities in medical imaging. After rapid business expansion, we have realized the scale advantage in operating imaging centers and established a leading position in the PRC third-party medical imaging center industry. Benefiting from the increasing demand from patients for medical imaging examination and diagnosis and favorable government policies, the PRC third-party medical imaging center market has been steadily developing in recent years and is expected to further expand. According to Frost & Sullivan, the size of this market by revenue grew from RMB0.8 billion in 2018 to RMB2.9 billion in 2023, at a CAGR of 29.0%, despite the impact of the COVID-19 pandemic during the Track Record Period and is expected to reach RMB18.6 billion in 2030, growing at a CAGR of 30.7% from 2023 to 2030. We believe we are well positioned to capture the market potentials based on our leading position in the PRC third-party medical imaging center industry.

Our Business Network and Its Participants

We have created integrated one-stop business network centered around our imaging center services, imaging solution services and Rimag Cloud services. Our business network connects, and provides value to, the different participants in such business network, including medical institutions, patients and other healthcare consumers, radiologists and other medical professionals, imaging equipment providers, AI service providers and other participants such as universities. For a diagram that illustrates the interaction among the participants within our business network, see "Business — Our Business Network and Its Participants" in this prospectus for further details.

Our Business Model

We generated revenue primarily from: (i) imaging center services; (ii) imaging solution services; and (iii) Rimag Cloud services during the Track Record Period.

Imaging Center Services

Our imaging center services include: (i) imaging examination and diagnostic services offered at our own imaging centers, among other things; and (ii) operational management services offered to imaging centers of our business partners.

We provide the foregoing services through four types of imaging centers, namely: (i) flagship imaging centers; (ii) regional collaborative imaging centers; (iii) specialized medical consortium imaging centers; and (iv) operational management imaging centers. The following table sets forth a comparison of the four types of imaging centers:

	Flagship Imaging Centers	Regional Collaborative Imaging Centers	Specialized Medical Consortium Imaging Centers	Operational Management Imaging Centers
Geographical focus	Primarily first- and second-tier cities	Primarily third-tier cities or below and county-level divisions	Third-tier cities or below, county-level divisions or below	Third-tier cities or below, county-level divisions or below
Holder of the Medical Institution Practice License	Our Group	Our Group	Medical institutions we serve	Medical institutions we serve
Medical Liability	Our Group	Our Group	Medical institutions we serve	Medical institutions we serve
Owner	Our Group	Our Group	Medical institutions we serve	Medical institutions we serve
Medical professionals	Medical professionals hired by our Group	Medical professionals hired by our Group	Employees of medical institutions we serve	Employees of medical institutions we serve
Major type of direct customers	Individuals	Medical institutions	Medical institutions	Medical institutions
Investment in / deployment of equipment	Yes	Yes	Yes	No
Major type of services provided	Imaging examination and diagnosis services	Imaging examination and diagnosis services	Equipment deployment and infrastructure renovation, and operational management services	Operational management services
Nature of income	Service fees paid by patients or other consumers	Service fees paid by medical institutions with reference to fees paid by patients	Service fees paid by medical institutions for equipment deployment and operational management services	Service fees paid by medical institutions for operational management services
Cost splitting between our Group and medical institution customers (if any)	Our Group	Mainly our Group (primarily on center establishment, equipment furnishment and medical professionals employed)	Mainly medical institutions (primarily on center establishment and medical professionals employed) Shared by our Group (primarily on equipment furnishment for equipment deployment)	Mainly medical institutions (primarily on center establishment, equipment furnishment and medical professionals employed)

For a more detailed overview of our major business lines, see "Business — Overview." For details on pricing and payment, see "Business — Pricing and Payment — Imaging Center Services."

As of December 31, 2023, we established and managed 97 imaging centers across China. The following table sets forth the number of imaging centers by type as of the dates indicated:

	As of December 31,		
	2021	2022	2023
Flagship imaging centers	8	7	9
Regional collaborative imaging centers	25	24	24
Specialized medical consortium imaging centers	38	42	50
Operational management imaging centers	7	13	14
Total	**78**	**86**	**97**

Our revenue generated from the imaging center services was RMB442.3 million, RMB497.7 million and RMB638.1 million, respectively, in 2021, 2022 and 2023 growing at a CAGR of 20.1% from 2021 to 2023, despite the impact of the COVID-19 pandemic in the same years. The following table sets forth a breakdown of our revenue from imaging center services by type of imaging centers for the years indicated:

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	(RMB in thousand, except for percentages)					
Flagship imaging centers	103,037	23.3	102,968	20.7	133,454	20.9
Regional collaborative imaging centers	249,792	56.5	270,326	54.3	355,379	55.7
Specialized medical consortium imaging centers	76,715	17.3	89,300	17.9	109,638	17.2
Operational management imaging centers	12,768	2.9	35,149	7.1	39,603	6.2
Total	**442,312**	**100.0**	**497,743**	**100.0**	**638,074**	**100.0**

The following table sets forth the key operating data of our different types of imaging centers for the years indicated:

	Year ended December 31,		
	2021	2022	2023
Flagship imaging centers			
Revenue of flagship imaging centers *(RMB in thousand)*	103,037	102,968	133,454
Volume of examinations *(in thousand)*	163.4	190.8	248.8
Average revenue per examination *(RMB)*	630.6	539.7	536.4
Regional collaborative imaging centers			
Revenue of regional collaborative imaging centers *(RMB in thousand)*	249,792	270,326	355,379
Volume of examinations *(in thousand)*	3,364.6	3,425.5	4,224.8
Average revenue per examination *(RMB)*	74.2	78.9	84.1
Specialized medical consortium imaging centers			
Revenue of specialized medical consortium imaging centers *(RMB in thousand)*	76,715	89,300	109,638
Number of examinations *(in thousand)*	685.3	842.0	1,024.2
Average revenue per examination *(RMB)*	111.9	106.1	107.0

Note:

(1) Such operating metrics are not available for our operational management imaging centers.

See "Business — Imaging Center Services."

As of December 31, 2023, our imaging center network consisted of nine flagship imaging centers, 24 regional collaborative imaging centers, 50 specialized medical consortium imaging centers and 14 operational management imaging centers, of which 5, 24, 43 and 12 had achieved initial breakeven and nil, 11, 27 and 9 had achieved cash investment payback, respectively.

The table below sets forth the number and the average initial breakeven period of our imaging centers which had achieved initial breakeven as of December 31, 2023 by type:

	Number	Average Initial Breakeven Period
		(months)
Flagship imaging centers	5	16.2
Regional collaborative imaging centers	24	4.9
Specialized medical consortium imaging centers	43	2.1
Operational management imaging centers	12	2.7

The table below sets forth the number and the average cash investment payback period of our imaging centers which had achieved cash investment payback as of December 31, 2023 by type:

	Number	Average Cash Investment Payback Period
		(months)
Flagship imaging centers	–	–
Regional collaborative imaging centers	11	47.5
Specialized medical consortium imaging centers	27	39.1
Operational management imaging centers	9	3.8

See "Business — Imaging Center Services — Initial Breakeven Period and Cash Investment Payback Period of Our Imaging Centers."

Imaging Solution Services

We commenced the provision of imaging solution services to customers in 2019. Our imaging solution services mainly help medical institution customers, such as hospitals, select and acquire appropriate imaging equipment that meets their development needs, and a series of accompanying modular solutions to maximize the utility value of imaging equipment. We create personalized and one-stop solutions based on customers' needs to ensure that they use imaging equipment correctly and effectively, thereby improving their medical skills and capabilities to serve patients. We strive to promote the idea that "maximizing the utility value of equipment is far more important than buying high-value equipment." Customers can choose one or more service modules according to their own needs. We receive fees from customers based on the type and content of products and services provided. Our imaging solution services are centered around imaging equipment. During the Track Record Period, we provided imaging solution services to medical institution customers either directly or through intermediaries. See "Business — Sales and Marketing — Imaging Solution Services." During the Track Record Period, our imaging solution services served over 80 medical institutions.

Our imaging solution services primarily include: (i) equipment selection and configuration; (ii) infrastructure renovation services; (iii) training services; (iv) repair and maintenance services; and (v) Rimag Cloud platform-related services. See "Business — Imaging Solution Services."

We generally offer our service modules, primarily including: equipment selection and configuration services, infrastructure renovation services, and training services, as equipment-centered one-stop solution packages to our customers during the Track Record Period. Customers are also able to purchase separate service modules, such as repair and maintenance services, from us. In 2021, 2022 and 2023, we have entered into 22, 40 and 21 contracts of such equipment-centered one-stop solution packages, respectively.

The table below sets forth the contract sum range and total amount of contract sum from such equipment-centered one-stop solution packages during the years indicated:

	Year ended December 31,		
	2021	2022	2023
		(RMB in million)	
Contract sum range[1]	1.1-68.5	0.5-46.5	0.9-23.9
Total contract sum[1]	**242.3**	**361.3**	**155.5**

Note:

(1) The above information on contract sum (i) does not take into consideration contracts we have entered into for repair and maintenance services, which are usually provided independently from sales of equipment; and (ii) was based on dates of related contracts we entered into during the Track Record Period, which differs from the revenue generated by equipment-centered one-stop solution packages as we recognize revenue when transferring control of services or equipment to customers based on our accounting policies.

Rimag Cloud Services

In order to promote the sharing of resources and capabilities among the imaging centers we operate, based on our understanding of and insight into the medical imaging business, we have built a Rimag Cloud platform that supports the operation of our chain of imaging centers. The platform is designed with reference to the whole process and features step-by-step R&D in a modular manner. As of the Latest Practicable Date, we had obtained 92 software copyright certificates and two medical device registration certificates relating to the Rimag Cloud platform, and applied for four invention patents under review.

In 2018, as our products and services continued to mature, we commercialized our Rimag Cloud services and offered such services under our Rimag brand to the PRC medical imaging industry, to satisfy the strong demand for digital and intelligent information transformation from traditional information infrastructure. Our customers, mainly medical institutions of all levels, can choose our overall platform products and services, or one or several module products and services, according to their needs.

Our Rimag Cloud services help medical institutions reduce labor costs, standardize workflow procedures, and realize data-driven management, thereby improving the service capabilities of these medical institutions and the medical experience of their patients. Our Rimag Cloud platform is composed of various modules. The modules of our commercialized Rimag Cloud platform mainly include: (i) medical imaging workflow modules; and (ii) operational management modules. See "Business — Rimag Cloud Services."

Medical Professionals

Our medical professionals mainly comprise radiologists, radiologic technologists and nurses. There are generally two types of registrations by medical professionals at our own imaging centers (namely, the flagship imaging centers and regional collaborative imaging centers): (i) registrations by medical professionals who are registered with us as the primary workplace; and (ii) registrations by medical professionals who are registered at our own imaging centers through multi-site practice. As of December 31, 2021, 2022 and 2023, we had 341, 538 and 527 registrations by medical professionals who are registered with us as the primary workplace, respectively, and 183, 206 and 266 registrations by medical professionals who are registered at our own imaging centers through multi-site practice at flagship imaging centers and regional collaborative imaging centers, respectively. See "Business — Medical Professionals."

Third-Party Medical Imaging Center Licenses

As of the Latest Practicable Date, we had a total of 32 third-party medical imaging center licenses in effect in the PRC. One third-party medical imaging center license can include addresses of multiple third-party medical imaging centers, and can be utilized for operating such imaging centers, subject to regulatory approval based on reasonable business needs. As of the same date, several of our regional collaborative imaging centers shared third-party medical imaging center licenses as approved by the relevant authorities. According to the latest information on the NHC official website as of the Latest Practicable Date, there were only 163 third-party medical imaging center licenses in effect in the PRC. Among all PRC third-party medical imaging center operators, we ranked first in terms of the number of third-party medical imaging center licenses in effect held as of the same date, according to Frost & Sullivan. See "Industry Overview — The PRC Third-party Medical Imaging Center Market — Competitive Landscape."

Our Strengths

We believe the following competitive strengths have contributed to our success and distinguished us from our competitors:

- China's largest medical group specialized in medical imaging services, well-positioned in the rapidly evolving medical imaging industry in China to achieve fast growth;
- Efficient and standardized development and operational management systems that enable the rapid replication and expansion of imaging centers and revenue growth;
- Highly effective business model supported by our operational concept of "clinically targeted imaging services (影像服務臨床)" through maximizing the role and value of medical imaging in modern medical care;
- First-mover advantage in participating in setting industry standards for medical imaging services as well as technology and data service capabilities as a result of continual R&D investment; and
- Experienced management team and strong shareholder support.

See "Business — Our Strengths."

Our Strategies

Our goal is to become the foremost medical group with a focus on imaging in China and worldwide. We aim to establish a dominant medical imaging solution service platform that can efficiently integrate resources across the industry value chain and promote a thriving entrepreneurial business network. To achieve this, we plan to implement the following strategies:

- Further expand our medical imaging center network and enrich the offerings of our imaging solution services to strengthen our industry-leading position;
- Continually invest in R&D to reinforce our Rimag Cloud service capabilities and further support the rapid and effective business expansion of our medical imaging centers and imaging solution services;
- Strengthen Rimag Imaging Academy, build an effective long-term talent cultivation system, and continue to nurture and attract skilled medical imaging and managerial talents; and

- Enhance strategic cooperation with industry upstream and downstream stakeholders to continuously enhance our capabilities to integrate the medical imaging industry and coordinate an business network.

See "Business — Our Strategies."

Our Customers and Suppliers

Our customers primarily include public and private medical institutions and healthcare companies. The following table sets forth our major types of customers by business line:

Business line	Major types of customers
Imaging center services	Public and private medical institutions, and individual customers
Imaging solution services	Public and private medical institutions, and intermediaries
Rimag Cloud services	Public and private medical institutions, and healthcare companies

In each year of the Track Record Period, our five largest customers accounted for 22.4%, 25.2% and 29.2% of our total revenue, respectively. Our largest customer contributed 6.5%, 9.0% and 8.8% of our total revenue, respectively, in each year of the Track Record Period. See "Business — Our Customers."

The following table sets forth our major types of suppliers by business line:

Business line	Major types of suppliers
Imaging center services	Imaging equipment providers, and equipment import/export trading agents
Imaging solution services	Imaging equipment providers
Rimag Cloud services	Software and data storage service suppliers

In each year of the Track Record Period, our five largest suppliers accounted for 41.4%, 48.7% and 53.0% of our total purchases, respectively. Our largest supplier contributed 17.3%, 28.4% and 27.1% of our total purchases, respectively, in each year of the Track Record Period. See "Business — Our Suppliers."

Competitive Landscape

Medical imaging services are common and crucial methods and tools for clinicians to formulate a diagnosis, recommend treatment, and assess health status during physical check-ups. The efficacy and value of such services depend on a variety of factors throughout the process of medical imaging, including the performance of equipment, the proficiency of radiologic technologists, the diagnostic capabilities of radiologists, and the ability of clinicians to select accurate imaging examination procedures. Currently, in China, the role and value of medical imaging in the course of medical diagnosis and treatment have not been fully recognized, especially in the primary healthcare system. This is mainly due to the lack and uneven distribution of quality medical imaging resources (which are mainly concentrated in large public hospitals), insufficient service capabilities of imaging professionals at medical institutions of the primary healthcare system, and insufficient interaction between radiologists and clinicians.

Since 2013, the Chinese government has implemented a series of policies to encourage the development of third-party medical imaging centers through large-scale chain operation, especially through establishing third-party regional collaborative imaging centers in county-level divisions. Such initiatives have been introduced and implemented against the backdrop of the establishment of hierarchical diagnosis and treatment system to promote the extension of quality medical resources to the primary healthcare system and balancing the distribution of such resources. Such favorable policies have driven the growth of the third-party medical imaging center market in the PRC.

Our primary competitors consist of operators of third-party medical imaging centers and companies engaged in R&D of medical imaging informatization. We predict that the following sectors in China, namely, the medical imaging industry, the medical imaging service market, the third-party medical imaging center market, the medical imaging equipment solutions market, and the medical cloud imaging service market, will continue to expand in response to technological advancements, increasing health awareness, changing industry standards, and shifting consumer preferences. Therefore, we must continuously innovate to remain competitive. For further details, see “Industry Overview.”

Risk Factors

Our business operation involves certain risks and uncertainties, which are set out in “Risk Factors.” Please read that section in its entirety carefully before you decide to invest in our Offer Shares. Some of the major risks we face include: (i) We may be unable to expand effectively, which may materially and adversely affect our business, financial condition, results of operations and prospects; (ii) Opening of new imaging centers could result in fluctuations in our short-term financial performance. Newly established imaging centers may not achieve normal operation as anticipated, which could adversely affect our business, financial condition, results of operations and prospects; (iii) As a provider of imaging center services, we have close business relationships with hospitals. If any such hospital decides to terminate or not to renew our business agreements, or we are unable to enter into business agreements with more hospitals, our business, financial condition and results of operations may be negatively impacted; (iv) We operate in a highly competitive market, and if we do not compete effectively, our business, results of operations, financial condition and prospects could be harmed; and (v) With the development of market conditions and technology, we may not develop and successfully market new and advanced commercially viable services, and we may not price our new services at a favorable level, any of which would materially and adversely affect our business, financial condition and results of operations.

Principal Components of Our Consolidated Statements of Profit and Loss

The following table summarizes our results of operations for the years indicated:

	Year ended December 31,		
	2021	2022	2023
		(RMB in thousand)	
Revenue	592,013	784,444	928,914
Cost of sales	(416,825)	(547,494)	(596,317)
Gross profit	**175,188**	**236,950**	**332,597**
(Loss)/profit before income tax	**(362,660)**	**935**	**43,381**
(Loss)/profit for the year	**(381,960)**	**(15,058)**	**36,574**
Attributable to:			
Owners of the Company	(360,731)	364	44,415
Non-controlling interests	(21,229)	(15,422)	(7,841)

We experienced significant growth in revenue and gross profit during the Track Record Period. Our total revenue increased by 32.5% from RMB592.0 million in 2021 to RMB784.4 million in 2022 and further increased by 18.4% to RMB928.9 million in 2023, representing a CAGR of 25.3% from 2021 to 2023. Our gross profit increased by 35.3% from RMB175.2 million in 2021 to RMB237.0 million in 2022 and further increased by 40.4% to RMB332.6 million in 2023, representing a CAGR of 37.8% from 2021 to 2023.

Notwithstanding that we recorded profit for the year of RMB36.6 million in 2023, we had loss for the year of RMB382.0 million and RMB15.1 million in 2021 and 2022, respectively, primarily due to (i) the negative impact of the COVID-19 pandemic, which had adversely impacted our business operations and financial conditions in 2021 and 2022, (ii) all of our flagship imaging centers opened from 2018 to 2021 being at ramp-up stage of development, incurring gross loss in 2021 and 2022, (iii) the substantial amount of share-based payment expenses and interest expenses of financial instruments issued to investors, both of which we recorded in 2021, and (iv) expenses in relation to the Listing occurred in the same years. See "Risk Factors — Risks Relating to Our Business and Industry — We recorded net losses in 2021 and 2022 and we cannot ensure future profitability." and "Business — Business Sustainability."

	Year ended December 31,		
	2021	2022	2023
	(RMB in thousand)		
Non-IFRS Measures:			
EBITDA	(148,484)	203,126	252,940
Adjusted EBITDA	148,475	212,730	276,362
Adjusted net (loss)/profit	(70,821)	(5,454)	59,996

Non-IFRS Measures

To supplement our consolidated statement of profit or loss which are presented in accordance with IFRS, we also use EBITDA (non-IFRS measure), adjusted EBITDA (non-IFRS measure) and adjusted net (loss)/profit (non-IFRS measure), which are not required by, or presented in accordance with, IFRS.

We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated statement of profit or loss in the same manner as they help our management. However, our presentation of EBITDA (non-IFRS measure), adjusted EBITDA (non-IFRS measure) and adjusted net (loss)/profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool and, as such, they should not be considered in isolation from, or as substitute for analysis of, our consolidated statements of comprehensive income or financial condition as reported under IFRS. In addition, the non-IFRS measures may be defined differently from similar terms used by other companies.

There are two components to the adjusted EBITDA (non-IFRS measure) metric: (1) EBITDA (non-IFRS measure), which we define as profit/loss before income tax plus finance costs, depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of intangible assets, less finance income; and (2) adjustments to EBITDA (non-IFRS measure), which include items of share-based payments expenses and listing expenses. These reconciling items are non-cash items and do not result in cash outflow. In particular, we have derecognized financial instruments issued to investors in February 2021. We exclude listing expenses, as they arose from activities relating to the proposed Listing.

The following table reconciles our EBITDA (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) in accordance with IFRS, our profit/loss before income tax, for the years indicated:

	Year ended December 31,		
	2021	2022	2023
		(RMB in thousand)	
(Loss)/profit before income tax	**(362,660)**	**935**	**43,381**
Add: Finance costs	62,170	37,338	24,791
Add: Depreciation of property, plant and equipment	125,780	139,758	151,545
Add: Depreciation of right-of-use assets	25,790	26,808	33,156
Add: Amortization of intangible assets	1,475	3,017	3,330
Less: Finance income	(1,039)	(4,730)	(3,263)
EBITDA (non-IFRS measure)	**(148,484)**	**203,126**	**252,940**
Add: Share-based payments expenses	291,117	3,215	2,600
Add: Listing expenses	5,842	6,389	20,822
Adjusted EBITDA (non-IFRS measure)	**148,475**	**212,730**	**276,362**

We define adjusted net (loss)/profit (non-IFRS measure) as (loss)/profit for the year adjusted for items of share-based payments expenses, interest expenses of financial instruments issued to investors and listing expenses. We adjusted these items for the same reasons as stated in the discussion of adjustments to EBITDA (non-IFRS measure) above. The following table reconciles our adjusted net (loss)/profit (non-IFRS measure) in accordance with IFRS, our (loss)/profit for the year, for the years indicated:

	Year ended December 31,		
	2021	2022	2023
		(RMB in thousand)	
(Loss)/profit for the year	(381,960)	(15,058)	36,574
Add: Share-based payments expenses	291,117	3,215	2,600
Add: Interest expenses of financial instruments issued to investors	14,180	–	–
Add: Listing expenses	5,842	6,389	20,822
Adjusted net (loss)/profit (non-IFRS measure)	**(70,821)**	**(5,454)**	**59,996**

For details of the interest expenses of financial instruments issued to investors, see "Financial Information — Material Accounting Policy Information, Critical Judgements and Estimates — Financial Instruments Issued to Investors."

The following table sets forth our gross profit/loss in absolute amounts and as a percentage of revenue, or gross margins, for the years indicated:

	Year ended December 31,					
	2021		2022		2023	
	Gross profit/(loss)	Gross margin	Gross profit/(loss)	Gross margin	Gross profit/(loss)	Gross margin
	(RMB in thousand, except for percentages)					
Imaging center services	148,337	33.5	189,270	38.0	287,558	45.1
— Flagship imaging centers	(3,366)	(3.3)	(9,716)	(9.4)	15,078	11.3
— Regional collaborative imaging centers	102,637	41.1	125,111	46.3	182,908	51.5
— Specialized medical consortium imaging centers	42,704	55.7	53,828	60.3	66,518	60.7
— Operational management imaging centers	6,362	49.8	20,047	57.0	23,054	58.2
Imaging solution services	22,726	16.3	38,459	14.3	42,338	15.2
Rimag Cloud services	4,125	39.5	9,221	53.9	2,701	21.7
Total	**175,188**	**29.6**	**236,950**	**30.2**	**332,597**	**35.8**

Our gross profit margin increased from 29.6% in 2021 to 30.2% in 2022, and further increased to 35.8% in 2023, primarily due to the increase in our revenue during the Track Record Period and the economies of scale we have achieved for imaging center business due to our brand awareness, competitiveness achieved and chain-oriented development. See "Financial Information — Results of Operations."

The following table sets forth a breakdown of our cost of sales by nature for the years indicated:

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	(RMB in thousand, except for percentages)					
Trading medical equipment	115,106	27.6	228,332	41.8	228,961	38.4
Raw materials	40,677	9.8	38,185	7.0	39,714	6.7
Employee benefit expenses(1)	63,919	15.3	63,634	11.6	72,812	12.2
Depreciation of property, plant and equipment	124,314	29.8	138,273	25.3	148,776	24.9
Depreciation of right-of-use assets	20,109	4.8	19,680	3.6	25,445	4.3
Amortization of intangible assets	929	0.2	1,334	0.2	1,507	0.3
Repair and maintenance fees	30,289	7.3	38,378	7.0	53,821	9.0
Others	21,482	5.2	19,678	3.5	25,281	4.2
Total	**416,825**	**100.0**	**547,494**	**100.0**	**596,317**	**100.0**

Note:

(1) Employee benefit expenses under cost of sales include share-based payments expenses in relation to our medical professionals involved in our imaging center services, which were RMB1.0 thousand, RMB1.0 thousand and RMB1.0 thousand in 2021, 2022 and 2023, respectively.

Our cost of sales increased by 31.4% from RMB416.8 million in 2021 to RMB547.5 million in 2022 and further increased by 8.9% to RMB596.3 million in 2023. The increase was generally in line with our business growth, primarily due to (i) an increase in trading medical equipment in 2022, resulting from an increase in our purchase costs of imaging equipment, which was generally in line with our revenue growth and (ii) the continual increases in the repair and maintenance fees and depreciation of property, plant and equipment, mainly attributable to the additional fixed assets and equipment purchased for the new imaging centers opened in 2022 and 2023. The increase between 2021 and 2022 was also due to an increase in share-based payments expenses for our employees principally led by the 2021 Share Incentive Scheme. See "Financial Information — Results of Operations."

Description of Certain Components of Our Consolidated Statements of Financial Position

	As of December 31,		
	2021	2022	2023
		(RMB in thousand)	
Total non-current assets	1,207,980	1,256,179	1,258,179
Total current assets	847,752	733,239	620,479
Total assets	2,055,732	1,989,418	1,878,658
Non-controlling interests	34,102	43,569	42,487
Total non-current liabilities	384,856	276,083	227,360
Total current liabilities	367,621	397,096	316,184
Total liabilities	752,477	673,179	543,544
Net current assets(1)	480,131	336,143	304,295
Net assets(2)	1,303,255	1,316,239	1,335,114

Notes:

(1) Net current assets equal total current assets less total current liabilities as of the dates indicated.

(2) Net assets equal total assets less total liabilities as of the dates indicated.

We had net current assets of RMB304.3 million as of December 31, 2023 compared to net current assets of RMB336.1 million as of December 31, 2022, primarily due to (i) a decrease in cash and cash equivalents as we repaid some bank borrowings and borrowings to financial leasing companies, (ii) a decrease in prepayments, deposits and other receivables primarily as a result of the decrease in prepayment to suppliers, partially offset by (iii) an increase in trade receivables as a result of the increase in trade receivables due from third parties, (iv) a decrease in contract liabilities related to imaging solution services, (v) a decrease in borrowings as we repaid some bank borrowings and borrowings to financial leasing companies.

We had net current assets of RMB336.1 million as of December 31, 2022 compared to net current assets of RMB480.1 million as of December 31, 2021, primarily due to (i) a decrease in cash and cash equivalents, mainly due to an increase in repayment of debt and capital expenditures, and (ii) an increase in borrowings, mainly as a result of an increase in the balances of bank loans and borrowings from financial leasing companies to meet the needs of our business growth, partially offset by (iii) an increase in trade receivables generally in line with our business growth.

We had net assets of RMB1,335.1 million as of December 31, 2023 compared to net assets of RMB1,316.2 million as of December 31, 2022, primarily due to (i) profit for the year of RMB36.6 million, (ii) capital injection of RMB3.6 million from non-controlling interests, (iii) share-based payments for our employees of RMB2.6 million, partially offset by (iii) transactions with non-controlling interests of RMB39.7 million.

We had net assets of RMB1,316.2 million as of December 31, 2022 compared to net assets of RMB1,303.3 million as of December 31, 2021, primarily due to (i) the disposal of subsidiaries of RMB22.3 million, (ii) capital injection of RMB3.7 million, (iii) share-based payments expenses for our employees of RMB3.2 million, and partially offset by (iv) loss for the year of RMB15.1 million in 2022 and (v) dividend distribution of RMB1.2 million.

Cash Flows

	Year ended December 31,		
	2021	2022	2023
		(RMB in thousand)	
Cash generated from operations	28,008	206,598	209,768
Interest received	1,039	4,730	2,897
Income tax paid	(11,047)	(13,159)	(11,230)
Net cash generated from operating activities	**18,000**	**198,169**	**201,435**
Net cash used in investing activities	**(151,033)**	**(251,536)**	**(117,072)**
Net cash generated from/(used in) financing activities	**452,921**	**(96,446)**	**(235,722)**
Net increase/(decrease) in cash and cash equivalents	**319,888**	**(149,813)**	**(151,359)**
Cash and cash equivalents at the beginning of the year	**170,119**	**490,007**	**340,194**
Cash and cash equivalents at the end of the year	**490,007**	**340,194**	**188,835**

See "Financial Information — Liquidity and Capital Resources — Cash Flows."

Selected Financial Ratios

The following table sets forth our key financial ratios for the years or as of the dates indicated:

	Year ended December 31,		
	2021	2022	2023
		(%)	
Profitability ratios			
Gross profit margin[1]	29.6	30.2	35.8
Net (loss)/profit margin[2]	(64.5)	(1.9)	3.9
Non-IFRS measures			
Adjusted EBITDA margin (non-IFRS measure)[3]	25.1	27.1	29.8
Adjusted net (loss)/profit margin (non-IFRS measure)[4]	(12.0)	(0.7)	6.5

	As of December 31,		
	2021	2022	2023
Liquidity ratios			
Current ratio[5] *(times)*	2.31	1.85	1.96
Quick ratio[6] *(times)*	2.29	1.83	1.95
Capital adequacy ratio			
Gearing ratio[7] *(%)*	29.3[8]	26.8	15.7

Notes:

(1) Gross profit margin is calculated based on gross profit divided by revenue and multiplied by 100%.

(2) Net (loss)/profit margin is calculated based on (loss)/profit for the year divided by revenue and multiplied by 100%.

(3) Adjusted EBITDA margin (non-IFRS measure) is calculated based on adjusted EBITDA (non-IFRS measure) divided by revenue and multiplied by 100%. See “Financial Information — Principal Components of Our Consolidated Statements of Profit or Loss — Non-IFRS Measures” for a reconciliation from our loss/(profit) before income tax to EBITDA (non-IFRS measure) and adjusted EBITDA (non-IFRS measure).

(4) Adjusted net (loss)/profit margin (non-IFRS measure) is calculated based on adjusted net (loss)/profit (non-IFRS measure) divided by revenue and multiplied by 100%. See “Financial Information — Principal Components of Our Consolidated Statements of Profit or Loss — Non-IFRS Measures” for a reconciliation from our (loss)/profit for the year to adjusted net (loss)/profit (non-IFRS measure).

(5) Current ratio is calculated based on total current assets divided by total current liabilities.

(6) Quick ratio is calculated based on total current assets less inventories divided by total current liabilities.

(7) Gearing ratio is calculated based on total borrowings divided by total equity and multiplied by 100%.

(8) The higher gearing ratio in 2021 as compared to 2022 was mainly due to the lower outstanding borrowings as a result of our repayments in 2022.

Our Single Largest Shareholders

As of the Latest Practicable Date, Nanchang Rimag directly held approximately 17.4562% interest in our share capital. Mr. CHEN Zhaoyang ("**Mr. Chen**"), our chief executive officer and executive Director, serves as the sole general partner of Nanchang Rimag and therefore is also deemed to control such interest held by Nanchang Rimag in our Company. Accordingly, Mr. Chen and Nanchang Rimag were the Single Largest Shareholders of our Company as of the Latest Practicable Date. See "Directors, Supervisors, and Senior Management" of this prospectus for more information on the biographical details of Mr. Chen.

Immediately following the completion of the Global Offering and the Conversion of Unlisted Shares into H Shares, Mr. Chen and Nanchang Rimag will control an aggregate of approximately 16.58% interest in our share capital. Accordingly, Mr. Chen and Nanchang Rimag will remain as our Single Largest Shareholders, and our Company will not have any controlling shareholder upon completion of the Global Offering.

Our Pre-IPO Investors

We completed several rounds of Pre-IPO Investments since 2016. Our major Pre-IPO Investors include Beijing GS, Baishan Investment, CICC Yingrun, PICC Beijing, JD Yingzheng, and OrbiMed. See "History and Corporate Structure — Pre-IPO Investments."

Offering Statistics

The statistics in the following table are based on the assumptions that 17,816,000 Shares are issued pursuant to the Global Offering:

	Based on an Offer Price of HK$14.60	Based on an Offer Price of HK$16.80
Market capitalization of our Shares	HK$5,202 million	HK$5,986 million
Unaudited pro forma adjusted consolidated net tangible assets per Share	HK$4.44 (RMB4.05)	HK$4.55 (RMB4.14)

Notes:

(1) The calculation of market capitalization is based on 356,311,832 Shares expected to be in issue immediately upon completion of the Global Offering.

(2) The unaudited pro forma adjusted consolidated net tangible assets per Share as of December 31, 2023 is calculated after making the adjustments referred to in Appendix II to this prospectus and on the basis that 356,311,832 Shares are expected to be in issue immediately upon completion of the Global Offering.

For the calculation of the unaudited pro forma adjusted consolidated net tangible assets per Share attributable to our Shareholders, see "Unaudited Pro Forma Financial Information" in Appendix II to this prospectus.

Listing Expenses

Listing expenses represent professional fees, underwriting commissions and other fees incurred in connection with the Global Offering. We estimate that our listing expenses will be approximately RMB76.4 million (assuming an Offer Price of HK$15.70 per Offer Share (being the mid-point of the indicative Offer Price range)), representing 30.1% of the gross proceeds (based on the mid-point of our indicative price range for the Global Offering) of the Global Offering. During the Track Record Period, we incurred listing expenses of RMB46.1 million, of which approximately RMB33.1 million was charged to the consolidated statements of profit or loss as administrative expenses and approximately RMB13.0 million was recorded as prepayment for listing expenses in the consolidated statements of financial position as of December 31, 2023 to be charged against equity upon the Listing. We expect to incur additional listing expenses of approximately RMB30.3 million, of which approximately RMB27.6 million is expected to be recognized in the consolidated statements of profit or loss as administrative expenses and approximately RMB2.7 million is expected to be recognized as a deduction in equity directly upon the Listing. Our Directors do not expect such expenses to materially impact our results of operations in the year ending December 31, 2024. By nature, our listing expenses are composed of (i) underwriting commission of approximately RMB10.2 million, and (ii) non-underwriting related expenses of approximately RMB66.2 million, which consist of fees and expenses of legal advisors and Reporting Accountant of approximately RMB45.5 million and other fees and expenses of approximately RMB20.7 million. See "Financial Information — Listing Expenses."

Dividend Policy and Distributable Reserves

Our Company did not declare any dividend during the Track Record Period. The payment and amount of any future dividend depend on the availability of dividends received from our subsidiaries.

Any proposed distribution of dividends shall be formulated by our Board and will be subject to approval in our Shareholders' meeting. We do not currently have any pre-determined dividend payout ratio. A decision to declare or to pay any dividends in the future, and the amount of any such dividends, will depend on a number of factors, including our results of operations, cash flows, financial condition, payments by our subsidiaries of cash dividends to us, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends and other factors that our Board may consider important. No dividend will be declared or payable except out of our profits and reserves lawfully available for distribution. There can be no assurance that dividends of any amount will be declared or distributed in any year.

As advised by our PRC Legal Advisor, we may pay dividends only out of our accumulated profit and is not permitted to distribute any profits until any losses from prior fiscal years have been offset and statutory reserves for the current year have been drawn. Therefore, we do not expect to be able to pay dividends in 2024 given our accumulated losses of RMB447.8 million as of December 31, 2023. See "Financial Information — Dividend Policy." As of December 31, 2023, our Company did not have any distributable reserves available for distribution to our shareholders in view of our accumulated losses.

Recent Development

Since January 1, 2024 to the Latest Practicable Date, we continued our ongoing expansion of our medical imaging center network with the opening of three specialized medical consortium imaging centers and one operational management imaging center, respectively. We have entered into eight contracts since January 1, 2024 and up to the Latest Practicable Date with medical institutions to set up new imaging centers. Additionally, we have entered into six contracts for our imaging solution services and two contracts for our Rimag Cloud services during the same period.

Our Directors have confirmed that up to the date of this prospectus there has been no material adverse change in our financial or trading position or prospects since December 31, 2023 (being the date of our latest audited financial statements) and there has been no event since December 31, 2023 which would materially affect the information shown in the Accountant's Report set out in Appendix I to this prospectus.

Pursuant to the Trial Administrative Measures on the Overseas Securities Offering and Listing of Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》), we have submitted a filing to the CSRC for application of listing of the H Shares on the Stock Exchange and the Global Offering on May 15, 2023. The CSRC confirmed our completion of filing on January 8, 2024. No other approvals from the CSRC are required to be obtained for the listing of the H Shares on the Stock Exchange.

Use of Proceeds

After deducting the underwriting commissions and other estimated offering expenses payable by us in connection with the Global Offering, and assuming an Offer Price of HK$15.70 per Share (being the mid-point of the indicative Offer Price range of HK$14.60 to HK$16.80), we estimate that we will receive net proceeds of approximately HK$223.8 million from the Global Offering. We intend to use the proceeds from the Global Offering for the purposes and in the amounts set forth below:

- approximately 50.0% of the net proceeds, or HK$111.9 million, for expanding our medical imaging center network;

- approximately 20.0% of the net proceeds, or HK$44.8 million, for pursuing strategic cooperation and mergers and acquisitions in the medical imaging field and seeking strategic partnerships and investment opportunities along the medical imaging service industry chain;

- approximately 20.0% of the net proceeds, or HK$44.8 million, for extending our business to overseas countries and regions which (i) are relatively lacking in medical resources, such as Southeast Asia, and (ii) have high per capita disposable income and great growth potential for medical imaging services, such as the Middle East; and

- approximately 10.0% of the net proceeds, or HK$22.4 million, as working capital and for general corporate uses.

See "Future Plans and Use of Proceeds."

Application for Listing on the Stock Exchange

We have applied to the listing committee of the Stock Exchange for the granting of the listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering and the H Shares to be converted from Unlisted Shares, on the basis that, among other things, we satisfy the market capitalisation/revenue test under Rule 8.05(3) of the Listing Rules with reference to (i) our revenue in 2023, being RMB928.9 million (equivalent to approximately HK$1,023.3 million), which is over HK$500 million, and (ii) our expected market capitalisation at the time of Listing, which, based on the low end of the indicative Offer Price range, exceeds HK$4 billion.

In this prospectus, unless the context otherwise requires, the following terms and expressions have the meanings set forth below. Certain other terms are explained in the section headed "Glossary of Technical Terms" in this Prospectus.

"2021 Share Incentive Scheme "	the share incentive scheme of our Company as approved on November 30, 2021, a summary of the principal terms of which is set out in "Statutory and General Information — F. Employee Incentive Scheme — 1. 2021 Share Incentive Scheme" in Appendix VI to this prospectus
"Accountant's Report"	the accountant's report of our Company, the text of which is set out in Appendix I to this prospectus
"affiliate"	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council
"Articles of Association" or "Articles"	the articles of association of our Company, conditionally adopted on April 10, 2023 with effect from the Listing Date, and as amended from time to time, a summary of which is set out in Appendix V to this prospectus
"Audit Committee"	the audit committee of the Board
"Baishan Investment"	Ningbo Meishan Free Trade Port Zone Baishan Investment Management Partnership (Limited Partnership) (寧波梅山保稅港區佰山投資管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on November 1, 2017, being one of our Pre-IPO Investors
"Beijing GS"	Beijing Goldman Sachs Consulting Co., Ltd. (北京高盛顧問有限公司), a foreign-owned company established under the laws of the PRC on June 14, 2002, being one of our Pre-IPO Investors

"Beijing Rimag"	Beijing Rimag Enterprise Management Center (Limited Partnership) (北京一脈企業管理中心(有限合夥)), a limited liability partnership incorporated under the laws of the PRC on June 4, 2019 as an investment holding platform with certain limited partners being employees of our Company
"Beijing Rimag Imaging"	Beijing Rimag Medical Imaging Diagnosis Center Co., Ltd. (北京一脈陽光醫學影像診斷中心有限公司), a limited liability company incorporated under the laws of the PRC on February 13, 2015 and a wholly-owned subsidiary of the Company
"Beijing Rimag Information"	Beijing Rimag Medical Information Technology Co., Ltd. (北京一脈陽光醫學信息技術有限公司), a limited liability company incorporated under the laws of the PRC on August 24, 2015 and a wholly-owned subsidiary of the Company
"Board" or "Board of Directors"	the Board of Directors of our Company
"Business day" or "business day"	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"Capital Market Intermediaries"	the capital market intermediaries engaged by our Company as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering" of this Prospectus
"Catalog 2018"	the Administrative Catalog for Licenses for Deployment of Large-scale Medical Equipment (2018) (《大型醫用設備配置許可管理目錄(2018年)》) published by the NHC on March 29, 2018, as replaced by Catalog 2023
"Catalog 2023"	the Administrative Catalog for Licenses for Deployment of Large-scale Medical Equipment (2023) (《大型醫用設備配置許可管理目錄(2023年)》) published by the NHC on March 3, 2023, effective from the same date
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC

"China" or "PRC"	the People's Republic of China, excluding, for the purpose of this prospectus, Hong Kong, Macau and Taiwan
"CICC Yingrun"	Xiamen CICC Yingrun Equity Investment Fund Partnership (Limited Partnership) (廈門中金盈潤股權投資基金合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on March 19, 2019, being one of our Pre-IPO Investors
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding up and Miscellaneous Provisions) Ordinance"	the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company," "our Company" or "the Company"	Jiangxi Rimag Group Co., Ltd. (江西一脈陽光集團股份有限公司), a company initially established under the laws of the PRC on October 30, 2014 as a joint stock company with limited liability, subsequently converted into a limited liability company on July 15, 2016 and further converted into a joint stock company with limited liability in the PRC on June 30, 2021
"Company Law" or "PRC Company Law"	Company Law of the People's Republic of China (中華人民共和國公司法), as developed or improved from time to time
"Conversion of Unlisted Shares into H Shares"	the conversion of 180,000,000 Unlisted Shares in aggregate held by 29 existing Shareholders into H Shares upon the completion of the Global Offering. Such conversion of Unlisted Shares into H Shares has been filed with the CSRC on January 8, 2024 and an application for H Shares to be listed on the Hong Kong Stock Exchange has been made to the Listing Committee
"CSDC"	China Securities Depositary and Clearing Corporation Limited (中國證券登記結算有限責任公司)

"CSDC (Hong Kong)"	China Securities Depository and Clearing (Hong Kong) Company Limited
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Data Compliance Advisor"	Tian Yuan Law Firm, the Data Compliance Advisor of our Company
"Director(s)"	director(s) of our Company
"EIT Law"	Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅法), as developed or improved from time to time
"Employee Incentive Scheme"	the 2021 Share Incentive Scheme of our Company, a summary of the principal terms of which is set out in "Statutory and General Information — F. Employee Incentive Scheme" in Appendix VI to this prospectus
"Exchange Participant(s)"	a person: (a) who, in accordance with the Hong Kong Listing Rules, may trade on or through the Hong Kong Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Hong Kong Stock Exchange as a person who may trade on or through the Hong Kong Stock Exchange
"Extreme Conditions"	the occurrence of "extreme conditions" as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No.8 or above is replaced with Typhoon Signal No. 3 or below
"FINI"	"Fast Interface for New Issuance," an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for new listings in Hong Kong

"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research consultant, which is an Independent Third Party
"Frost & Sullivan Report"	a report prepared by Frost & Sullivan on the medical devices and solutions industry
"GDP"	gross domestic product
"General Rules of HKSCC"	the terms and conditions regulating the use of HKSCC's services, as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Group," "our Group," "we" or "us"	our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require)
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"H Share(s)"	overseas listed foreign shares in the share capital of our Company with nominal value of RMB1.00 each, which are to be subscribed for and traded in HK dollars and are to be listed on the Hong Kong Stock Exchange
"H Share Registrar"	Tricor Investor Services Limited
"HK$" or "HK dollars"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
"**HK eIPO White Form**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name, submitted online through the **IPO App** or the designated website at **www.hkeipo.hk**
"**HK eIPO White Form** Service Provider"	the **HK eIPO White Form** service provider designated by our Company as specified in the **IPO App** or on the designated website at **www.hkeipo.hk**

"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC EIPO"	the application for the Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your designated HKSCC Participant's stock account through causing HKSCC Nominees to apply on your behalf, including by instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions via HKSCC's FINI system to apply for the Public Offer Shares on your behalf
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"HKSCC Operational Procedures"	the operational procedures of HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC's services and the operations and functions of CCASS, FINI or any other platform, facility or system established, operated and/or otherwise provided by or through HKSCC, as from time to time in force
"HKSCC Participant"	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules" or "Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"Hong Kong Offer Shares"	the 1,782,000 H Shares initially offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering (subject to reallocation as described in "Structure of the Global Offering" in this prospectus)

"Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong (subject to adjustment as described in "Structure of the Global Offering" in this prospectus) at the Offer Price (plus brokerage, SFC transaction levy, AFRC transaction levy and Hong Kong Stock Exchange trading fees), on and subject to the terms and conditions described in this prospectus as further described in "Structure of the Global Offering — Hong Kong Public Offering" in this prospectus
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in "Underwriting — Hong Kong Underwriters" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement dated May 29, 2024 relating to the Hong Kong Public Offering and entered into by our Company, the Sole Sponsor, the Overall Coordinators and the Hong Kong Underwriters, as further described in "Underwriting — Underwriting Arrangements and Expenses" in this prospectus
"Hubei Zhiying"	Hubei Zhiying Rimag Medical Technology Co., Ltd. (湖北智影一脈陽光醫療科技有限公司), a limited liability company incorporated under the laws of the PRC on December 1, 2016 and held as to 90% by the Company
"IFRS"	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and interpretation issued by the International Accounting Standards Committee
"Independent Third Party(ies)"	any entity or person who is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules

"International Offer Shares"	the 16,034,000 H Shares initially offered by our Company for subscription pursuant to the International Offering (subject to reallocation as described in "Structure of the Global Offering" in this prospectus)
"International Offering"	the offer of the International Offer Shares by the International Underwriters at the Offer Price outside the United States in offshore transactions in accordance with Regulation S, or any other available exemption from registration under the US Securities Act, as further described in "Structure of the Global Offering" in this prospectus
"International Underwriters"	the group of international underwriters, led by the Sole Sponsor-Overall Coordinator, that is expected to enter into the International Underwriting Agreement to underwrite the International Offering
"International Underwriting Agreement"	the underwriting agreement expected to be entered into on or around June 5, 2024 by, among others, our Company and the International Underwriters in respect of the International Offering, as further described in "Underwriting — International Offering" in this prospectus
"**IPO App**"	the mobile application for the **HK eIPO White Form** service which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**
"JD Yingzheng"	Suqian JD Yingzheng Enterprise Management Consulting Co., Ltd. (宿遷京東盈正企業管理諮詢有限公司), a limited company established under the laws of the PRC on July 8, 2021, being one of our Pre-IPO Investors
"Jiangxi Rimag Investment"	Jiangxi Rimag Medical Investment Management Co., Ltd. (江西一脈陽光醫療投資管理有限公司), a limited liability company incorporated under the laws of the PRC on September 19, 2014 and a wholly-owned subsidiary of the Company

"Joint Bookrunners"	the joint bookrunners as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering" of this Prospectus
"Joint Global Coordinators"	the joint global coordinators as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering" of this Prospectus
"Joint Lead Managers"	the joint lead managers as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering" of this Prospectus
"Latest Practicable Date"	May 22, 2024, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Listing"	listing of the H Shares on the Main Board of the Hong Kong Stock Exchange
"Listing Committee"	the Listing Committee of the Hong Kong Stock Exchange
"Listing Date"	the date, expected to be on or around June 7, 2024, on which our H Shares are listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange
"Macau"	the Macau Special Administrative Region of the PRC
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"Ministry of Finance" or "MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)

"Nanchang Rimag"	Nanchang Rimag Sunshine Enterprise Management Center (Limited Partnership) (南昌一脈陽光企業管理中心(有限合夥)), a limited liability partnership established under the laws of the PRC on March 28, 2016 as an employee shareholding platform of the Company
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國發展和改革委員會)
"NHC," or formerly known as "NHFPC"	National Health Commission of the PRC (中華人民共和國國家衛生健康委員會), and formerly known as National Health and Family Planning Commission of the PRC (中華人民共和國國家衛生和計劃生育委員會)
"NHSA"	National Healthcare Security Administration (國家醫療保障局)
"Nomination Committee"	the nomination committee of the Board
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)
"Offer Price"	the final price per Offer Share in Hong Kong dollars (exclusive of brokerage fee of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.00565%) of not more than HK$16.80 and expected to be not less than HK$14.60, at which Hong Kong Offer Shares are to be subscribed, to be determined in the manner further described in "Structure of the Global Offering — Pricing and Allocation" in this prospectus
"Offer Share(s)"	the Hong Kong Offer Shares and the International Offer Shares
"OGF"	ORBIMED GENESIS MASTER FUND, L.P., an exempted limited partnerships incorporated under the laws of the Cayman Islands, being one of our Pre-IPO Investors

"ONH"	ORBIMED NEW HORIZONS MASTER FUND, L.P., an exempted limited partnerships incorporated under the laws of the Cayman Islands, being one of our Pre-IPO Investors
"OrbiMed"	WWH, OGF and ONH, being our Pre-IPO Investors
"Overall Coordinators"	the overall coordinators as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering" of this Prospectus
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PICC Beijing"	PICC Beijing Health Care Fund, L.P. (北京人保健康養老產業投資基金(有限合夥)), a limited partnership established under the laws of the PRC on December 20, 2018, being one of our Pre-IPO Investors
"PRC GAAP"	generally accepted accounting principles of PRC
"PRC Legal Advisor"	Jingtian & Gongcheng, the PRC legal advisor of our Company
"Pre-IPO Investment(s)"	the Pre-IPO investments in our Company undertaken by the Pre-IPO Investors, details of which are set out in the section headed "History and Corporate Structure" in this prospectus
"Pre-IPO Investor(s)"	the investor(s) who participated in our Pre-IPO Investments, details of which are set out in the section headed "History and Corporate Structure" in this prospectus
"Price Determination Agreement"	the agreement to be entered into by the Overall Coordinators and our Company on the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date, expected to be on or around June 5, 2024 (Hong Kong time) on which the Offer Price is determined, or such later time as the Overall Coordinators and our Company may agree, but in any event no later than 12:00 noon on June 5, 2024

"prospectus" or "Prospectus"	this prospectus being issued in connection with the Hong Kong Public Offering
"province"	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC
"R&D"	research and development
"Remuneration Committee"	the remuneration committee of the Board
"Regulation S"	Regulation S under the US Securities Act
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SAC"	the Securities Association of China (中國證券業協會)
"SAFE"	the State Administration of Foreign Exchange of the PRC (中國國家外匯管理局)
"SASAC"	State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
"SAT"	the State Administration of Taxation of the PRC (中國國家稅務總局)
"Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Securities Law"	the Securities Law of the People's Republic of China (中華人民共和國證券法), as developed or improved from time to time
"SFC"	the Securities and Futures Commission of Hong Kong
"Shanghai Stock Exchange"	the Shanghai Stock Exchange (上海證券交易所)
"Share(s)"	ordinary shares in the capital of our Company with a nominal value of RMB1.00 each, comprising Unlisted Shares and H Shares

"Shareholders(s)"	holder(s) of the Share(s)
"Shenzhen Stock Exchange"	the Shenzhen Stock Exchange (深圳證券交易所)
"Single Largest Shareholders"	Mr. Chen Zhaoyang (陳朝陽) and Nanchang Rimag
"SME(s)"	small and medium enterprise(s)
"Sole Sponsor"	CITIC Securities (Hong Kong) Limited
"Sole Sponsor-Overall Coordinator"	CLSA Limited
"State Council"	State Council of the People's Republic of China (中華人民共和國國務院)
"subsidiary(ies)"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"Supervisor(s)"	member(s) of our Supervisory Committee
"Supervisory Committee"	the supervisory committee of our Company
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buybacks issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the three years ended December 31, 2021, 2022 and 2023
"US" or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US Securities Act"	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement

"Unlisted Share(s)"	ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, which are not listed on any stock exchange
"US$" or "US dollars"	United States dollars, the lawful currency of the United States
"VAT"	value-added tax
"WWH"	WORLDWIDE HEALTHCARE TRUST PLC, a publicly-listed trust organized under the laws of England and Wales, being one of our Pre-IPO Investors
"%"	per cent

In this prospectus, the terms "associate," "close associate," "connected person," "core connected person," "connected transaction," "controlling shareholder" and "substantial shareholder" shall have the meanings given to such terms in the Hong Kong Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this prospectus have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this prospectus in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

This glossary of technical terms contains explanations of certain technical terms used in this prospectus. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

"AI"	Artificial Intelligence
"associate-chief physician"	the second professional rank for physicians (副主任醫生) in the PRC; an associate-chief physician may supervise attending and resident physicians, direct research work of a specific field, and typically handle complex medical cases
"attending physician"	the third professional rank for physicians (主治醫生) in the PRC; an attending physician may supervise resident physicians and typically undertake medical treatment, teaching, research and disease prevention work
"CAGR"	compound annual growth rate, calculated by dividing the ending value by the beginning value of a period, raised to the power of one divided by the number of years within the period, and subtracting one from the subsequent result
"cardiology"	a branch of medicine that deals with matters associated with the heart and the vessels
"chief physician"	the highest professional rank for physicians (主任醫生) in the PRC; a chief physician is generally in charge of a specific clinical department
"Class II hospitals"	secondary hospitals that provide comprehensive medical services to a region, which are designated as Class II hospitals by the NHC hospital classification system
"Class III Grade A hospitals"	public hospitals at the top level in the PRC NHC hospital classification system
"Class III hospitals"	multi-regional hospitals with large capacity that provide multiple regions with high-quality professional medical services, undertake higher education and scientific research initiatives, which are designated as Class III hospitals by the NHC hospital classification system

"county-level divisions"	the third level of administration of the PRC, including counties, autonomous counties, banners, autonomous banners, county-level cities and districts
"COVID-19"	Novel Coronavirus (COVID-19) or Novel Coronavirus Pneumonia, a respiratory illness caused by a new strain of coronavirus and characterised especially by fever, cough, and shortness of breath and may progress to pneumonia and respiratory failure
"CR"	computer radiography
"CT"	computed tomography, a type of medical imaging technique
"CTA"	computed tomographic angiography, a computed tomography technique used to visualize arterial and venous vessels throughout the body. Using contrast injected into the blood vessels, images are created to look for blockages, aneurysms (dilations of walls), dissections (tearing of walls), and stenosis (narrowing of vessel)
"Distributed Denial of Service"	a type of computer attack where multiple machines are operating together to attack one target computer system, in an effort to disable the target, either temporarily or permanently
"DR"	digital radiography
"ECG"	electrocardiogram, a technique used to record the electrical activity of the heart through repeated cardiac cycles
"first-tier cities"	in this prospectus, Beijing, Shanghai, Guangzhou and Shenzhen
"FVPL"	fair value through profit or loss
"general hospital"	a hospital that provides multi-disciplinary health care services including outpatient, inpatient and diagnosis
"high-tier cities"	in this prospectus, first- and second-tier cities in China
"ICP"	Internet content provider

"Internet hospitals"	a new type of medical institutions approved by the provincial health commission or municipal health commission primarily consists of offshoots of offline medical institutions and online medical platforms. After completing filing on relevant regulatory platforms and registration with the Internet hospitals, doctors usually could provide online consultation and diagnosis, follow-up consultation for some common diseases and chronic diseases, as well as family doctor health management services
"IPO"	initial public offering
"ISO"	International Organisation for Standardisation
"ISO 27001"	a set of international standards prescribed by ISO designed to ensure the selection of adequate and proportionate security controls that protect information assets
"ISO 27018"	the international standard in respect of the privacy in cloud computing services for creating security categories and controls that can be implemented by a public cloud computing service provider, which is a standard part of ISO 27001
"IT"	information technology
"kWh"	kilowatt hour, a unit of energy
"M&A"	mergers and acquisitions
"Medical Insurance Designated Medical Institutions"	medical institutions designated by the relevant local medical insurance authority as ones that are permitted to treat patients covered by public medical insurance programs
"mg/L"	milligram per liter, a unit of the concentration of a constituent in liquid
"MRI" or "MR"	magnetic resonance imaging, a type of medical imaging technique

"multi-disciplinary team"	a group of healthcare workers who are members of different disciplines, such as oncologists and radiotherapists, working together and each providing specific services to the patient
"neurology"	a branch of medicine that deals with the anatomy, functions, and organic disorders of nerves and the nervous system
"nosocomial infection"	an infection that is contracted from the environment or staff of a healthcare facility
"oncology"	a branch of medicine that deals with cancer
"orthopedics"	a branch of medicine that focuses on conditions of the musculoskeletal system
"PACS"	picture archiving and communication system, a medical imaging technology which provides economical storage and convenient access to images from multiple modalities (source machine types)
"PC"	personal computer
"penetration rate"	the proportion that third-party medical imaging center market takes within the PRC medical imaging service market
"PET"	positron emission tomography, a nuclear medicine technique
"PET/CT" or "PET-CT"	positron emission tomography-computed tomography, which incorporates computed tomography imaging and positron emission tomography functional imaging
"PET/MRI" or "PET-MRI"	a hybrid imaging technology that incorporates magnetic resonance imaging soft tissue morphological imaging and positron emission tomography functional imaging

"primary healthcare institution"	medical institution that provides basic public health and medical services to residents in the local community that it was established to serve
"primary healthcare system"	a part of the PRC healthcare system consisting of county-level and below hospitals and primary healthcare institutions
"public medical insurance programs"	primarily include the Urban Employee Basic Medical Insurance Scheme (城鎮職工基本醫療保險制度), the Urban Resident Basic Medical Insurance Scheme (城鎮居民基本醫療保險制度) and the New Rural Cooperative Medical Insurance Scheme (新型農村合作醫療保險制度)
"pulmonology"	a branch of medicine that focuses specifically on diagnosing and treating disorders of the respiratory system
"radiodiagnosis"	diagnosis by means of radiography or radioscopy
"radiotherapy"	a treatment that uses high energy to kill malignant cancer cells or other benign tumor cells
"RIS"	radiology information system, an information system, usually computer-assisted, designed to store, manipulate, and retrieve information for planning, organizing, directing, and controlling administrative activities associated with the provision and utilization of radiology services and facilities
"RMBA"	Radiology Management Business Administration
"second-tier cities"	in this prospectus, Tianjin, Shijiazhuang, Taiyuan, Hohhot, Shenyang, Dalian, Changchun, Harbin, Nanjing, Hangzhou, Ningbo, Hefei, Fuzhou, Xiamen, Nanchang, Jinan, Qingdao, Zhengzhou, Wuhan, Changsha, Nanning, Haikou, Chongqing, Chengdu, Guiyang, Kunming, Xi'an, Lanzhou, Xining, Yinchuan and Urumqi
"SOP"	standard operational practice, a procedure specific to companies' operation which is necessary to complete tasks in accordance with industry regulations, provincial laws or internal standards

"sq.m."	square metre, a unit of area
"T"	tesla, a unit of magnetic induction intensity
"tender success rate"	a percentage calculated as the number of bids won over the number of bids placed multiplied by 100%
"third-party medical imaging center license"	a license issued by provincial government which covers both third-party medical imaging centers and third-party medical imaging clinics
"third-tier cities or below"	in this prospectus, cities other than first- and second-tier cities in China
"Web Application Firewall"	a specific form of application firewall that filters, monitors, and blocks the hypertext transfer protocol traffic to and from a web service
"X-ray"	a type of radiation that can pass through most solid materials, with wavelength ranging from 0.01 to ten nm, which is commonly used for medical imaging examination
"°C"	Celsius degree, a unit of temperature

This prospectus includes forward-looking statements. All statements other than statements of historical facts contained in this prospectus, including, without limitation, those regarding our future financial position, our strategy, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "continue," or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, among others things, the following:

- general political and economic conditions, including those related to the PRC;
- our business prospects and our ability to successfully implement our business plans and strategies;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- our capital expenditure plans;
- the actions and developments of our competitors;
- our financial condition and performance;
- our dividend policy;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and our business plans;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which we operate;

- various business opportunities that we may pursue; and
- capital market developments, changes in the global economic conditions and material volatility in the global financial markets.

Additional factors that could cause actual performance or achievements to differ materially include, but are not limited to, those discussed under "Risk Factors" and elsewhere in this prospectus. We caution you not to place undue reliance on these forward-looking statements, which reflect our management's view only as of the date of this prospectus. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this prospectus might not occur. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section.

You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in our H Shares. These risks could materially and adversely affect our business, financial condition and results of operations. The trading price of our H Shares could significantly decrease due to any of these risks, and you may lose all or part of your investment. You should pay particular attention to the fact that substantially all of our operations are conducted in the PRC, which is governed by a legal and regulatory environment that may differ significantly from that of other countries. For more information concerning the PRC and certain related matters discussed below, see "Regulatory Overview" and "Appendix IV — Summary of Principal Legal and Regulatory Provisions."

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 "Forward-looking Statements."

Risks Relating to Our Business and Industry

We may be unable to expand effectively, which may materially and adversely affect our business, financial condition, results of operations and prospects.

We have expanded our business during the Track Record Period through organic growth of our provision of imaging center services (including operating our own medical imaging centers to provide various types of imaging examination and diagnostic services, and offering operational management services to the medical imaging centers of our hospital customers), imaging solution services and Rimag Cloud services. However, there can be no assurance that we will identify suitable opportunities to expand our business, negotiate commercially acceptable terms for such expansion, or successfully integrate any new assets or businesses in the future. Even if we are able to identify suitable opportunities, such expansion can be difficult, time-consuming and costly to execute, and we may not be able to secure necessary financing for such expansion. Unsuccessful overseas and domestic expansion plans may have a material and adverse effect on our business, financial condition and results of operations.

In addition, businesses that we acquire may have unknown or contingent liabilities, including liabilities for failure to comply with relevant laws, regulations and rules. There can be no assurance that our conducted due diligence will uncover all material unknown or contingent liabilities or other negative developments, such as bankruptcy, insolvency, liquidation or dissolution, or that the acquired businesses will be viable. We may also suffer reputational and financial harm due to actual or alleged claims against these businesses prior to the acquisition.

Moreover, our future expansion and subsequent ramping-up and integration efforts would require significant attention from our management and could result in a diversion of resources from our existing business, which could, in turn, have an adverse effect on our business operations.

Opening of new imaging centers could result in fluctuations in our short-term financial performance. Newly established imaging centers may not achieve normal operation as anticipated, which could adversely affect our business, financial condition, results of operations and prospects.

Our results of operations have been, and in the future may continue to be, influenced by the timing of the opening of imaging centers and the number of new imaging centers opened. In comparison with our existing imaging centers, new imaging centers will generally have lower income and higher operating costs during the initial stages of their operations than the existing ones. We may also incur substantial expenses before opening new imaging centers such as renovation costs, rental expenses and equipment costs. The majority of regional collaborative imaging centers are expected to record a positive monthly net profit for the first time to reach the break-even point within the first year after opening. Accordingly, the number of new imaging center openings have, and may continue to have, a significant impact on our profitability. As a result, our results of operations may fluctuate significantly from year to year and our historical results may not be indicative of our future performance.

In addition, it typically takes a newly established imaging center a period of time to achieve a utilization rate comparable to that of existing ones, due to factors such as time required to contract with local hospitals and commence operations.

Meanwhile, the opening of imaging centers involves regulatory approvals and reviews by various authorities in the PRC such as the local branches of the NHC. We or hospitals that we serve, as the case may be, may not be able to obtain all the required approvals, permits, licenses or certificates for opening of imaging centers in a timely manner. Accordingly, we may not be able to immediately commence operations at a newly-opened imaging center, or derive revenue from it, as anticipated. In addition, the operating results generated at a newly-opened imaging center may not be comparable to those of the existing ones. Such imaging center may even operate at a loss, which could adversely affect our results of operations. As a result, our results of operations may fluctuate significantly from year to year and our historical results may not be indicative of our future performance.

As a provider of imaging center services, we have close business relationships with hospitals. If any such hospital decides to terminate or not to renew our business agreements, or we are unable to enter into business agreements with more hospitals, our business, financial condition and results of operations may be negatively impacted.

During our Track Record Period, we derived revenue from providing imaging services to hospitals to serve their patients via our regional collaborative imaging center business. In 2021, 2022 and 2023, we generated revenue from the regional collaborative imaging center business of RMB249.8 million, RMB270.3 million and RMB355.4 million, respectively, representing 42.1%, 34.4% and 38.2% of our total revenue, respectively. In addition, we provide equipment deployment, infrastructure renovation and operational management services to hospitals via our specialized medical consortium imaging center business. Meanwhile, we also provide operational management services via our operational management imaging centers business. In 2021, 2022 and 2023, our revenue generated from specialized medical consortium imaging centers and operational management imaging centers represented 15.2%, 15.9% and 16.1% of our total revenue, respectively.

We usually enter into long-term business agreements with hospitals for establishing regional collaborative imaging centers. Such business agreements typically have a term ranging from eight to ten years, and most of them specify our priority right to renew under the same terms and conditions. The term of business agreements in our specialized medical consortium imaging center business and operational management imaging centers business is typically ten years and three to six years, respectively. However, there can be no assurance that business agreements will not be terminated during the agreement term or will be renewed upon expiry, given that some of the business agreements with public medical institutions were awarded through the relevant processes, which are non-recurring in nature. We usually enter into exclusive agreements with hospital customers or medical institution customers to provide our services under the regional collaborative imaging center business, specialized medical consortium imaging center business and operational management imaging centers business. We cannot assure you that our hospital customers or medical institution customers will not terminate such exclusive relationship with us and divert part or all of their business to our competitors. In the event that we fail to maintain our relationship and cooperation with such customers or lose exclusivity with certain customers, our business, financial conditions and results of operations may be materially adversely affected. In addition, certain hospital customers do not have exclusive cooperation relationships with us. If other competitors offer better services to such hospital customers, the hospital customers may choose to devote more of their resources to those competitors, which could materially and adversely affect our business, financial condition, results of operations.

Our services and solutions may not be chosen for a number of reasons, including where our prices are not competitive, or our services and solutions fail to meet customers' special requirements. If our business partners choose to terminate or not to renew business agreements with us, our business, financial condition and results of operations may be materially and adversely affected. In addition, there can be no assurance that we will enter into business agreements concerning the regional collaborative imaging center business, specialized medical consortium imaging center business and operational management imaging center business with more hospitals. If we cannot expand the customer base of our imaging center services business effectively, our business, financial condition and results of operations may be materially and adversely affected. Moreover, we are generally required to participate in the relevant process to provide our services and solutions to public medical institutions. However, there can be no assurance that we will succeed in such process.

If hospitals fail to obtain, maintain or renew the requisite approvals, permits, licenses or certificates for their operations, or are otherwise found to be non-compliant with any applicable laws and regulations, they may be subject to administrative penalties, increased compliance costs, or even temporary or permanent closure of all or part of their businesses. There can be no assurance that relevant laws, regulations and policies in the future will not prohibit our business. If any of these events were to occur, revenue from our imaging center services may be negatively impacted. As a result, our business, financial condition and results of operations could be materially and adversely affected.

We operate in a highly competitive market, and if we do not compete effectively, our business, results of operations, financial condition and prospects could be harmed.

The PRC third-party medical imaging center market and the wider PRC medical imaging service market are highly competitive. Participants in the PRC medical imaging service market mainly include the imaging departments of hospitals, operators of third-party medical imaging centers, and companies engaged in R&D of medical imaging informatization. Our primary competitors in the PRC third-party medical imaging center market consist of operators of third-party medical imaging centers and companies engaged in R&D of medical imaging informatization. Many of our competitors provide services comparable to what we offer and may further broaden their scope of services, have facilities or medical equipment with the same capabilities, acquire more clients, have more professionals or offer cheaper prices, indirectly affecting our business adversely.

Meanwhile, due to continual technological advancements, the PRC medical imaging equipment solution market and the PRC medical cloud imaging service market are defined by rapidly changing market trends. Our clients are constantly looking for more cutting-edge technologies and advanced medical equipment and more comprehensive imaging solution services that can generate more accurate and tailored results at reasonable prices. Accordingly, we are in constant competition with other market players in areas such as the models and configuration of medical equipment available, the range of imaging-related services offered and pricing. In addition, the demand for third-party medical imaging services can be affected by the development of private and public medical institutions, which is beyond our control. For instance, since the initial breakout of the COVID-19 pandemic in Wuhan, most of the hospitals in Wuhan had been gradually equipped with sufficient imaging equipment in responses to the emergency situation by then. As a result, leveraging their richer imaging equipment resources, the public and private medical institutions in Wuhan were able to handle most of the local demands for imaging examination and diagnostic services and the market for our flagship imaging center in Wuhan became limited. In response, we began focusing on developing other types of imaging centers in Hubei province, and disposed Wuhan Rimag in September 2022. If we fail to respond effectively and timely to the rapidly changing market trends, our business, results of operations and financial condition could be materially and adversely affected.

If we are unable to stay competitive or compete successfully with our competitors, we may experience decreases in market share and the volume of patient visits at our imaging centers, and may have to reduce our prices, thereby adversely affecting our business, financial condition and results of operations. Any inability to compete effectively could result in decreases in our revenue and market share, which could have a material and adverse effect on our business, financial condition and results of operations.

With the development of market conditions and technology, we may not develop and successfully market new and advanced commercially viable services, and we may not price our new services at a favorable level, any of which would materially and adversely affect our business, financial condition and results of operations.

As market conditions and technology evolve, our existing services may lose market share, experience slower growth or deliver lower profit margins. Our success depends on our ability to anticipate industry trends and identify, develop and market in a timely manner new and advanced services that meet customer demand. In order to compete successfully, we need to offer and develop new services to meet the changing demand of our customers. Without the timely introduction of enhanced or new services, our services and capabilities may become obsolete over time, in which case, our revenues and operating results would suffer. Even if we were to succeed in creating enhanced or new services, those services may not result in commercially successful offerings or may not produce revenues in excess of the costs of development and capital investment, and may be quickly rendered obsolete by changing customer preferences or by technologies or features offered by our competitors.

Our competitors' new services may make our services obsolete or non-competitive, which would require us to reduce the prices of our services or cause us to lose market share. Our new services may impact our gross margins depending on the level of market acceptance and pricing environment for each service. The success of any of our service offerings depends on several factors, including our ability to: (i) properly identify and anticipate industry trends and market demand; (ii) develop services successfully in a timely manner; (iii) launch new services in a timely manner; (iv) minimize the time and costs required to obtain regulatory approvals; (v) anticipate and compete effectively with other medical imaging equipment solution and service providers; (vi) price our services competitively and at commercially justifiable levels; and (vii) increase end-customer awareness and acceptance of our new services. If we do not successfully launch and sell new services, our business, financial condition and results of operations could be materially and adversely affected.

We may not grow at a rate comparable to our growth rate in the past.

We have experienced growth in revenue during the Track Record Period. Our revenue increased from RMB592.0 million in 2021 to RMB784.4 million in 2022 and further increased to RMB928.9 million in 2023, at a CAGR of 25.3% from 2021 to 2023. However, this only reflects our historical performance and may not be indicative of our future performance. The sustainability of our growth depends on a number of factors, many of which are beyond our control, including regulatory evolvement, changes in economic and public health conditions and competition. In addition, the total number of our imaging centers increased from 78 as of December 31, 2021 to 86 as of December 31, 2022 and further increased to 97 as of December 31, 2023. As our business scale and network evolve, we need to recruit a significant number of additional medical, operational, marketing, financial and other personnel. If we are not able to effectively manage our business growth and further expand our organization as needed, we may not be able to successfully implement the strategies necessary to further our business prospects on schedule or within our budget, or at all. Accordingly, there can be no assurance that we can sustain the growth we achieved in the past.

Our imaging centers and imaging professionals could become the subject of patient complaints, claims and legal proceedings in the course of our operations, which could result in extra costs and could materially and adversely affect our brand image, reputation and results of operations.

Our imaging professionals' performance, communication and relationship with patients are deemed vital to our business, particularly due to their positions as the front-line staff which have a high degree of interaction with patients. Certain of our services are provided to patients based on our imaging professionals' correct decisions made after communicating with patients. Any miscommunications and/or incorrect decisions of our imaging professionals may result in undesirable or unexpected outcomes, including complications, unexpected side effects, injuries and even death in extreme circumstances. Complaints, claims and legal actions may be brought by dissatisfied patients against the relevant imaging professionals. As the relevant services are provided by our imaging centers, we are likely to be named as one of the defendants and may be subject to claims for professional misconduct or negligence arising from the acts, conduct or omissions of our imaging professionals.

Furthermore, we rely on our imaging professionals to maintain our brand image and reputation. As such, any unsatisfactory performance and operation of medical equipment by our imaging professionals could affect our reputation and we may lose existing patients and not be able to attract new ones, which could decrease our sales and may materially and adversely affect our business, financial condition and results of operations. Claims or legal proceedings against us, our imaging centers and imaging professionals may, whether with merit or not, attract negative publicity and adversely affect our reputation and the general public's perception of our services and professionalism. Our business may also be materially and adversely affected as substantial time and resources may be required to deal with and defend such claims or proceedings.

Our imaging center services and imaging solution services may be materially and adversely affected by delays in the delivery of imaging equipment.

Our imaging center services and imaging solution services may be affected by delays in the delivery of imaging equipment. Any unexpected delay in the delivery process may affect the whole delivery of our services and solutions. If there is a delay in the delivery of imaging equipment, it may be difficult to commence the operations of our imaging centers on time, or the medical institutions may not be able to utilize the equipment as planned. The delivery of imaging equipment may be affected by the shipment of such equipment and the period of customs examination and clearance. There can be no assurance that we can always be exempted from substantial contractual penalties or obligations. Any failure to fulfill customer orders due to delays in the delivery of imaging equipment may affect our current sales and undermine our reputation and market position, and thus the quantity of future orders. Any of these may have a material and adverse effect on our business, results of operations, financial condition and prospects.

We have relied on and expect to continue to rely on third parties to supply medical equipment and consumables used in our operations, and our business could be affected if we are unable to procure sufficient quantities or at acceptable quality.

The provision of imaging services involves the frequent use of a variety of medical equipment and consumables, substantially all of which are procured from suppliers. There can be no assurance that all supplies are up to standard, free of defects and meet the relevant quality standards. If these supplies are subsequently found to have been defective at the time of supply, even though we did not know or could not have known about such defect, or even though we could ask for product quality compensation from the suppliers, we may be subject to clients' liability claims, negative publicity, reputational damage or administrative sanction, any of which may adversely affect our business, results of operations and reputation. There can be no assurance that material claims of such nature will not be asserted against us in the future, and that adverse verdicts will not be reached against us or that we will be able to recover losses from our suppliers. In addition, there can be no assurance that we will be able to find suitable replacement suppliers in a timely manner, failing which our business, financial condition, results of operations and prospects may be adversely affected.

We rely on a limited number of suppliers to supply medical equipment and consumables, and may be unable to obtain such equipment and consumables in sufficient quantities or at acceptable quality or prices.

In each year of the Track Record Period, our purchases from our five largest suppliers amounted to RMB183.0 million, RMB235.9 million and RMB269.9 million, respectively, representing 41.4%, 48.7% and 53.0% of our total purchases, respectively. In each year of the Track Record Period, purchases from our single largest supplier accounted for 17.3%, 28.4% and 27.1% of our total purchases, respectively. We cooperate with suppliers to source medical equipment and consumables and continue to expand our supplier network of medical equipment and consumables to ensure the diversity of suppliers and enhance the stability of our business operations. There can be no assurance that we will be able to maintain stable relationships with our existing suppliers and secure a stable supply of medical equipment and consumables at acceptable quality and prices at all times going forward. We generally do not enter into long-term agreements with suppliers and business partners, and there can be no assurance that we will be able to continually purchase medical equipment and consumables from such suppliers and business partners in the future on commercially reasonable terms, or at all. In addition, there can be no assurance that such suppliers or business partners would not enter into similar arrangements with our competitors or otherwise act in a manner adverse to our interests. If we fail to maintain our cooperative relationships with such suppliers or business partners or if these suppliers or business partners fail to fulfill their obligations under the relevant agreements, or if they form relationships with our competitors, our business, financial condition, results of operations and reputation may be adversely affected.

Furthermore, general economic conditions could also adversely affect the financial viability of our suppliers, resulting in their inability to supply medical equipment and consumables. There can be no assurance that our suppliers will not have changes in business scope or business model, will not cease to operate, will operate in compliance with applicable laws, will be able to maintain appropriate licenses and approvals for their operations or will not experience operational or financial difficulties. Any change in suppliers may incur additional costs in circumstances where the medical equipment and consumables supplied are integral to our services, and the loss of existing supply contracts may have a material adverse effect on our operations and financial condition.

Our operations are susceptible to fluctuations in the cost of trading medical equipment, which could adversely affect our business, financial conditions and results of operations.

The profitability of our business is affected by fluctuations in the costs of trading medical equipment. For example, for the years ended December 31, 2021, 2022 and 2023, our cost of trading medical equipment amounted to RMB115.1 million, RMB228.3 million and RMB229.0 million, respectively, representing 27.6%, 41.8% and 38.4% of our cost of sales for the same years, respectively.

The availability and prices of trading medical equipment can fluctuate from time to time and are subject to factors beyond our control, including supply, demand, general economic conditions and governmental regulations, each of which may affect our procurement costs or cause a disruption in the supply. We conduct an annual tender process to select some of our suppliers and we cannot assure you that we will be able to anticipate and react to changes in medical supply costs in the future by locating replacement suppliers or adjusting service offerings, or that we will be able to pass these cost increases onto our customers. Any of these factors may have a material and adverse effect on our business, financial conditions and results of operations.

We face risks related to natural disasters, health epidemics and other outbreaks, which could significantly disrupt our operations.

Our business could be materially and adversely affected by natural disasters, such as snowstorms, earthquakes, fires or floods, outbreaks of a widespread health epidemic or pandemic, or other events such as wars, acts of terrorism, environmental accidents, power shortages or communication interruptions. For example, during the COVID-19 pandemic, patients' visits to hospitals or other medical institutions were limited in regions where we operated, resulting in a tremendous reduction in the usage of our imaging services at the imaging centers. Accordingly, our business expansion was also slowed down during the COVID-19 pandemic. The occurrence of such a disaster or prolonged outbreak of an epidemic or pandemic illness or other adverse public health developments in the PRC or elsewhere could materially disrupt our business and operations. Such events may also significantly affect our industry and may even cause a temporary closure of the facilities we or our business partners use for our operations, which would severely disrupt our operations and have a material adverse effect on our business, financial condition and results of operations. Our operations could be disrupted if any of our employees or employees of our business partners were suspected of having any of the epidemic or pandemic illnesses, since this could require us or them to quarantine some or all of such employees or disinfect the facilities used for our operations. In addition, our revenue and profitability could be materially reduced to the extent that a natural disaster, health epidemic or pandemic or other outbreaks harm the global or PRC economy in general. Our operations could also be disrupted if patients and other healthcare consumers are affected by such natural disasters, health epidemics or pandemics or other outbreaks.

We may not be able to adapt successfully to technological changes, and technological changes may require us to upgrade our equipment or supply advanced equipment at significant costs.

The PRC third-party medical imaging center market, medical imaging equipment solution market and medical cloud imaging service market are characterized by frequent improvements and evolving technology. As technological changes in these markets continue to evolve rapidly, new services and equipment may emerge and our success will depend on the ability of our services and solutions to adapt to such technological changes, which could incur significant expenditures and may subject us to licensing or other regulatory requirements. Some of our competitors may have greater resources to respond to these technological changes than us. Our inability to adequately respond to changes in market conditions in a timely manner could lead to decreases in our growth rates, revenue and ability to grow or maintain our market share. If we cannot maintain our market position, our reputation may be materially and adversely affected, which could negatively impact our attractiveness to our business network participants.

Technological changes may require us to upgrade our equipment or supply more advanced equipment. Our business may be expanded in accordance with the functions provided by updated or advanced equipment. However, there can be no assurance that we will be able to recover the relevant expenditures associated with responding to such technological changes and generate significant revenue from any expansion in our business, which may materially and adversely affect our results of operations and financial condition.

If we are unable to conduct our marketing activities effectively, our results of operations and financial condition may be materially and adversely affected.

We mainly drive sales and marketing through our services and solutions. At present, we primarily conduct marketing activities to develop new imaging centers and increase penetration of services provided by our existing imaging centers, and penetration of our other services and solutions. See “Business — Sales and Marketing.” However, our sales and marketing activities may not achieve the promotional effects as expected. During the Track Record Period, we incurred marketing fees to enhance our brand recognition and implement sales and marketing strategies for our services and solutions. We incurred selling expenses of RMB76.0 million, RMB48.7 million and RMB65.6 million, respectively, in 2021, 2022 and 2023. The actual performance and ability of our sales and marketing personnel to promote our services, solutions and brand are crucial to the growth of our business. Failure to achieve the promotional effects as expected or anticipated benefit of our sales and marketing efforts may materially and adversely affect our business, financial condition, results of operations and prospects.

If we are unable to contract with and retain a sufficient number of qualified imaging professionals, our business and results of operations could be adversely affected.

Our business is largely dependent on contracting with and retaining a sufficient number of qualified imaging professionals. As of December 31, 2021, 2022 and 2023, we had 341, 538 and 527 registrations by medical professionals who are registered with us as the primary workplace, respectively, and 183, 206 and 266 registrations by medical professionals who are registered at our own imaging centers through multi-site practice at flagship imaging centers and regional collaborative imaging centers, respectively. The recruitment of qualified imaging professionals is competitive in the PRC due to their shortage. The near-term supply of imaging professionals is limited due to the length of training required, including academic study and clinical training, which can take up to approximately five years for certain medical specialties. Accordingly, we may not be able to attract or retain enough qualified imaging professionals to support our operations, which may materially and adversely affect our business and results of operations. In addition, many imaging professionals work with us pursuant to relevant regulations on multi-site practice of doctors, which allows licensed doctors to register and practice at multiple medical institutions. If there are any changes in regulatory environment in the future, our business may be adversely affected.

If we fail to properly manage the employment of imaging professionals of our imaging centers, we may be subject to administrative penalties, which could materially and adversely affect our business and results of operations.

The practicing activities of imaging professionals are strictly regulated under PRC laws and regulations. They must hold practicing licenses and may only practice within the scope of their licenses and at the specific medical institutions at which their licenses are registered or they are allowed to practice under the multi-site practice policy. In practice, it takes some time for imaging professionals to transfer their licenses from one medical institution to another or add another medical institution to their permitted practicing institutions. There can be no assurance that all of imaging professionals who work at our imaging centers will complete the relevant required procedures to add our relevant imaging centers to their permitted practicing institutions timely. In addition, there can be no assurance that the imaging professionals at our imaging centers will strictly follow the requirements and will not practice outside the permitted scope of their respective licenses. Any failure by our imaging centers to properly manage the employment of the imaging professionals may subject us to administrative penalties, which could materially and adversely affect our business and results of operations.

If we fail to provide proper training to our imaging professionals, there may be service quality issues, which could materially and adversely affect our business operations.

Our imaging centers rely on the expertise of imaging professionals to provide quality services that conform with medical standards and skills that benefit patients. As of December 31, 2023, we had organized more than 800 professional courses via online platform. Our training mainly focuses on maintaining the high quality of services provided. We maintain comprehensive internal training programs grouped under different sub-disciplines. We aim to address the insufficient interaction between clinicians who lack expertise in cutting-edge imaging technology, and radiologists who have limited understanding of clinical requirements and expectations, by bringing clinicians and radiologists together for medical conferences, consultations and discussions and to provide guidance on imaging examination orders and imaging report analysis to clinicians, and thus enhance our values. However, there can be no assurance that such training provided is sufficient, or that such training can help us achieve the expected results at all times. If our imaging professionals fail to implement what they learnt from such training, there may be service quality issues, which could materially and adversely affect our business operations.

In addition, we focus on medical quality and safety for avoiding medical disputes and accidents. We have connected medical safety management with medical quality control and established a complete management system. To ensure the effectiveness of medical safety management and medical quality control, we have established a quality control expert committee to evaluate the professional skills of medical professionals and conduct training. However, there can be no assurance that our management and control will be at all times effective, or issues related to medical quality and safety will not occur. If medical disputes or accidents occur, they may materially and adversely affect our business operations.

We may not continue to enjoy certain government grants and subsidies in the future.

We currently enjoy certain government grants and subsidies, which may be discontinued in the future. The government grants and subsidies we recognized as other income in the years ended December 31, 2021, 2022 and 2023 amounted to RMB4.1 million, RMB2.3 million and RMB4.1 million, respectively.

The timing, amounts and conditions of government grants and subsidies were within the sole discretion of the government and these government grants and subsidies may be reviewed and assessed by the government periodically and may fluctuate from time to time pursuant to the changes in relevant government policies. We cannot assure you that we will be able to continue to receive any such government grants and subsidies, and if we are unable to do so, our business, results of operations and financial condition may be adversely affected.

We recorded net losses in 2021 and 2022 and we cannot ensure future profitability.

In 2021 and 2022, we incurred net losses of RMB382.0 million and RMB15.1 million, respectively, primarily due to (i) the negative impact of the COVID-19 pandemic, which adversely impacted our business operations and financial conditions in 2021 and 2022, (ii) all of our flagship imaging centers opened from 2018 to 2021 being at ramp-up stage of development, contributing to the overall loss-making in the same years, (iii) the substantial amount of share-based payment expenses and interest expenses of financial instruments issued to investors, both of which we recorded in 2021, and (iv) expenses in relation to the Listing occurred in the same years. We recorded net profit of RMB36.6 million in 2023. As of December 31, 2021, 2022 and 2023, we had accumulated losses of RMB492.6 million, RMB492.3 million and RMB447.8 million, respectively.

Our historical performance may not be indicative of our future performance. Our ability to generate revenue and achieve profitability will depend on the performance of our existing offerings and the success of the implementation of our strategic initiatives. Our profitability could also be affected by a number of factors, many of which are beyond our control, including regulatory evolvement, changes in economic, epidemics, pandemics and competition, and our results of operations may be adversely affected by any of such factors. If we are not able to effectively manage our business growth and expand our business operations, we may not be able to successfully implement the strategies necessary to further our business prospects on schedule or within our budget, or at all. Accordingly, there can be no assurance that we can achieve future profitability.

There can be no assurance that the insurance coverage is sufficient.

Our business is exposed to potential liabilities that are inherent in the provision of healthcare services. We do not maintain key person insurance apart from directors' liability insurance and medical liability insurance. While we have obtained medical liability insurance covering imaging centers, there can be no assurance that the insurance coverage is sufficient. In addition, there can be no assurance that our existing insurance coverage will be able to cover all types of risks involved in our business operations, or be sufficient to cover the full extent of losses, damages or liabilities arising therefrom. See "Business — Insurance." Furthermore, there are certain types of risks, such as acts of god, for which insurance coverage is generally not available on commercially acceptable terms or at all. If we suffer any losses, damages or liabilities in the course of our business operations, we will have to bear all of such losses, damages or liabilities. Even if we have maintained insurance coverage for a specific area of business operations, there can be no assurance that we will be able to successfully claim for compensation under the relevant insurance policy or the claim under the maximum amount of our insurance coverage will be sufficient. In such circumstances, our business operations, financial condition and results of operations may be materially and adversely affected.

Our business significantly depends on our brand name, reputation and customer perceptions, and any negative publicity about us, our imaging centers, our business partners or the medical imaging service industry as a whole could harm our brand image and reputation and trust in the services provided by us, which could result in a material and adverse effect on our business and prospects.

Negative publicity involving us, our imaging centers, our business partners such as hospitals, or the PRC medical imaging service industry as a whole may materially and adversely harm our brand image and reputation and cause deterioration in the level of market recognition of and trust in the services provided us, thereby resulting in reduced patient flow and revenue, potential loss of business partners as well as loss of imaging professionals. Such negative publicity may also result in diversion of management's attention, and governmental investigations or other forms of scrutiny, which may have a material and adverse effect on our business, financial condition, results of operations and prospects.

We are subject to product liability exposure and have limited insurance coverage. Any product liability claims or safety-related regulatory actions could require us to pay substantial damages, harm our reputation and materially and adversely affect our business, financial condition and results of operations.

We are exposed to product liability for the medical imaging equipment we sell to customers. We may be subject to product liability claims if such products do not perform as expected. Our products may prove to be less effective than they currently appear to be, or may prove to be defective in ways we do not expect. Our claims against the manufacturers of relevant products may incur additional cost and the subsequent results may not be favorable to us. During the Track Record Period, we were not subject to material product liability claims.

Complex imaging devices, such as our CT scanners, MRI scanners, PET scanners and other machines, sometimes experience problems resulting from faulty design or manufacturing or the way medical professionals use such products. From time to time, we receive feedback from medical professionals relating to issues they encounter while using our products, including technical difficulties. We expect that we will receive such feedback from time to time.

Component failures, manufacturing errors or design defects could cause health risks to patients and medical professionals. During the Track Record Period, we did not experience any material component failures, manufacturing defects or design defects that harmed patients or equipment operators or exposed them to the risk of harm or injury.

The manufacturers or distributors have maintained product liability insurance for the relevant products during the Track Record Period. However, such insurance coverage may be insufficient to protect us from all the product liability claims. If a product liability claim or series of claims is brought against us for uninsured liabilities or in excess of the insurance coverage and we are ultimately held liable for such claim or series of claims, our business, financial condition and result of operations will be materially and adversely affected.

The proper functioning of our computer network infrastructure and information technology systems is essential to our business operations, and any data loss, technological failure, security breach, network interruptions or other disruptions may adversely affect our business.

The proper maintenance of a functioning information technology system is essential to our business operations of our imaging centers and cloud platform. Our cloud platform has obtained National Information System Security Level III Protection Certification (國家信息系統安全等級保護三級證書). The computer network infrastructure and information technology system help operate and monitor the operational performance of the imaging centers and cloud platform, including the management of patient services, patient records, billing, financial data and inventory. Any technical failures associated with the information technology systems, including those caused by power loss, natural disasters, network failures, computer viruses or other unauthorized tampering, may cause interruptions in the ability of the imaging centers and cloud platform to provide services to patients and other healthcare consumers, keep accurate records, receive payment from insurance reimbursements and maintain normal business operations. Any of the foregoing events may adversely affect our business, financial condition and results of operations.

Future acquisitions of or investment in businesses, products, technologies or know-how could subject us to risks and uncertainties.

We plan to actively seek strategic opportunities for acquisitions of businesses, products, technologies or know-how that we believe would benefit our product development, R&D capabilities, and technology or distribution network. Our ability to grow through acquisitions depends upon our ability to identify and integrate suitable targets and to obtain necessary financing at reasonable terms. Such acquisitions may involve significant risks and uncertainties, in particular, we may experience:

- difficulties in integrating acquired companies, personnel or products into our business, particularly different quality management, customer service and other business functions;
- delays or failures in realizing the benefits of acquisitions;
- diversion of our management's time and attention from other business concerns;
- higher costs of integration than we anticipated; or
- difficulties in retaining key employees of acquired businesses.

An acquisition could also materially impair our results of operations by causing us to incur debt or amortize acquired intangible assets. We may also discover deficiencies in internal controls, data adequacy and integrity, service quality, regulatory compliance and liabilities in the businesses we have acquired which we did not uncover prior to such acquisition.

Consequently, we may become subject to penalties, lawsuits or other liabilities. Any difficulties in the integration of acquired businesses or products or unexpected penalties, lawsuits or liabilities in connection with such businesses or products could materially and adversely affect our business, financial condition and results of operations.

Lease termination, any substantial increase in rent or non-renewal of lease agreements may affect our business operations and financial performance.

In 2021, 2022 and 2023, our finance expenses on lease liabilities were RMB11.1 million, RMB9.9 million and RMB8.8 million, respectively. As of December 31, 2021, 2022 and 2023, the aggregate balance of our lease liabilities was RMB187.2 million, RMB130.8 million and RMB176.0 million, respectively. As all of our imaging centers and offices are currently situated at leased properties, we are particularly susceptible to fluctuations in the property rental market.

Before the expiry of each of our leases, we have to negotiate the terms of renewal with our respective lessors. There is no assurance that our existing leases would be renewed on similar or favorable terms, in particular, with respect to the amount of rent and the term of the lease, or at all. Any substantial increase in the rent of our leased properties may cause our property rental and related expenses to increase, which could materially and adversely affect our profitability. There can also be no assurance that our existing leases will not be terminated by the lessors before the expiry of the relevant term.

If we are required to relocate our medical imaging centers, there can be no assurance that we will be able to identify comparable locations in a timely manner or at all, and that we will secure a lease on comparable terms. We may also incur substantial reinstatement, relocation and renovation costs. Furthermore, the establishment of our imaging centers at new locations involves regulatory approvals and reviews by various PRC governmental authorities, including relevant filing and applications for change of address in respect of business licenses, Medical Institution Practicing Licenses, Licenses for Radiotherapy and Licenses for Safe Radiation; and completion of relevant environmental assessments and fire prevention inspections of new premises by relevant PRC governmental authorities. Non-renewal of the leases of our imaging centers may have a material adverse effect on our business, results of operations and financial condition.

We depend on the continued service of our senior management team and other key employees, and our business, financial condition and results of operations could be impacted greatly if we incurred high labor costs or experienced labor shortages. In addition, former employees could use the experience and relationships developed while employed or under contract with us to compete with us.

We have been, and will continue to be, heavily dependent on the continued service of our senior management team and other key employees such as key management professionals, imaging professionals and research personnel, some of whom have been with us since our inception. Competition for competent candidates in the industry is intense and the pool of competent candidates is limited. If we lose the services of multiple key employees, we may not be able to locate suitable or qualified replacements in a timely manner and may incur additional expenses to recruit and train new personnel. Consequently, our business could be severely disrupted, the implementation of our business strategies could be delayed, and our financial condition and results of operations could be materially and adversely affected. Both high labor costs and labor shortages could materially and adversely impact on our operations, margins and profitability. 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, patients and key professionals and staff. There can be no assurance on the extent to which any of confidentiality agreements, non-competition agreements and anti-bribery agreements between our key employees and us will be enforceable under the applicable laws. As a result, our former employees could use the experience and relationships developed while employed or under contract with us to compete with us.

We may not be able to detect or prevent fraud or other misconduct committed by our employees or third parties, which may harm our business and reputation.

We were not aware of any instances of fraud, theft and other misconduct involving our employees and other third parties (which include customers, suppliers, logistics and transportation service providers and intermediaries) that had any material adverse impact on our business and results of operations during the Track Record Period and up to the Latest Practicable Date. However, there can be no assurance that there will not be any such instances in the future. We may be unable to prevent, detect or deter all instances of misconduct. Any misconduct committed against our interests, which may include past acts that have gone undetected or future acts, could subject us to financial losses, harm our reputation and may have a material adverse effect on our business and results of operations.

Meanwhile, our risk management systems, information technology systems and internal control procedures are designed to monitor our operations and overall compliance. However, we may be unable to identify non-compliance or suspicious transactions promptly, or at all. Furthermore, it is not always possible to detect and prevent fraud or other misconduct committed by our employees or third parties, and the precautions we take to prevent and detect such activities may not be effective. Therefore, we are subject to the risk that fraud or other misconduct may have previously occurred but was undetected, or may occur in the future. This may materially and adversely affect our business, financial condition and results of operations.

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

Our success depends on our ability to effectively utilize our standardized management system, information systems, resources and internal controls. 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 to meet our evolving business needs. If we are unable to improve our internal controls, systems and procedures, they may become ineffective and adversely affect our ability to manage our business and cause errors or information lapses that affect our business. If we are not successful in discovering and eliminating weaknesses in our internal controls, our ability to effectively manage our business may be affected.

Geopolitical and other challenges and uncertainties could have a material adverse effect on the global economy and our business.

Global markets are currently operating in a period of economic uncertainty, volatility and disruption in connection with the tensions between Russia and Ukraine. Although the length and impact of the ongoing military conflict are highly unpredictable, the conflict in Ukraine and any other geopolitical tensions could have an adverse effect on the economy and business activity globally, and lead to credit and capital market disruptions, significant volatility in commodity prices, slowdown or disruption of the global and local supply chain, interruption or limitation of technology communication and exchange, potential fluctuation in U.S. dollar exchange rate and fluctuation in Renminbi interest rates and inflation in the markets in which we operate, and lower or negative global growth.

The United States, the United Kingdom, the European Union and several other countries announced a broad array of new or expanded sanctions, export controls and other measures against Russia and others supporting Russia's economy or military efforts. For example, the United States enlarged the trade restriction list published by the United States Department of Commerce's Bureau of Industry and Security and took swift and severe action to impose export controls on Russia. Such armed conflicts between Russia and Ukraine, including any resulting sanctions, export controls or other restrictive actions that may be imposed by the United States and/or other jurisdictions, have created global security concerns that could result in a regional conflict and otherwise have a lasting impact on regional and global economies. We are continuing to monitor the situation in Russia, Ukraine and globally and assess its potential impact on our business. Any of the abovementioned factors could adversely affect our business, prospects, financial condition, and operating results.

Risks Relating to Our Financial Position

Our business is susceptible to fluctuations in the costs of medical equipment and consumables, which could materially and adversely affect our profitability and results of operations.

The profitability of our business is influenced by fluctuations in the costs of medical equipment and consumables. In 2021, 2022 and 2023, our cost of trading medical equipment, mainly representing costs for purchasing equipment, was RMB115.1 million, RMB228.3 million and RMB229.0 million, respectively, representing 27.6%, 41.8% and 38.4% of our cost of sales, respectively. During the same years, depreciation of our property, plant and equipment, mainly representing depreciation of imaging equipment in our imaging center services, was RMB124.3 million, RMB138.3 million and RMB148.8 million, respectively, representing 29.8%, 25.3% and 24.9% of our cost of sales, respectively.

The availability and prices of medical equipment and consumables can fluctuate from time to time and are subject to factors beyond our control, including supply, demand, general economic conditions and governmental regulations, each of which may affect procurement costs or cause a disruption in supply. We have partnership with a number of suppliers to ensure that our supply channels are not restricted. However, there can be no assurance that we will be able to anticipate and react to changes in medical supply costs in the future by locating replacement suppliers or adjusting our service offerings in a timely manner, or that our imaging centers will be able to pass these cost increases on to our customers. Any of these factors may have a material and adverse effect on our profitability and results of operations.

A substantial portion of our borrowings are acquired through finance leasing, and the lack of any historical default record of our finance lease agreements may not be indicative of whether there would be default for unforeseeable reasons.

During the Track Record Period, finance leasing was one of our major means to increase capital and relieve financing debt. In 2021, 2022 and 2023, we incurred interest expenses on other borrowings of RMB32.4 million, RMB22.8 million and RMB11.6 million, respectively, in relation to finance leasing of medical equipment. As of December 31, 2023, 62.0% of our borrowings were acquired through finance leasing. As of December 31, 2023, we had an outstanding balance of loans from financial leasing companies (including both non-current and current portions) of RMB130.3 million. However, we may not be able to maintain the current default rate of 0% and may lose the collateral, and the underlying assets may be foreclosed. Our compliance with the terms of our current finance lease agreements may not be indicative of our future default rate. Medical equipment is essential to our business, and without such leased assets, our business operations and revenue may be severely impacted. In addition, in the event of default, the actual residual value of the leased medical equipment may be much lower than the estimation or the market price, depending on the length of the lease, the maintenance costs, insurance costs and costs of asset improvement.

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.

We may require cash resources to finance our continued growth or other future developments, such as any marketing initiatives or investments we may decide to pursue. The amount and timing of such additional financing needs will vary depending on the timing of the actions, investments in acquisitions, and the amount of cash flows from our operations. If our resources are insufficient to satisfy our cash requirements, we may seek additional financing. To the extent that we raise additional financing by issuance of additional equity or equity-linked securities, our Shareholders may experience dilution. To the extent we engage in debt financing, the incurrence of indebtedness would result in increased debt servicing obligations and could result in operating and financing covenants that may, among other things, restrict our operational flexibility or our ability to pay dividends. Servicing such debt obligations could also be burdensome to our operations. If we fail to service our debt obligations or are unable to comply with such debt covenants, we could be in default under the relevant debt obligations and our liquidity and financial condition may be materially and adversely affected.

Our ability to obtain additional capital on commercially acceptable terms is subject to a variety of uncertainties, some of which are beyond our control, including general economic and capital market conditions, credit availability of financial institutions, receipt of necessary PRC government approvals, investors' confidence in us and the industries where we operate, the performance of the healthcare service industry in general, and our operating and financial performance in particular. There can be no assurance that future financing will be available in amounts or on terms commercially acceptable to us, if at all. In the event that financing is not available or is not available on terms commercially acceptable to us, our business, financial condition, results of operations and prospects may be adversely affected.

We are subject to credit risk in respect of our receivables.

Our trade receivables mainly represent the balances due from hospitals for the medical services provided by our imaging centers, and operational management services, imaging solution services and Rimag Cloud services provided to other medical institutions and corporations. As of December 31, 2021, 2022 and 2023, our trade receivables and long-term trade receivables were RMB226.7 million, RMB305.3 million and RMB390.4 million, respectively. Any dispute or late or delinquent settlement may affect the financial condition and ability to settle fees with us of some of the hospitals that we cooperate with for certain of our imaging center services business, which may affect our financial condition and results of operations. We typically grant credit terms of at least one month to hospital customers, and we follow up actively on settlement with them to avoid overdue receivables. However, there can be no assurance of the collection of amounts due from patients, hospitals in a timely manner. If we fail to receive payments from our customers on a timely basis, our cash flows and financial position could be materially and adversely affected.

We may recognize impairment loss on our prepayments, deposits and other receivables.

We recorded prepayments, deposits and other receivables of approximately RMB266.9 million, RMB328.3 million and RMB219.0 million as of December 31, 2021, 2022 and 2023, respectively. During the Track Record Period, our prepayments, deposits and other receivables primarily consisted of (i) deposits, (ii) prepayment to suppliers, and (iii) prepayments for purchase of property, plant and equipment. The deposits represented deposits for security deposits for our borrowings from financial leasing companies, rental of buildings, and the bidding. The prepayment to suppliers mainly represents advance payments to vendors to purchase raw material and machinery for the business. As of December 31, 2021, 2022 and 2023, we have recorded provision for impairment for prepayment, deposits and other receivables, representing approximately RMB0.6 million, RMB0.7 million and RMB0.8 million, respectively. We cannot assure you that there would not be any additional impairment charges on our prepayments, deposits or other receivables in the future. If we record significantly increased impairment losses on such balances in the future, our business, financial condition and results of operations may be materially and adversely affected.

We have recognized goodwill during the Track Record Period. If our goodwill was determined to be impaired, it could adversely affect our results of operations and financial position.

In 2021, 2022 and 2023, we recorded goodwill of RMB11.9 million, RMB11.9 million and RMB19.2 million, respectively, which mainly arose from our acquisition of certain regional collaborative imaging centers. Goodwill represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously held equity interest in the acquiree over the fair value of the identifiable net assets acquired. We do not amortize goodwill, but we conduct impairment reviews annually if events or changes in circumstances indicate a potential impairment. See "Financial Information — Material Accounting Policy Information, Critical Judgements and Estimates — Impairment of Non-Financial Assets."

In evaluating the potential for impairment of goodwill, we make assumptions regarding future operating performance, business trends and market and economic conditions. This analysis further requires us to make assumptions about compounded revenue growth rates, cost and operating expense as a percentage of revenue, useful life of the goodwill, long-term growth rates and pre-tax discount rates. There are inherent uncertainties relating to these factors and our management's judgment in applying these factors to the assessment of goodwill recoverability. However, there can be no assurance that our assumptions will prove to be correct. We could be required to evaluate the recoverability of goodwill prior to the annual assessment if there are any impairment indicators which could be caused by our failure to successfully operate our business. If we were required to recognize impairment charges, they could substantially affect our reported earnings in the years when recognized. In addition, impairment charges could negatively affect our financial ratios, limit our ability to obtain financing and adversely affect our financial position. In addition, there can be no assurance that we will not record significant impairment of goodwill in the future, which may adversely affect our results of operations and financial position.

We have intangible assets other than goodwill. If our other intangible assets were determined to require impairment, it could adversely affect our results of operations and financial position.

As of December 31, 2021, 2022 and 2023, we had intangible assets other than goodwill of RMB19.0 million, RMB20.0 million and RMB27.0 million, respectively, which consisted of software, licenses and client relationships. After initial recognition, we determine whether these intangible assets are impaired at the end of each year in the Track Record Period if events or changes in circumstance indicate that the carrying amount of these assets exceeds the recoverable amount. As a result, our evaluations in the future on these intangible assets may result in material impairment charges that would have a material impact on our results of operations and potentially the price of our Shares.

If we fail to fulfill our obligations in respect of contract liabilities, we could be exposed to legal liability, loss of reputation, reduced revenue or liquidity challenges.

Contract liabilities arise when we receive deposits and advances from a customer before transferring our services to the customer. See "Financial Information — Description of Certain Components of Our Consolidated Statements of Financial Position — Contract Liabilities."

As of December 31, 2021, 2022 and 2023, we had contract liabilities of RMB59.6 million, RMB69.2 million and RMB9.0 million, respectively. If we fail to honor our obligations in respect of our contract liabilities, customers may exercise their rights to terminate a contract, exposing us to legal liability, damage to our reputation, reduced revenue or liquidity challenges.

We are exposed to risks associated with the fair value change in financial assets at FVPL and valuation uncertainty regarding the use of unobservable inputs.

As of December 31, 2021, 2022 and 2023, we recorded the balance of financial assets at FVPL of nil, RMB50.3 million and RMB53.9 million, respectively. Our financial asset at FVPL in 2022 and 2023 was generated from the disposal of the equity interest in Wuhan Rimag Sunshine Medical Imaging Diagnosis Center Co., Ltd. (武漢一脈陽光醫學影像診斷中心有限公司) ("**Wuhan Rimag**") in September 2022.

Fair value of our financial assets at FVPL is estimated by using valuation techniques and on the basis of unobservable inputs. The use of unobservable inputs renders valuation uncertain, as changes of unobservable inputs such as discount rate may change the fair value of the financial asset. The fluctuation of our financial assets at FVPL may continue to affect our results of operations in the future. We cannot assure you that market conditions and regulatory environment will create fair value gains on the financial asset or we will not incur any fair value losses on our financial asset at FVPL in the future. If we incur such fair value losses, our results of operations, financial condition and prospects may be adversely affected. For fair value measurement of financial instruments, see note 3.3(e) to the Accountant's Report in Appendix I to this prospectus.

Share-based compensation would dilute our shareholders' interest and have a material and adverse effect on our financial performance.

We adopted an Equity Incentive Plan for the benefit of our employees (including directors) as remuneration for their services provided to us and to incentivize and reward the eligible persons who have contributed to the success of our Company. See "Appendix VI — Statutory and General Information — F. Employee Incentive Scheme." In 2021, 2022 and 2023, we incurred share-based payments expenses of RMB291.1 million, RMB3.2 million and RMB2.6 million, respectively. To further incentivize our employees to contribute to our Company, we may grant additional share-based compensation in the future. Issuance of additional Shares with respect to such share-based compensation would dilute our shareholders' interest. Expenses incurred with respect to such share-based payment may also increase our operating expenses and therefore have a material and adverse effect on our financial performance.

Risks Relating to Laws and Regulations

Our business is subject to complex and evolving laws and regulations. Any adverse changes in the regulatory regime relating to the areas where we operate business healthcare industry may limit our ability to provide products and services, thereby materially and adversely affecting our business, financial condition and results of operations.

The operations of our imaging centers and other businesses are subject to various laws, rules and regulations at the national and regional levels of the PRC healthcare industry. Such laws, rules and regulations mainly relate to: (i) specifications in the medical imaging services industry that may affect our capabilities to carry out daily operations and to implement our business strategies; (ii) the operation and supervision of medical institutions; and (iii) medical incidents, among other things. Compliance with these laws and regulations can cause difficulties and incur higher costs. New laws or regulations or changes to laws and regulations can impose additional compliance costs, reduce our revenue, and require us to change our operations to ensure compliance or otherwise change our business.

In recent years, the PRC government has, on many occasions, promoted the development of medical imaging centers. Nevertheless, new laws, rules and regulations relevant to our businesses may be introduced in the future, or the current applicable regulations may otherwise be amended or replaced, requiring us to conduct business with additional oversight and regulatory compliance. In particular, any change in the applicable laws, rules and regulations could require us to obtain additional licenses, permits, approvals or certificates, increase our operational expenses or result in the invalidation of licenses, permits, approvals or certificates currently owned by us. For example, if the PRC government issued policies that would restrict the development of third-party medical imaging facilities, our strategic layout and future development may be greatly affected.

Newly promulgated laws and regulations may be subject to variations in application, interpretation and implementation in the future. As a result, we may not be aware in a timely manner that we have violated certain policies and rules. Moreover, as each local government has instituted and executed different sets of policies to various extents, there can be no assurance that we can adapt to the changes in the regulatory environment swiftly enough or in a cost-efficient manner, failure of which may adversely affect our operations and lead to substantial compliance costs. Meanwhile, we may need to implement changes in our facilities, equipment, personnel or services, to comply with the latest laws and regulations in light of changes in the regulatory environment, and such may increase our capital expenditures and operating expenses, thereby adversely affecting our business, financial condition and results of operations.

Any failure to comply with applicable laws and regulations, or obtain, maintain or renew, or experience delays in obtaining, maintaining or renewing, required licenses, approvals, certificates or other regulatory filings may adversely affect our business and results of operations.

In accordance with current applicable PRC laws and regulations, medical service providers are required to obtain various certificates, licenses and permits, including, but not limited to, the Medical Institution Practice License, License for Radiotherapy and License for Safe Radiation. We are required to meet specific conditions in order for government authorities to issue or renew any certificates, licenses or permits. If we fail to obtain or renew the certificates, licenses or permits in a timely manner but engaged in business operations illegally, the relevant government authorities may impose administrative penalties on us, and our operations may be adversely affected.

Our services could fail to receive or maintain regulatory approval for many reasons, including, but not limited to: (i) failure to maintain the quality of our services; (ii) failure to provide services in accordance with regulatory requirements; (iii) rejection by the relevant authorities to approve pending applications or supplements to approved applications filed by us or suspension, revocation or withdrawal of approvals; and (iv) credit integrity issues related to our services.

During the Track Record Period, we did not obtain the relevant Licenses for Deployment of Large-scale Medical Equipment or updated the deployment licenses' information for certain units of large-scale medical equipment, which are required under Catalog 2018 but are no longer required under Catalog 2023. See "Regulatory Overview — Regulations on Pharmaceuticals in

Medical Institutions and Medical Devices." As of the Latest Practicable Date, we had not been subject to any administrative penalties imposed by the relevant governmental authorities, nor had we received any penalties or investigation notices from the relevant governmental authorities for such historically non-compliance incidents. Due to potential changes in the future in the regulatory environment of the industries in which we operate, there can be no assurance that the relevant government authorities would not impose administrative penalties on us as a result of the foregoing, which could adversely affect our business, financial condition and results of operations.

Meanwhile, we are also required to complete various registrations or filings to operate our business, including, but not limited to, environmental impact assessment filings and fire safety-related filings. In case of any non-compliance incidents, we may have to incur significant expenses and divert substantial management time and resources to rectify the issues and to prevent similar incidents from recurring. During the Track Record Period and up to the Latest Practicable Date, we had certain incidents in relation to failure to complete the necessary fire safety procedures for two of our regional collaborative imaging centers. Despite our reasonable best efforts seeking to obtain the required fire safety related filings, we had not yet completed the required fire control acceptance examination formalities or fire safety filing formalities for two of these imaging centers in operation. Our PRC Legal Advisor has interviewed or made inquiries with the relevant competent authorities, and confirmed that we had not been imposed with any administrative penalties by such competent authorities as a result of the forgoing during the Track Record Period, and these two imaging centers could continue to use the relevant properties and conduct operational activities on a normal basis. There can be no assurance that the relevant government authorities would not impose administrative penalties on us as a result of the foregoing, which could adversely affect our business and results of operations.

Furthermore, government policies relating to the medical services industry in the PRC are still evolving. As a result, changes in regulatory requirements and guidance may also occur, and we may need to adjust our business protocols to reflect these changes. Adjustments may require us to incur more costs, time and communication with regulatory authorities for our services. If we fail to keep up with new polices or best practices, our standard of service may fall short of the latest standard and we could become more prone to non-compliance or even penalties, including fines, injunction of our services, disgorgements of illegal gains or even suspension of our business, which could materially and adversely affect our business, financial condition, results of operations and prospects.

In addition, the interpretation, implementation and enforcement of government policies and regulations may vary. Our ability to offer and market services may be limited, and our business, financial condition and results of operations may be materially and adversely affected, by such differences in interpreting, implementing and enforcing and changes in government policies or regulations, which may result in increased cost of compliance and operation, which in turn will affect our business, results of operations and financial condition.

We may fail to fully comply with clinical and radioactive waste in accordance with the applicable laws and regulations or the relevant medical, health and safety or environmental laws and regulations. We could be subject to fines or penalties or incur costs that could have a material adverse effect on our business.

As part of our normal business operations, we produce and store clinical waste, which may produce effects harmful to the environment or human health. Our imaging centers using nuclear medicine may produce radioactive waste, and they conduct decay treatment before disposing of that waste as clinical waste. We are subject to various health, safety, social and environmental laws and regulations, especially the laws and regulations governing handling, use, storage, treatment and disposal of clinical and radioactive waste. Failure to abide by such laws and regulations may also lead to fines, penalties or other sanctions. See "Regulatory Overview — Regulations on Pharmaceuticals in Medical Institutions and Medical Devices." The disposal services concerning our clinical waste, including the disposal of radioactive waste after decay treatment, are outsourced. There can be no assurance that disposal service providers will comply with relevant laws and regulations at any time. If they fail to comply with relevant laws and regulations, we could face sanctions or fines which could adversely affect our brand, reputation, business, results of operations or prospects. Generally, our business is subject to laws and regulations relating to the environment and public health. If the applicable laws and regulations in the PRC were to become more stringent, we could incur additional compliance costs which could in turn have a material adverse effect on our business, results of operations and prospects. Failure to comply with applicable regulations in the PRC could also result in us being held liable or fined and any of our licenses, permits, approvals and certificates could be suspended or withdrawn by the relevant PRC health authorities. Any of these consequences may have a material adverse effect on our business, results of operations and prospects.

Health and safety risks are inherent in the services we provide and are constantly present in imaging centers and other medical institutions. A health and safety incident could be particularly serious as the patients at our hospitals may be dependent persons and therefore highly vulnerable. Some of our activities are especially vulnerable to medical risks, including the transmission of infections to employees and patients and the prescription and administration of drugs. Our business operations are also exposed to risks relating to health and safety, primarily in respect of food and water quality, as well as fire safety and the risk that patients may cause harm to themselves, other patients or our employees. If any of the above medical or health and safety risks were to materialize, it could have a material adverse effect on our brand and reputation.

We could be exposed to risk related to our dealing with patients' and other healthcare consumers' personal and medical information. Data protection, cybersecurity, privacy and similar laws in China and other jurisdictions regulate the collection, use and disclosure of involved information and data, and failure to comply with or adapt to changes in these laws could materially and adversely harm our business.

Our business generates and processes a large amount of data, including patients' personal data, imaging data and other medical information and data, and the improper use or disclosure of such data could harm our reputation as well as have a material adverse effect on our business and prospects.

Our imaging centers and cloud platform collect and maintain personal and medical information of patients and other healthcare consumers. PRC laws and regulations generally require medical institutions and their professionals to protect the privacy of patients and prohibit unauthorized disclosure of personal information. We are also subject to, among other things, regulations on personal information protection in the PRC, which regulates the use of personal information of patients collected for specific purposes or for directly related purposes.

As collecting, using, storing, sharing, transferring and disclosing personal data and healthcare data, including individually identifiable or de-identified health information, are highly regulated in the PRC, we have adopted various measures to ensure our legal compliance on the confidentiality of the patients' and other healthcare consumers' personal and medical information in accordance with the security protection requirements of the Multi-Layer Protection Scheme and have obtained National Information System Security Level III Protection Certification. See "Business — Data Protection and Privacy — Cybersecurity Protection." However, these measures may not always be effective and there can be no guarantee that we can completely protect the information from leakage and constantly maintain compliance under an evolving and complex regulatory environment. While we strive to comply with our privacy policies and procedures as well as relevant laws and regulations in the PRC, we may fail to protect patients' and other healthcare consumers' data for reasons beyond our control. Such information could be divulged due to, for example, theft or misuse arising from staff misconduct or negligence, or compromised in the event of a security breach at our imaging centers or on our cloud platform. Failure to protect patients' and other healthcare consumers' medical information, or any restriction on our network's liability as a result of the misuse of medical data, could have a material adverse effect on the business and reputation of our imaging centers and cloud platform. We may accept the entrustment from third parties to collect some data, or may indirectly collect some data from third parties, during the operation of our business. The activities of such third parties are beyond our control and there is no guarantee as to the effectiveness of the measures we have taken to urge and supervise third parties to abide by applicable cybersecurity and data privacy and protection laws and regulations. If any third party fails, or is deemed to have failed, to obtain authorization from the subject of personal information in a reasonable and lawful manner, or to comply with applicable cybersecurity and data privacy and protection laws and regulations, it may also have a material adverse effect on our imaging center services and Rimag Cloud services as well as our reputation.

Additionally, a technological failure or security breach may result in violation of regulations, and may lead to civil, administrative or criminal penalties, which could have a material adverse effect on our business, financial condition and results of operations. Regulators have increased their focus on data protection, cybersecurity and privacy in the PRC. While we believe our current usage of the patients' and other healthcare consumers' personal and medical information in material aspects is in compliance with applicable laws and regulations, any changes in such laws and regulations could impose more stringent requirements on us and subject us to increased compliance costs, which may have a material and adverse effect on our business, financial condition and results of operations.

On November 14, 2021, the Cyberspace Administration of China ("**CAC**") published the Regulations on Network Data Security Management (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) ("**Draft Regulations on Network Data Security Management**"). The Draft Regulations on Network Data Security Management require that, among others, a data processor must apply to the CAC for cybersecurity review if its listing in Hong Kong affects or may affect national security. However, such draft regulations do not provide specific interpretations on what constitutes circumstances which affect or may affect national security. Therefore, we are unable to evaluate whether or not we are required to apply for the cybersecurity review and the potential impact of such regulatory changes on us, if any, at this stage. As advised by our Data Compliance Advisor, the criteria for determining "affect or may affect national security," as stipulated in the Draft Regulations on Network Data Security Management, is still subject to the laws and regulations in force then, and further elaboration by the CAC. As of the Latest Practicable Date, the Draft Regulations on Network Data Security Management had not come into effect, and we had not received any notices or inquiries from relevant competent authorities requiring us to apply for cybersecurity review. As the Draft Regulations on Network Data Security Management had not come into effect and the effective version may be different from the current one, there can be no assurance that we will fully comply with the relevant regulations when the draft come into effect, and we may consequently face administrative penalties.

On December 28, 2021, the CAC announced the Cybersecurity Review Measures (《網絡安全審查辦法》), effective from February 15, 2022. Pursuant to the Cybersecurity Review Measures, critical information infrastructure operators which procure Internet products and services, and online platform operators which conduct data processing activities that affect or may affect national security, shall conduct a cybersecurity review. In particular, if critical information infrastructure operators anticipate that their procurement of Internet products and services affects or may affect national security after such Internet products and services are used, they shall apply for cybersecurity review to the Cybersecurity Review Office; and online platform operators that hold personal information of more than one million users must apply to the Cybersecurity Review Office for cybersecurity review before listing in a foreign country. In addition, if regulatory authorities determine that the Internet products and services as well as data processing activities affect or may affect national security as stipulated in the Cybersecurity Review Measures, the Cybersecurity Review Office can initiate cybersecurity reviews. Based on its understanding of the Cybersecurity Review Measures, our Data Compliance Advisor is of the view that listing on the Main Board does not fall within the scope of "listing in a foreign country" which triggers cybersecurity review by cyberspace administrations as provided in the Cybersecurity Review Measures currently.

However, the opinion of our Data Compliance Advisor stated above may change according to the laws and regulations in effect at that time, and there is also the possibility that the PRC government authorities may require us to apply for the cybersecurity review according to relevant regulations. In addition, as the Cybersecurity Review Measures are newly promulgated and the Draft Regulations on Network Data Security Management are still in draft form for public comments, the implementation and interpretation of such regulations are subject to the laws and regulations at that time. As a result, there can be no assurance that we will continue to comply with the laws and regulations that are in effect by then, or it will not incur high costs to comply with relevant laws at that time.

On July 7, 2022, the CAC released the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》), effective from September 1, 2022. Pursuant to the Measures on Security Assessment of Cross-border Data Transfer, a data processor that provides data collected and generated during its operations within mainland China to territories outside mainland China should, under certain circumstances, apply to the national network information department for data export security assessment through the provincial network information department where it is located. See "Regulatory Overview — Regulations on Personal Information or Data Protection." As of the Latest Practicable Date, our daily business operations did not involve the outbound transfer of personal information or important data. We anticipate the Measures on Security Assessment of Cross-border Data Transfer will not have a significant adverse impact on our daily business operations in terms of cross-border data transmission. However, the application and implementation of this regulation still subject to factors on a case-by-case basis. We cannot guarantee that we would continuously comply with the regulations. If regulatory authorities consider certain of our activities to be cross-border data transmission, we should comply with relevant requirements.

Further, the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》), which came into effect on November 1, 2021, sets out specific personal information protection requirements for all personal information processors. See "Regulatory Overview — Regulations on

Personal Information or Data Protection." We are continuously analyzing and adjusting our personal information processing procedures and methods in accordance with the requirements in the Personal Information Protection Law.

Due to the complexity and ongoing changes of the regulatory environment, there can be no assurance that our operation will consistently comply with the applicable laws and regulations on data protection, cybersecurity and privacy laws, regulations and policies. If we fail to do so, we may become subject to fines or other penalties, such as being required to cease operations or being required to modify the functionalities or contents of our Official Account and Mini Program, or we may choose to terminate certain operations, if we determine that the requirements to operate in compliance are overly burdensome. In each case, our business, financial condition and results of operations may be materially and adversely affected.

Failure to comply with the PRC anti-corruption laws, regulations and rules could subject us and/or our employees to investigations and administrative or criminal penalties, which may harm our reputation and materially and adversely affect our business, financial condition or results of operations.

We have adopted policies and procedures designed to ensure that our employees comply with the applicable PRC anti-corruption laws, rules and regulations. We currently require all of our new employees to sign an anti-corruption confirmation to prevent corruption and fraudulent practices. The confirmation ensures our employees' compliance with the applicable anti-corruption laws, including financial impropriety, improper conduct or unethical behavior and fraudulent activities. Our existing employees are required to attend regular training and comply with our employee handbook in connection with compliance with applicable laws and regulations. However, we operate in the healthcare sector in the PRC, which poses elevated risks of violations of anti-corruption laws, rules and regulations, and the PRC government has recently increased its anti-bribery efforts to reduce improper payments and other benefits received by doctors, staff and hospital administrators in connection with the purchase of pharmaceuticals, medical consumables and medical equipment and the provision of healthcare services. There can be no assurance that the anti-corruption internal controls and procedures we have established will effectively prevent our non-compliance with the PRC anti-corruption laws, regulations and rules arising from actions taken by the individual employees without our knowledge. If this occurs, we and/or our relevant employees may be subject to investigations and administrative or criminal penalties, and our reputation could be harmed by any negative publicity stemming from such incidents, which may materially and adversely affect our business, financial condition, results of operations and prospects.

We may be subject to additional social insurance fund and housing provident fund contributions and late fees or fines imposed by relevant regulatory authorities.

Pursuant to PRC laws and regulations, we are required to participate in the employee social welfare plan administered by local governments. Such plan consists of pension insurance, medical insurance, work-related injury insurance, maternity insurance, unemployment insurance and housing provident fund. The amount we are required to contribute for each of our employees under such plan should be calculated based on the actual income of our employees, together with the minimum and maximum level as from time to time prescribed by national laws and regulations and local authorities. Any failure to make timely and adequate social welfare contributions for its employees may trigger an order of correction from competent authorities requiring the employer to make up the full amount of such overdue social welfare contribution within a specified period of time, and the competent authority may further impose fines or penalties. During the Track Record Period, we did not pay social insurance and housing provident fund contributions in full for our employees based on the actual income of the relevant employees. As of the Latest Practicable Date, no competent government authorities imposed administrative actions, fines or penalties on us with respect to this incident or required us to settle the outstanding amount of social insurance payments and housing provident fund contributions. As advised by our PRC Legal Advisor, the risk that we will be required to settle all historical social insurance premiums and housing provident funds and be subject to material administrative penalties is remote, provided that there are no material adverse changes in the current regulatory policies and environment and no material employee complaints occur. However, there can be no assurance that the competent government authorities will not require us to settle the outstanding amount within the specified time limit or impose late payment penalties on us, which may adversely affect our financial position and results of operations.

Failure to comply with laws and regulations regarding certain of our leased properties may adversely affect our business, financial condition and results of operations.

We have leased certain properties in the PRC in connection with our business operations. Certain properties we leased have title or other defects. As a result, there can be no assurance that we will not be subject to any challenges, lawsuits or other actions taken against us with respect to these leased properties for which the relevant lessors do not hold valid title certificates. If the title of any leased properties were successfully challenged, we may be forced to relocate our operations on the affected properties and we may have to cease our operational activities in the event we face challenges in relation to our properties. If we fail to find replacement properties which are suitable or on terms acceptable to us for the affected operations, our business, financial condition and results of operations may be materially and adversely affected. Furthermore, as of the Latest Practicable Date, we did not complete registration procedures with respect to certain leases and we may be subject to fines and penalties imposed by government authorities. As advised by our PRC

Legal Advisor, failure to register an executed lease agreement will not affect its validity. However, we may be subject to a fine of no less than RMB1,000 and not exceeding RMB10,000 for each unregistered lease agreement if the relevant PRC government authorities require us to rectify and we fail to do so within the prescribed time period. Moreover, some of our leased properties' actual use is inconsistent with the use registered on the land use right certificate, and the competent authorities may require the lessors to return the land and impose fines on the lessors or confiscate the proceeds from the leasing of the properties and impose fines on the lessor if such properties are leased without their consent or handing in such income, as applicable. Therefore, the relevant lease agreements may be deemed to be in breach of law and therefore be void. See "Business — Properties." In addition, lessors of the leased properties may be required to complete necessary procedures under relevant laws and regulations in the PRC, such as fire safety-related filings or procedures. However, we, as the lessee, may not have sufficiently close control over the progress regarding the completion of those procedures since we are not the direct responsible subject of those relevant laws and regulations in the PRC. Any failure in the completion of any such required procedures may indirectly affect our ability to operate on the affected properties on a normal basis, thereby adversely affecting our financial position and results of operations.

We may not be able to adequately protect our intellectual property rights, which could harm our brand image and business.

As of the Latest Practicable Date, we had registered 118 software copyrights, 30 trademarks and four domain names in use in the PRC. We believe our patents, trademarks and other intellectual property rights are crucial to our success. We are susceptible to infringement of our intellectual property rights by third parties. There can be no assurance that third parties will not copy or otherwise obtain and use our intellectual property rights without our prior authorization. Our efforts to enforce or defend our intellectual property rights may not be adequate. We may have to initiate legal proceedings to defend the ownership of our intellectual property rights against any infringement by third parties, which may be costly and time-consuming, and we might be required to devote substantial management time and resources in an attempt to achieve a favorable outcome. Furthermore, the outcome of any legal actions to protect our intellectual property rights may be uncertain. If we are unable to adequately protect or safeguard our intellectual property rights, our business, financial condition, results of operations and prospects may be adversely affected.

In addition, other parties may register trademarks which may look similar to our registered trademarks under certain circumstances, which may cause confusion among patients and other healthcare consumers. We may not be able to timely prevent other parties from using trademarks that are similar to ours and the patients and other healthcare consumers may confuse our imaging centers with others using similar trademarks. In such case, the value of our trademarks and the public perception of our brand image may be adversely affected. As maintaining customers' trust is critical to our success, and any failure to do so could severely damage our reputation and brand, a negative perception of our brand image could have a material and adverse effect on our business, financial condition, results of operations and prospects.

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

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

Compliance with medical advertising laws, rules and regulations may incur high costs, and any non-compliance could subject our imaging centers, and us, to government penalties.

We and our imaging centers are obligated to ensure all of our advertising content complies with applicable laws, rules and regulations. In the PRC, according to the Administrative Measures on Medical Advertisements (《醫療廣告管理辦法》) and Notice on Further Strengthening the Administration of Medical Advertisements (《關於進一步加強醫療廣告管理的通知》) which was promulgated in July 2008, we must obtain a Medical Advertisement Examination Certificate (醫療廣告審查證明) before publishing a medical advertisement. Violation of these regulations may result in penalties against the non-compliant medical institution, including rectification within prescribed time periods and warnings, or, when the circumstances are judged as serious by the healthcare authorities, the penalties may include suspension of operations, revocation of relevant permits to engage in the provision of specific medical services, and the revocation of the Medical Institution Practicing License of our imaging centers by the healthcare authorities. In addition, if the content of the published advertisement deviates from what is approved and documented in the Medical Advertisement Examination Certificate, the competent authority may revoke the Medical

Advertisement Examination Certificate and suspend any applications for advertisement examination for one year. For advertisements related to certain types of products and services, such as pharmaceuticals and medical equipment, we and our imaging centers are required to confirm that the advertisers have completed filings with local authorities and obtained all requisite government approvals. We may incur high costs in complying with medical advertising laws, rules and regulations, and if we fail to fully comply with the above, the government may impose fine or take other administrative measures on us, which may have adverse effect on our business operation.

The pricing of our healthcare services may be affected by the overall pricing policy of the medical industry.

The government may from time to time issue policies or rules and regulations on the pricing of healthcare services, pharmaceuticals and medical consumables. As some of our imaging centers work with Medical Insurance Designated Medical Institutions, for healthcare services, pharmaceuticals and medical consumables covered by the public medical insurance programs, we are subject to the pricing guidelines set by the relevant local healthcare administrative authorities. The pricing of our regional collaborative imaging centers is based on the local medical insurance pricing, and can be impacted by the medical insurance pricing adjustments. Apart from that, since we operate our flagship imaging centers business as a for-profit medical institution, we can carry out independent pricing based on our own development needs and services provided.

We cannot predict whether the government will change the pricing guidelines in the future, or if additional healthcare services, pharmaceuticals or medical consumables may become subject to pricing controls, or if more stringent insurance reimbursement limits will be imposed on such services and products, which may put pressure on the pricing of our medical services. As a result, our business, financial condition and results of operations could be materially and adversely affected.

Availability of public and private insurance coverage and insurers' reimbursement policies may affect our revenue, profit margins and results of operations.

The success of our products and services partly may benefit from the reimbursement policies of the governmental authorities and health insurers. Failure to obtain or maintain adequate medical insurance coverage and reimbursement for our products and services could limit our ability to market those services and decrease our ability to generate revenue. Our ability to sell our products and services may be affected by the availability of governmental and private health insurance in China. China has a complex medical insurance system that may develop or improve from time to time. The governmental insurance coverage or reimbursement level in China for new healthcare services is subject to the laws and regulations in force then, and varies from region to region, as local government approvals for such coverage must be obtained in each geographic region in China. In addition, the PRC government may change, reduce or eliminate the governmental insurance coverage scope currently available for treatments based on a number of factors, including price and efficacy. There can be no assurance that our products and services will be covered by the PRC national medical insurance reimbursement list in the future or our products and services will be covered by private insurance companies in China in the future.

In addition, if our services and solutions become covered by the medical insurance, we may need to adjust the prices of our services and solutions, which will affect our overall revenue, profit margins and results of operations.

Changes in China's economic, political and social conditions could adversely affect our business, financial condition, results of operations, cash flows and prospects.

All of our current businesses, assets, operations and revenues are located in or derived from our operations in the PRC and, as a result, our business, financial condition and results of operations are influenced by the overall economic and regulatory environment in the PRC. The PRC government regulates the economy and industries by imposing industrial policies and regulating the PRC's macro economy through fiscal and monetary policies.

Our performance is affected by China's economy, which, in turn, is influenced by the global economy. The uncertainties relating to the global economy as well as the political environment in various regions of the world can also possibly impact China's economy. We are unable to predict all the risks that we face as a result of current economic and regulatory developments and many of these risks are beyond our control. All such factors may materially and adversely affect our business and operations as well as our financial performance.

We may be subject to litigation and regulatory investigations and proceedings, and may not always be successful in defending ourselves against such claims or proceedings.

Our business operations entail substantial litigation and regulatory risks, including the risk of lawsuits and other legal actions relating to medical disputes, fraud and misconduct, sales and customer services, leases, labor disputes and control procedures deficiencies, as well as the protection of personal and confidential information of our end-users and business partners, among others. We may be subject to claims and lawsuits in the ordinary course of our business. We may also be subject to inquiries, inspections, investigations and proceedings by relevant regulatory and other governmental agencies relating to advertisements, medical services and taxation, among other things, which may result in the diversion of our resources and management attention. Actions brought against us may result in settlements, injunctions, fines, penalties or other results adverse to us that could harm our business, financial condition, results of operations and reputation. Even if we are successful in defending ourselves against these actions, the costs of such defense may be significant to us. A significant judgment or regulatory action against us or a material disruption in our business arising from adverse adjudications in proceedings against our Directors, officers or employees would have a material adverse effect on our liquidity, business, financial condition, results of operations, reputation and prospects.

We are a PRC enterprise and we are subject to PRC tax on our income, and any dividends paid to investors and gains on the sale of our H Shares by our investors may be 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 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 sale or other disposition of our H Shares.

Non-PRC individuals are generally subject to PRC individual income tax under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) with respect to PRC source income or gains at a rate of 20%. We are required to withhold related tax from dividend payments paid to non-PRC resident individuals, unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. However, pursuant to the Circular on Certain 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》) issued by the MOF and STA on May 13, 1994, the income gained by foreign individuals from dividends and bonuses of foreign-invested enterprise are exempted from individual income tax for the time being. According to the Circular Declaring that Individual Income Tax Continues to be Exempted over Individual Income from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the STA, effective as of March 30, 1998, income from individuals' transfer of stocks of listed companies continued to be temporarily exempted from individual income tax. On February 3, 2013, the State Council approved and promulgated the Notice of Suggestions to Deepen the Reform of System of Income Distribution (《國務院轉批發展改革委等部門關於深化收入分配制度改革若干意見的通知》). On February 8, 2013, the General Office of the State Council promulgated the Circular Concerning Allocation of Key Works to Deepen the Reform of System of Income Distribution (《國務院辦公廳關於深化收入分配制度改革重點工作分工的通知》). According to these two documents, the PRC government is planning to cease foreign individuals' tax exemption for dividends obtained from foreign-invested enterprises, and the MOF and the STA should be responsible for making and implementing details of such plan. However, relevant implementation rules or regulations have not been promulgated by the MOF and the STA. Considering these uncertainties, non-resident individual holders of our H Shares should be aware that they may be obligated to pay PRC income tax on the dividends and bonuses realized from the H Shares.

Non-PRC resident enterprises that do not have establishments or premises in the PRC, or that have establishments or premises in the PRC but their income is not related to such establishments or premises, are subject to PRC EIT at the rate of 10% on dividends received from PRC companies and gains realized upon disposition of equity interests in the PRC companies pursuant to the EIT Law and other applicable PRC tax regulations and statutory documents, which may be reduced or eliminated under special arrangements or applicable treaties between the PRC and the jurisdiction where the non-resident enterprise resides. 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 Shares (including HKSCC Nominees and payments through CCASS). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of any such refund will be subject to the PRC tax authorities' verification. As of the Latest Practicable Date, there were no specific rules on how to levy tax on gains realized by non-resident enterprise holders of H Shares through the sale or transfer by other means of H Shares.

The interpretation and application of the relevant PRC tax laws by the PRC tax authorities are subject to evolution, including whether and how individual income tax or EIT on gains derived by holders of our Shares from their disposition of our Shares may be collected. If any such tax is collected, the value of our H Shares may be materially and adversely affected.

Under the EIT Law, an enterprise established outside the PRC with "de facto management bodies" within China is considered a "resident enterprise," meaning that it is treated in a manner similar to a Chinese enterprise for PRC EIT purposes. The implementing rules of the EIT Law define "de facto management bodies" as "management bodies that exercise substantial and overall management and control over the production and operations, personnel, accounting, and properties" of the enterprise. In addition, the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》), or Circular 82, specifies that certain Chinese-controlled offshore incorporated enterprises, defined as enterprises incorporated under the laws of foreign countries or territories and that have PRC enterprises or enterprise groups as their primary controlling shareholders, will be classified as resident enterprises if all of the following are located or resident in China: (i) senior management personnel and departments that are responsible for daily production, operation and management; (ii) financial and personnel decision-making bodies; (iii) key properties, accounting books, company seal and minutes of board meetings and shareholders' meetings; and (iv) half or more of senior management or directors having voting rights. The STA has subsequently provided further guidance on the implementation of Circular 82.

Payment of dividends is subject to PRC law and regulations.

Under PRC law and regulations, we may only pay dividends out of distributable profits. Distributable profits are our after-tax profits as determined under PRC GAAP or IFRS, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient or any distributable profit to enable us to make dividend distributions to our Shareholders, including in periods for which our financial statements indicate we are profitable. Any distributable profit not distributed in a given year is retained and available for distribution in subsequent years.

Moreover, our operating subsidiaries and joint ventures in the PRC may not have distributable profit as determined under PRC GAAP. Accordingly, we may not receive sufficient distributions from our subsidiaries and joint ventures for us to pay dividends. Failure by our operating subsidiaries and joint ventures to pay us dividends could adversely impact our ability to make dividend distributions to our Shareholders and our cash flow, including during periods in which we are profitable.

Investors may experience difficulties in effecting service of legal process and enforcing judgments against us and our Directors, Supervisors and management.

We are a company incorporated under the laws of the PRC and a substantial majority of our assets and subsidiaries are located in the PRC. The majority of our Directors, Supervisors and senior management reside within the PRC. The assets of these Directors, Supervisors and senior management also may be located within the PRC. As a result, it may not be possible to effect service of process upon most of our Directors, Supervisors and senior management outside the PRC. Moreover, the PRC does not have treaties providing for reciprocal recognition and enforcement of court judgments in the United States, the United Kingdom, Japan or most other countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, in the PRC or Hong Kong, recognition and enforcement of court judgments from the jurisdictions mentioned above may be difficult or impossible.

Although we will be subject to the Listing Rules and the Codes on Takeovers and Mergers and Share Repurchases of Hong Kong upon the listing of our H Shares on the Stock Exchange, the holders of H Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. The Listing Rules and the Codes on Takeovers and Mergers and Share Repurchases of Hong Kong do not have the force of law in Hong Kong.

The remittance of Renminbi into and out of the PRC and governmental control of currency conversion may affect our ability to pay dividends and other obligations, and affect the value of your investment.

The PRC government regulates the convertibility of Renminbi into foreign currencies. We receive all of our revenue in Renminbi. We may convert a portion of our revenue into other currencies to meet our foreign currency obligations, such as payments to certain suppliers. Shortages in the availability of foreign currency may affect our ability to remit sufficient foreign currency, or otherwise satisfy our foreign currency-denominated obligations.

Under the existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval from or registration with competent government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. Under the relevant laws and regulations, the government is eligible to take necessary measures to guarantee and control the international balance of payments when serious disequilibrium of balance of payments occurs or is possible to occur or other legal circumstances occur. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. Furthermore, there can be no assurance that new regulations will not be promulgated in the future that regulate the remittance of Renminbi into or out of China.

Fluctuations in exchange rates could result in foreign currency exchange losses.

Fluctuations in exchange rates between the Renminbi and the U.S. dollar and other currencies may be affected by, among other things, changes in China's economic conditions, as well as international economic and political developments. Since we purchase medical equipment through equipment import/export trading agents and settle in Renminbi with reference to the then foreign exchange rates, we are indirectly subject to fluctuations in exchange rates and may be indirectly adversely affected correspondingly. In addition, being a China-based company listed in Hong Kong, any significant change in the exchange rates of the Hong Kong dollar against Renminbi may materially and adversely affect any dividends payable on our H Shares in Hong Kong dollars.

Risks Relating to the Global Offering

No public market currently exists for our H Shares, and an active trading market for our H Shares may not develop or be sustained.

Prior to completion of the Global Offering, there has been no public market for our H Shares. We have applied to the Stock Exchange for the listing of, and permission to deal in, our H Shares. However, there can be no assurance that an active trading market for our H Shares will develop or be sustained after completion of the Global Offering. All of the Shares in issue as of the date of this prospectus will be subject to a 12-month lock-up period from the Listing Date pursuant to applicable PRC laws, and H Shares to be issued to our Cornerstone Investors will be subject to a 6-month or 12-month lock-up period (as the case may be) from the Listing Date, during which they will not, inter alia, directly or indirectly dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any Shares of our Company. Therefore, only a small portion of our total issued Shares will be free to trade immediately following completion of the Global Offering. As a result, a listing on the Stock Exchange does not guarantee that an active and liquid trading market for our Shares will develop, especially during the period when a significant portion of our Shares are subject to lock-up undertakings, or if such market does develop, that it will be sustained following the Global Offering, or that the market price of the Shares will rise following the Global Offering. The Offer Price is the result of negotiations between our Company and the Overall Coordinators, which may differ significantly from the market price at which our H Shares will be traded following completion of the Global Offering. The market price of our H Shares may drop below the Offer Price at any time after completion of the Global Offering.

The price and trading volume of our H Shares may be volatile, which could lead to substantial losses to investors.

The price and trading volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of 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 price and trading volume of our H Shares. In addition to market and industry factors, the price and trading volume of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows and investments, changes in our pricing policies and expenditures, regulatory developments, demand for our services, unexpected business interruptions resulting from natural disasters or power shortages, our ability to obtain or maintain regulatory approval for our operations, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies listed on the Hong Kong Stock Exchange with significant operations and assets in China have experienced price volatility and fluctuations in trading volume in the past, and it is possible that our H Shares may be subject to fluctuations in price and volume not directly related to our performance but related to the overall political and economic conditions in Hong Kong, the PRC or elsewhere in the world.

You will incur immediate and significant dilution if the Offer Price is higher than the net tangible asset value per Share and may experience further dilution if we issue additional Shares in the future.

The Offer Price is higher than the net tangible asset value per Share immediately prior to the Global Offering. Therefore, purchasers of the Offer Shares in the Global Offering will experience an immediate dilution in pro forma consolidated net tangible asset value upon such purchases. There can be no assurance that if we were to immediately liquidate after the Global Offering, any assets will be distributed to Shareholders after the payment of creditors' claims. To expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of the Offer Shares may experience dilution in the net tangible asset value per Share of their H Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time.

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

The market price of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future offerings, 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 shareholdings if we issue additional Shares other than on a pro-rata basis to existing Shareholders. New Shares or equity-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

Any possible conversion of our Unlisted Shares into H Shares in the future could increase the supply of our H Shares in the market and negatively impact the market price of our H Shares.

Subject to the completion of the filing with the State Council securities regulatory authority, all of our Unlisted Shares may be converted into H Shares, and such converted Shares may be listed or traded on an overseas stock exchange. Any listing or trading of the converted Shares on an overseas stock exchange shall also comply with the regulatory procedures, rules and requirements of such stock exchange. No class shareholder voting is required for the listing and trading of the converted Shares on an overseas stock exchange. However, the PRC Company Law provides that in relation to the public offering of a company, the shares of that company which are issued prior to the public offering shall not be transferred within one year from the date of the listing. Therefore, upon completion the requisite filing, Unlisted Shares may be traded, after the conversion, in the form of H Shares on the Stock Exchange after one year following the Global Offering, which could further increase the supply of our H Shares in the market and could negatively impact the market price of our H Shares.

Facts, forecasts and statistics in this prospectus relating to the PRC and global economy and the industry in which we operate may not be fully reliable.

Certain facts, forecasts and statistics in this prospectus relating to the PRC and global economy and the industries in which we operate are obtained from various sources including official government publications that we believe are reliable. However, there can be no guarantee of the quality or reliability of these sources. Neither we, the Sole Sponsor-Overall Coordinator nor our or its respective affiliates or advisors have verified the facts, forecasts and statistics nor ascertained the underlying economic assumptions obtained from these sources. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics in this prospectus relating to the PRC, the global economy and the industry in which we operate may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. As such, no representation as to the accuracy of such facts, forecasts and statistics obtained from various sources is made. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon. Further, there can be no assurance that they are stated or compiled on the same basis, or with the same degree of accuracy, as may be the case in other countries.

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 amount of dividends in the future.

Our Company did not declare any dividend during the Track Record Period. Our historical dividends may not be indicative of our future 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 depending on, among other considerations, our business and financial performance, cash requirements and availability, capital and regulatory requirements and general business conditions. 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. See "Financial Information — Dividend Policy."

This prospectus contains forward-looking statements relating to our plans, objectives, expectations and intentions, which may not represent our overall performance for periods of time to which such statements relate.

This prospectus contains certain statements and information that are "forward-looking" and uses forward-looking terminology such as "anticipate," "believe," "could," "estimate," "expect," "may," "ought to," "should" or "will" or similar terms. Those statements include, among other things, the discussion of our growth strategy and expectations concerning our future operations, liquidity and capital resources. Investors in the H Shares are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate, and, as a result, the forward-looking statements based on those assumptions could also be incorrect. The uncertainties in this regard include, but are not limited to, those identified in this section, many of which are not within our control. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations by us that our plans or objectives will be achieved and investors should not place undue reliance on such forward-looking statements. We do not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events or otherwise. See "Forward-looking Statements."

Facts and statistics in this prospectus may come from various sources and may not be fully reliable.

Some of the facts and statistics in this prospectus are derived from various publications of governmental agencies or publicly available sources and obtained during communications with various government agencies or independent third parties that our Directors believe are reliable. However, there can be no guarantee of the quality or reliability of such materials. Our Directors believe that the sources of the information are appropriate and have taken reasonable care in extracting and reproducing such information. They do not believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by our Group, the Sole Sponsor or any other party involved in the Global Offering and no representation is given as to its accuracy or completeness. Due to the possibly flawed or ineffective sampling or discrepancies between published information and market practices or other reasons, such facts and statistics may be inaccurate or may not be comparable to official statistics. You should not place undue reliance on them. You should consider how much weight or importance such facts or statistics carry and should not place undue reliance on them.

You should read the entire prospectus carefully, and we strongly caution you not to place any reliance on any information contained in press articles and/or other media regarding us, our business, our network of medical institutions, our industry or the Global Offering.

You are strongly advised to read the entire prospectus carefully and are cautioned against placing any reliance on the information in any press article or any other media coverage which contains information not disclosed or not consistent with the information included in this prospectus.

Prior to the completion of the Global Offering, there may be press and media coverage regarding our Group and the Global Offering. Our Directors would like to emphasize to prospective investors that we do not accept any responsibility for the accuracy or completeness of such information, and such information is not sourced from or authorized by our Directors or our management team. Our Directors make no representation as to the appropriateness, accuracy, completeness and reliability of any information or the fairness or appropriateness of any forecast, view or opinion expressed by the press or other media regarding our Group or our H Shares. In making decisions as to whether to invest in our H Shares, prospective investors should rely only on the financial, operational and other information included in this prospectus. By applying to purchase our H Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this prospectus and the Global Offering. To the extent that any such information is inconsistent or conflicts with the information contained in this prospectus, we disclaim responsibility for it and you should not rely on such information.

In preparation for the Listing, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

Management Presence in Hong Kong

Rule 8.12 of the Listing Rules requires that a new applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 may be waived by having regard to, among other considerations, the applicant's arrangements for maintaining regular communication with the Stock Exchange. Since our core business operations are principally located, managed and conducted in the PRC and will continue to be based in the PRC, our executive Directors and senior management members are and will continue to be based in the PRC.

Accordingly, pursuant to Rule 19A.15 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange has granted a waiver from strict compliance with the requirements set out in Rule 8.12 of the Listing Rules, subject to the following conditions, with a view to maintaining effective communication with the Stock Exchange:

(a) our Company has appointed Ms. HE Yingfei (何英飛), and Ms. ZHANG Xiao (張瀟), the joint company secretaries of our Company, as the authorized representatives ("**Authorized Representatives**") for the purpose of Rule 3.05 of the Listing Rules. They will act as our Company's principal channel of communication with the Stock Exchange. Each of them has confirmed that she can be readily contactable by phone, facsimile and email to deal promptly with enquiries from the Stock Exchange. Our Company has provided contact details of the Authorized Representatives to the Stock Exchange and will inform the Stock Exchange as soon as practicable in respect of any change in our Company's authorized representatives. Ms. He has confirmed that she possesses valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time, when required;

(b) our Authorized Representatives have means of contacting all Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact a Director on any matters;

(c) each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period after requested by the Stock Exchange;

(d) our Company has appointed Red Sun Capital Limited as its compliance adviser (the "**Compliance Adviser**") in compliance with Rules 3A.19 and 19A.05 of the Listing Rules. The Compliance Adviser will, among other things and in addition to the Authorized Representatives, provide our Company with professional advice on continuing obligations under the Listing Rules and act as an additional channel of communication of our Company with the Stock Exchange during the period from the Listing Date to the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year immediately after the Listing; and

(e) meetings between the Stock Exchange and our Directors could be arranged through our Authorized Representatives or our Company's Compliance Adviser, or directly with our Directors within a reasonable period. Our Company will inform the Stock Exchange as soon as practicable in respect of any change in the Authorized Representatives, the Directors and/or the Compliance Adviser of our Company in accordance with the Listing Rules. Each Director has provided or will provide their respective contact details (i.e. mobile phone number, office phone number, email address and fax number, where applicable) to facilitate communication with the Stock Exchange.

Waiver in Respect of Joint Company Secretaries

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, a new applicant for listing on the Stock Exchange must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary.

Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a member of The Hong Kong Chartered Governance Institute;

(b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong)); and

(c) a certified public accountant (as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)).

In addition, pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing "relevant experience", the Stock Exchange will consider the individual's:

(a) length of employment with the issuer and other issuers and the roles he/she played;

(b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, Companies Ordinance, Companies (Winding up and Miscellaneous Provisions) Ordinance, and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

Pursuant to Chapter 3.10 of the Guide for New Listing Applicants, the waiver under Rule 3.28 of the Listing Rules will be granted for a fixed period of time but in any event not exceeding three years from the date of listing (the "**Waiver Period**") and on the following conditions: (i) the relevant company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as joint company secretary throughout the Waiver Period; and (ii) the waiver will be revoked if there are material breaches of the Listing Rules by the applicant.

We have appointed Ms. HE Yingfei (何英飛), and Ms. ZHANG Xiao (張瀟), as the joint company secretaries of our Company. Ms. Zhang, an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules. Ms. He has served as the executive Director, vice president, secretary to the Board, the director of board office and head of the risk and compliance committee of our Company and is responsible for the corporate governance, information disclosure and investor relations management, day-to-day operation of the Group and establishment of the internal control system of the Company. Through such experience, she has extensive experience in financial and business management and corporate governance matters, as well as a thorough understanding of the daily operations, internal administration and financial management of our Group. See "Directors, Supervisors and Senior Management — Directors" in this prospectus for further information regarding the qualifications of Ms. He. By virtue of Ms. He's experience and familiarity with our Group, our Company believe Ms. He is capable of discharging the duties as a joint company secretary of our Company and is a suitable person to act as a joint company secretary of our Company. Further, given that our main operation is in the PRC, we believe that it would be in the best interests of our Company and our corporate governance to have Ms. He with the relevant background and experience in the PRC to act as our joint company secretary. The following arrangements have been, or will be, put in place to assist Ms. He in acquiring the qualifications and experience as the company secretary of our Company required under Rule 3.28 of the Listing Rules:

(i) Ms. He will endeavor to attend relevant training courses, including briefings on the latest changes to the relevant applicable Hong Kong laws and regulations and the Listing Rules, which will be organized by the Company's Hong Kong legal advisors on an invitation basis and seminars organized by the Stock Exchange for listed issuers from time to time. Ms. He will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules;

(ii) Ms. He will communicate regularly with Ms. Zhang on matters relating to corporate governance, the Listing Rules and any other laws and regulations which are relevant to the Company and its affairs. Ms. Zhang will work closely with, and provide assistance to Ms. He in the discharge of her duties as a joint company secretary; and

(iii) Upon the expiry of Ms. He's initial term of appointment as the company secretary of our Company, the qualifications and experience of Ms. He and the need for on-going assistance from Ms. Zhang will be evaluated by our Company. Our Company will liaise with the Stock Exchange to enable it to revisit the situation on the expectation that our Company should then be able to demonstrate to the Stock Exchange's satisfaction that Ms. He, having had the benefit of assistance of Ms. Zhang as a qualified person for three years, have then acquired the relevant experience within the meaning of Note 2 to Rule 3.28 so that a further waiver would not be necessary.

Accordingly, whilst Ms. He does not possess the formal qualifications required of a company secretary under Rules 3.28 and 8.17 of the Listing Rules, based on the above reasons, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Ms. Zhang will be appointed as our joint company secretary. The waiver was granted for a three-year period on the following conditions: (a) Ms. He will be assisted by Ms. Zhang, as a joint company secretary of our Company who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules, throughout the waiver period of three years from the date of the Listing; and (b) the waiver will be revoked if there are material breaches of the Listing Rules by our Company.

Waiver From Strict Compliance with Rule 10.04 of the Listing Rules and Written Consent under Paragraph 5(2) of Appendix F1 to the Listing Rules in Relation to Allocation to A Close Associate of Existing Minority Shareholders

Rule 10.04 of the Listing Rules provides that a person who is an existing shareholder of the issuer may only subscribe for or purchase any securities for which listing is sought which are being marketed by or on behalf of a new applicant either in his or its own name or through nominees if the conditions in Rules 10.03(1) and (2) of the Listing Rules are fulfilled.

The conditions in Rules 10.03(1) and (2) of the Listing Rules are as follows: (i) no securities are offered to the existing shareholders on a preferential basis and no preferential treatment is given to them in the allocation of the securities; and (ii) the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules is achieved.

Paragraph 5(2) of Appendix F1 to the Listing Rules provides that, unless with the prior written consent of the Stock Exchange, no allocations will be permitted to directors or existing shareholders of the applicant or their close associates, whether in their own names or through nominees unless the conditions set out in Rules 10.03 and 10.04 of the Listing Rules are fulfilled.

Excellent Investment Enterprise Management (Hong Kong) Co., Limited (卓投企業管理(香港)有限公司) ("**Excellent Investment Management**") has entered into a cornerstone investment agreement with the Company. For details of its cornerstone investment, please refer to the "Cornerstone Investors" section in this prospectus. Excellent Investment Management is controlled by Jiangxi Province Investment Group Co., Ltd. (江西省投資集團有限公司), which is in turn ultimately owned as to 90% by Jiangxi Provincial State-owned Assets Supervision and Administration Commission (江西省國有資產監督管理委員會)("**Jiangxi SASAC**") and 10% by Jiangxi Provincial Department of Finance (江西省財政廳), and therefore is a close associate of our two existing Shareholders, being (i) Ganjiang New Area Development and Investment Group Co., Ltd. (贛江新區創新產業投資有限公司)("**Ganjiang Development**") and (ii) Jiangxi Provincial State-owned Enterprise Asset Management (Holding) Co., Ltd. (江西省國有資本運營控股集團有限公司) ("**Jiangxi AM Holding**", together with Ganjiang Development, the "**Existing Minority Shareholders**"), which held approximately 4.30% and 0.63% of the total issued Shares of our Company, respectively, as of the Latest Practicable Date. Given that Excellent Investment Management is a close associate of the Existing Minority Shareholders, the participation of Excellent Investment Management in the Global Offering is therefore subject to a waiver from strict compliance with Rule 10.04 of the Listing Rules and a written consent from the Stock Exchange in accordance with Paragraph 5(2) of the Placing Guidelines.

We have applied to the Stock Exchange for a waiver from strict compliance with Rule 10.04 of the Listing Rules and sought a written consent from the Stock Exchange under paragraph 5(2) of Appendix F1 to the Listing Rules, and the Stock Exchange has granted us such waiver and consent to permit us to allocate the Offer Shares in the placing tranche to Excellent Investment Management as a cornerstone investor, on the following grounds which are consistent with the conditions as set out in Chapter 4.15 of the Guide:

(a) The Existing Minority Shareholders, in aggregate, hold less than 5% of the Company's voting rights prior to the completion of the Global Offering.

(b) None of the Existing Minority Shareholders and Excellent Investment Management is, or will be, a core connected person (as defined under the Listing Rules) of the Company or any close associate (as defined under the Listing Rules) of any such core connected person immediately prior to or following the completion of the Global Offering.

(c) The Existing Minority Shareholders and Excellent Investment Management have no power to appoint Directors of the Company and do not have any other special rights.

(d) As the Existing Minority Shareholders and Excellent Investment Management are not core connected persons of the Company, the Shares to be held by the Existing Minority Shareholders and Excellent Investment Management would be part of the Shares in public hands. Thus, allocation to Excellent Investment Management will not affect the Company's ability to satisfy the public float requirement under Rule 8.08 of the Listing Rules.

(e) Details of the allocation to Excellent Investment Management will be disclosed in this prospectus and/or the Company's allotment results announcement.

(f) The Offer Shares to be subscribed by and allocated to Excellent Investment Management under the Global Offering will be at the same Offer Price and on substantially the same terms as other cornerstone investors (including being subject to a six-month (in the case of Excellent Investment Management) or twelve-month (in the case of United Imaging Healthcare Hong Kong Limited (聯影醫療科技香港有限公司) and China New Rich Medicine Holding Co. Limited (中國新銳醫藥控股有限公司)) lock-up arrangement following Listing).

(g) The Sole Sponsor confirms to the Stock Exchange in writing that (1) the Existing Minority Shareholders, in aggregate, hold less than 5% of the Company's voting rights prior to the completion of the Global Offering; (2) none of the Existing Minority Shareholders and Excellent Investment Management is, or will be, a core connected person (as defined under the Listing Rules) of the Company or any close associate (as defined under the Listing Rules) of any such core connected person immediately prior to or following the completion of the Global Offering; (3) the Existing Minority Shareholders and Excellent Investment Management have no power to appoint Directors of the Company and do not have any other special rights; (4) the allocation to Excellent Investment Management will not affect the Company's ability to satisfy the public float requirement under Rule 8.08 of the Listing Rules; and (5) it has no reason to believe that Excellent Investment Management received any preferential treatment in any allocation in the placing tranche as a cornerstone investor by virtue of its relationship with the Company other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Chapter 4.15 of the Guide and details of the allocation will be disclosed in this prospectus and/or the Company's allotment results announcement.

(h) The Overall Coordinators confirm to the Stock Exchange in writing that no preferential treatment has been, or will be, given to Excellent Investment Management by virtue of its relationship with the Company in any allocation in the placing tranche.

(i) The Company confirms to the Stock Exchange in writing that (1) no preferential treatment has been, or will be, given to Excellent Investment Management by virtue of its relationship with the Company other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Chapter 4.15 of the Guide; and (2) the cornerstone investment agreement entered into between the Company and Excellent Investment Management does not contain any material terms which are more favorable to Excellent Investment Management than those in other cornerstone investment agreements.

Directors' Responsibility for the Contents of this Prospectus

This prospectus, for which our Directors (including any proposed Director who is named as such in this prospectus) collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to us. Our Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts, the omission of which would make this prospectus or any statement in this prospectus misleading.

CSRC Filing Requirement

The CSRC issued notice of filing on January 8, 2024 for the Global Offering and for the submission of the application to list our H Shares on the Hong Kong Stock Exchange. In granting its notice of filing, the CSRC accepts no responsibility for our financial soundness, nor for the accuracy of any of the statements made or opinions expressed in this prospectus.

Underwriting

This prospectus is published solely in connection with the Hong Kong Public Offering which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus contain the terms and conditions of the Hong Kong Public Offering. The Global Offering comprises the Hong Kong Public Offering of initially 1,782,000 H Shares and the International Offering of initially 16,034,000 H Shares (subject, in each case, to reallocation on the basis described in "Structure of the Global Offering" in this prospectus).

The listing of the Offer Shares on the Hong Kong Stock Exchange is sponsored by the Sole Sponsor. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is underwritten by the Hong Kong Underwriters on a conditional basis, with one of the conditions being that the Offer Price is agreed between the Overall Coordinators and us. The International Offering is managed by the Overall Coordinators and is underwritten by the International Underwriters. The International Underwriting Agreement is expected to be entered into on or about the Price Determination Date, subject to agreement on the Offer Price between the Company and the Overall Coordinators. If, for any reason, the Offer Price is not agreed between the Company and the Overall Coordinators on or before the Price Determination Date, or such later date or time as may be agreed between the Overall Coordinators and the Company, the Global Offering will not proceed. Further details about the Underwriters and the underwriting arrangements are contained in "Underwriting" in this prospectus.

Determination of the Offer Price

The Offer Shares are being offered at the Offer Price which the Overall Coordinators and the Company will determine on or around Wednesday, June 5, 2024, and in any event no later than on or before 12:00 noon on Wednesday, June 5, 2024.

If the Overall Coordinators and the Company are unable to reach an agreement on the Offer Price on or before the Price Determination Date, or such later date or time as may be agreed between the Overall Coordinators and the Company, the Global Offering will not become unconditional and will lapse.

Restrictions on Offer and Sale of Shares

No action has been taken to permit a Hong Kong Public Offering of the Offer Shares or the general distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to confirm, or be deemed by his or her acquisition of Hong Kong Offer Shares to confirm, that he or she is aware of the restrictions on offers and sales of the Offer Shares described in this prospectus. In particular, the Offer Shares have not been offered or sold, and will not be offered or sold, directly or indirectly, in the PRC.

The Offer Shares are offered for subscription solely on the basis of the information contained and representations made in this prospectus, and on the terms and subject to the conditions set out herein and therein. No person is authorized in connection with the Global Offering to give any information, or to make any representation not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorized by the Company, the Sole Sponsor, the Sole Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of their respective directors, officers, employees, agents, affiliates or advisers or any other persons or parties involved in the Global Offering. For further details of the structure of the Global Offering, including its conditions, and the procedures for applying for Hong Kong Offer Shares, see "Structure of the Global Offering," "How to Apply for Hong Kong Offer Shares" in this prospectus.

Application for Listing on the Hong Kong Stock Exchange

We have applied to the Listing Committee for the granting of listing of, and permission to deal in, our H Shares to be issued pursuant to (i) the Global Offering, and (ii) the H Shares to be converted from our existing Unlisted Shares. Dealings in the H Shares on the Hong Kong Stock Exchange are expected to commence on Friday, June 7, 2024. No part of our H Shares is listed on or dealt in on any other stock exchange, and no such listing or permission to list is being or proposed to be sought in the near future.

The H Shares will be traded in board lot of 500 H Shares. The stock code of the H Shares is 2522.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotments made in respect of any applications will be invalid if the listing of, and permission to deal in, the Offer Shares on the Hong Kong Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to the Company by the Hong Kong Stock Exchange.

Compliance with Listing Rules

We will comply with applicable laws and regulations in Hong Kong (including the Listing Rules) and any other undertakings which have been given in favor of the Hong Kong Stock Exchange from time to time. If the Listing Committee finds that there has been a breach by us of the Listing Rules or such other undertakings which may have been given by us in favor of the Hong Kong Stock Exchange from time to time, the Listing Committee may instigate cancelation or disciplinary proceedings in accordance with the Listing Rules.

Registration of Subscription, Purchase and Transfer of H Shares

We have instructed the H Share Registrar, and the H Share Registrar has agreed, not to register the subscription, purchase or transfer of any H Shares in the name of any particular holders unless the holder delivers a signed form to the H Share Registrar in respect of those H Shares bearing statements to the effect that the holder:

(i) agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the PRC Company Law, and our Articles of Association;

(ii) agrees with us, each of our Shareholders, Directors, Supervisors, managers and officers, and we, acting for ourselves and for each of our Directors, Supervisors, managers and officers agree with each Shareholder, to refer all differences and claims arising from our Articles of Association or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning our affairs to arbitration in accordance with our Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award, which shall be final and conclusive;

(iii) agrees with us and each of our Shareholders that our H Shares are freely transferable by the holders of our H Shares; and

(iv) authorizes us to enter into a contract on his or her behalf with each of our Directors, Supervisors, managers and officers whereby such Directors, Supervisors, managers and officers undertake to observe and comply with their obligations to our Shareholders as stipulated in our Articles of Association. Persons applying for or purchasing H Shares under the Global Offering are deemed, by their making of an application or purchase, to have represented that they are not Associates of any of our Directors or existing Shareholder or a nominee of any of the foregoing.

H Share Register and Stamp Duty

All H Shares issued pursuant to applications made in the Hong Kong Public Offering and the International Offering will be registered on the Company's H Share register of members to be maintained by our H Share Registrar, Tricor Investor Services Limited, in Hong Kong. We will maintain the Company's principal register of members at our current registered office in the PRC.

Dealings in our H Shares registered in the H Share register of members of the Company in Hong Kong will be subject to Hong Kong stamp duty. See "Appendix III — Taxation and Foreign Exchange."

H Shares Will Be Eligible for Admission into CCASS

Subject to the granting of listing of, and permission to deal in, our H Shares on the Hong Kong Stock Exchange and our compliance with the stock admission requirements of HKSCC, our H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our H Shares on the Hong Kong Stock Exchange or any other date as HKSCC chooses. Settlement of any transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisers for details of the settlement arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made for our H Shares to be admitted into CCASS.

Professional Tax Advice Recommended

Applicants for the Offer Shares are recommended to consult their professional advisers if they are in any doubt as to the tax implications of subscribing for, purchasing, holding, disposing of and dealing in our H Shares or exercising rights attached to them. None of the Company, the Underwriters, the Sole Sponsor, the Sole Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, any of their respective directors, supervisors, officers, employees, agents or advisers or any other persons involved in the Global Offering accepts responsibility for any tax effects or liabilities of holders of Shares resulting from the subscription, purchase, holding or disposal of, or dealing in, our H Shares.

Procedures for Application for Hong Kong Offer Shares

The procedures for applying for the Hong Kong Offer Shares are set out in "How to Apply for Hong Kong Offer Shares" in this prospectus.

Structure of the Global Offering

Details of the structure of the Global Offering, including its conditions, are set out in "Structure of the Global Offering" in this prospectus.

Language

The English names of the PRC nationals, entities, departments, facilities, certificates, titles, laws, regulations and the like are translations of their Chinese names and are included herein for identification purposes only. If there is any inconsistency, the Chinese name prevails.

Rounding

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments, or have been rounded to one decimal place. Any discrepancies in any tables or charts between the total shown and the sums of the amounts listed are due to rounding.

Market Share Data

The statistical and market share information contained in this prospectus has been derived from official government publications, market data providers and other independent third-party sources. Unless otherwise indicated, the information has not been verified by us independently. This statistical information may not be consistent with other statistical information from other sources within or outside the PRC. Our Directors have reproduced the data and statistics extracted from such official government publications and other sources in a reasonably cautious manner.

Currency Translations

Solely for your convenience, certain translations among amounts in Renminbi, HK dollars or US dollars are contained in this prospectus. None should be regarded as and be interpreted as an amount in one currency that can be on the relevant dates or any other dates actually converted into that in another currency at the rates below or cannot be converted at all. Unless otherwise specified:

(i) all amounts in Renminbi are translated into HK dollars at an exchange rate of RMB0.91072 to HK$1.00, being the middle exchange rate set by the PBOC prevailing on the Latest Practicable Date;

(ii) all amounts in Renminbi are translated into US dollars at an exchange rate of RMB7.1077 to US$1.00, being the middle exchange rate set by the PBOC prevailing on the Latest Practicable Date; and

(iii) all amounts in HK dollars are translated into US dollars at an exchange rate of HK$7.8045 to US$1.00 (calculated based on (i) and (ii) above).

Further information on exchange rates is set forth in "Appendix III — Taxation and Foreign Exchange" in this prospectus.

Directors

Name	Address	Nationality
Executive Directors		
Dr. XU Ke (徐克)	No. 1, 24/F, Unit 1 Building 1 Yujing New World Nansanhao Road, Heping District Shenyang Liaoning province, PRC	Chinese
Mr. CHEN Zhaoyang (陳朝陽)	No. 16 Lane 1318, Hai Yang Road Pudong New District Shanghai, PRC	Chinese
Ms. HE Yingfei (何英飛)	Room 4004, Unit 1 Building 4, No. 388, Chuangxin 1st Road High-tech Development Zone Nanchang Jiangxi province, PRC	Chinese
Mr. FENG Xie (馮勰)	Room 402, No. 40 Lane 785, An Long Road Changning District Shanghai, PRC	Chinese
Non-executive Directors		
Mr. LIU Senlin (劉森林)	Room 2101, No. 20 Lane 1066, Chengshan Road Pudong New Area Shanghai, PRC	Chinese
Mr. MAO Xiaojun (毛曉軍)	1702, No. 13 Lane 1811, Zhangyang Road Pudong New Area Shanghai, PRC	Chinese

Name	Address	Nationality
Independent Non-executive Directors		
Mr. WU Xiaohui (吳曉輝)	Room 1201, No. 18 Lane 458, Ruijin South Road Shanghai, PRC	Chinese
Mr. LUO Yi (羅毅)	102, Unit 3, Building 11 Guanghuaxincheng Phase III Chaoyang District Beijing, PRC	Chinese
Mr. YUAN Jun (袁駿)	25B, Pacific Palisades Building 2 1 Braemar Hill Road North Point Hong Kong	Chinese

Supervisors

Name	Address	Nationality
Mr. CHEN Guangwei (陳光偉)	Gate 2, No. 108-56 Yangguang Road, Chengdonghu Street Yuhong District, Shenyang Liaoning province, PRC	Chinese
Mr. XUE Yuansheng (薛源生)	Room 601, Unit 2, Building 17, Chunfengli Weixingheyuan Dayang Street, Linhai Zhejiang province, PRC	Chinese
Mr. LIU Weiwei (劉魏偉)	2504, Building 4 Chengtousixinzhiguang Guanting Liantonggang West Road Hanyang District, Wuhan Hubei province, PRC	Chinese

For further information on our Directors and Supervisors, see “Directors, Supervisors and Senior Management” of this prospectus.

Parties Involved in the Global Offering

Sole Sponsor	**CITIC Securities (Hong Kong) Limited** 18/F, One Pacific Place 88 Queensway Hong Kong
Sole Sponsor-Overall Coordinator	**CLSA Limited** 18/F, One Pacific Place 88 Queensway Hong Kong
Overall Coordinators	**CLSA Limited** 18/F, One Pacific Place 88 Queensway Hong Kong **CMB International Capital Limited** 45/F, Champion Tower 3 Garden Road Central Hong Kong **Huatai Financial Holdings (Hong Kong) Limited** 62/F, The Center 99 Queen's Road Central Hong Kong
Capital Market Intermediaries	**CLSA Limited** 18/F, One Pacific Place 88 Queensway Hong Kong **CMB International Capital Limited** 45/F, Champion Tower 3 Garden Road Central Hong Kong

Huatai Financial Holdings (Hong Kong) Limited
62/F, The Center
99 Queen's Road Central
Hong Kong

Fosun International Securities Limited
Suite 2101–2105
21/F Champion Tower
3 Garden Road
Central, Hong Kong

ABCI Capital Limited
11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

ABCI Securities Company Limited
10/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

China Galaxy International Securities (Hong Kong) Co., Limited
20th Floor, Wing On Centre
111 Connaught Road Central
Sheung Wan, Hong Kong

Futu Securities International (Hong Kong) Limited
34/F, United Centre
No. 95 Queensway
Admiralty, Hong Kong

ICBC International Securities Limited
37/F ICBC Tower
3 Garden Road
Hong Kong

Patrons Securities Limited
Unit 3214, 32/F., Cosco Tower
183 Queen's Road Central
Sheung Wan, Hong Kong

Quam Securities Limited
5/F and 24/F (Rooms 2401 and 2412)
Wing On Centre
111 Connaught Road Central
Hong Kong

SPDB International Capital Limited
33/F, SPD Bank Tower
One Hennessy
1 Hennessy Road
Hong Kong

TradeGo Markets Limited
Room 3405, West Tower
Shun Tak Centre
168–200 Connaught Road Central
Hong Kong

Victoria Harbour International Financial Holdings Limited
Unit 04, 17/F, Central Plaza
18 Harbour Road
Wan Chai, Hong Kong

Yue Xiu Securities Company Limited
Rooms Nos. 4917–4937
49/F, Sun Hung Kai Centre
No. 30 Harbour Road
Wanchai, Hong Kong

Zhongtai International Securities Limited
19 Floor, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Joint Global Coordinators	**CLSA Limited** 18/F, One Pacific Place 88 Queensway Hong Kong
	CMB International Capital Limited 45/F, Champion Tower 3 Garden Road Central Hong Kong
	Huatai Financial Holdings (Hong Kong) Limited 62/F, The Center 99 Queen's Road Central Hong Kong
	Fosun International Securities Limited Suite 2101–2105 21/F Champion Tower 3 Garden Road Central, Hong Kong
Joint Bookrunners	**CLSA Limited** 18/F, One Pacific Place 88 Queensway Hong Kong
	CMB International Capital Limited 45/F, Champion Tower 3 Garden Road Central Hong Kong
	Huatai Financial Holdings (Hong Kong) Limited 62/F, The Center 99 Queen's Road Central Hong Kong

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1 Hennessy Road
Hong Kong

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Room 3405, West Tower
Shun Tak Centre
168–200 Connaught Road Central
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18 Harbour Road
Wan Chai, Hong Kong

Yue Xiu Securities Company Limited
Rooms Nos. 4917–4937
49/F, Sun Hung Kai Centre
No. 30 Harbour Road
Wanchai, Hong Kong

Zhongtai International Securities Limited
19 Floor, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Joint Lead Managers

CLSA Limited
18/F, One Pacific Place
88 Queensway
Hong Kong

CMB International Capital Limited
45/F, Champion Tower
3 Garden Road
Central
Hong Kong

Huatai Financial Holdings (Hong Kong) Limited
62/F, The Center
99 Queen's Road Central
Hong Kong

Fosun International Securities Limited
Suite 2101–2105
21/F Champion Tower
3 Garden Road
Central, Hong Kong

ABCI Securities Company Limited
10/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

China Galaxy International Securities (Hong Kong) Co., Limited
20th Floor, Wing On Centre
111 Connaught Road Central
Sheung Wan, Hong Kong

Futu Securities International (Hong Kong) Limited
34/F, United Centre
No. 95 Queensway
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Hong Kong

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Sheung Wan, Hong Kong

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Rooms Nos. 4917–4937
49/F, Sun Hung Kai Centre
No. 30 Harbour Road
Wanchai, Hong Kong

Zhongtai International Securities Limited
19 Floor, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Auditor and Reporting Accountant

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central
Hong Kong

Legal Advisors to the Company

As to Hong Kong and U.S. laws:
Clifford Chance
27/F, Jardine House
One Connaught Place
Central
Hong Kong

As to PRC law:
Jingtian & Gongcheng
34th Floor, Tower 3
China Central Place
77 Jianguo Road
Chaoyang District
Beijing, PRC

As to PRC data compliance law:
Tian Yuan Law Firm
Suite 509, Tower A, Corporate Square
35 Financial Street
Xicheng District
Beijing, PRC

Legal Advisors to the Sole Sponsor and the Underwriters

As to Hong Kong and U.S. laws:
Sullivan & Cromwell (Hong Kong) LLP
20th Floor, Alexandra House
18 Chater Road
Central
Hong Kong

As to PRC law:
Commerce & Finance Law Offices
12–14/F, China World Office 2
No. 1 Jianguomenwai Avenue
Chaoyang District
Beijing
PRC

Industry Consultant	**Frost & Sullivan (Beijing) Inc.,** **Shanghai Branch Co.** Suite 2504 Wheelock Square 1717 Nanjing West Road Shanghai 200040 PRC
Receiving Bank	**CHINA CITIC BANK INTERNATIONAL LIMITED** 80 Floor, International Commerce Centre 1 Austin Road West Kowloon, Hong Kong

Registered Office	Room 1002, 10th Floor, 10# Building Public R&D Centre Xinqi Zhoudong Avenue South Chinese Medicine Science and Technology Innovation City Ganjiang New District Jiangxi province, PRC
Head Office and Principal Place of Business in China	Building 2, 2 Minzuyuan Minzuyuan Road Chaoyang District Beijing, China
Principal Place of Business in Hong Kong	40/F, Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong
Company's website	**www.rimag.com.cn** *(The content on this website does not form part of this prospectus)*
Joint Company Secretaries	**Ms. HE Yingfei (何英飛女士)** Room 4004, Unit 1 Building 4, No. 388, Chuangxin 1st Road High-tech Development Zone, Nanchang City Jiangxi, PRC **Ms. ZHANG Xiao (張瀟女士)** *(associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)* 40/F, Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong

Authorised Representatives	**Ms. HE Yingfei (何英飛女士)** Room 4004, Unit 1 Building 4, No. 388, Chuangxin 1st Road High-tech Development Zone, Nanchang City Jiangxi, PRC
	Ms. ZHANG Xiao (張瀟女士) 40/F, Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong
Audit Committee	Mr. WU Xiaohui (吳曉輝先生) *(Chairman)* Mr. YUAN Jun (袁駿先生) Mr. LIU Senlin (劉森林先生)
Remuneration Committee	Mr. YUAN Jun (袁駿先生) *(Chairman)* Mr. LUO Yi (羅毅先生) Mr. CHEN Zhaoyang (陳朝陽先生)
Nomination Committee	Dr. XU Ke (徐克博士) *(Chairman)* Mr. WU Xiaohui (吳曉輝先生) Mr. LUO Yi (羅毅先生)
Compliance Adviser	**Red Sun Capital Limited** Room 310, 3/F, China Insurance Group Building 141 Des Voeux Road Central Hong Kong
H Share Registrar	**Tricor Investor Services Limited** 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Principal Bank	**China Construction Bank Corporation, Nanchang Branch** No. 288 Hongdu North Avenue Donghu District Nanchang Jiangxi province, China

The information and statistics set out in this section and other sections of this prospectus were extracted from the report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the Global Offering. The information from official government sources has not been independently verified by us, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors and advisers, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy.

Sources of the Industry Information

We engaged Frost & Sullivan, an independent market research consultant, to conduct an analysis of, and to prepare a report on, the PRC medical imaging industry, the PRC medical imaging service market, the PRC third-party medical imaging center market, the PRC medical imaging equipment solutions market, and the PRC medical cloud imaging service market for use in this prospectus, which was commissioned by us for a fee of RMB745,000. Frost & Sullivan prepared its report based on data released by government institutions and non-government organizations and its primary research.

Forecasts and assumptions included in the Frost & Sullivan Report are inherently uncertain because of events or combinations of events that cannot be reasonably foreseen, including, without limitation, the actions of government, individuals, third parties and competitors. Specific factors that could cause actual results to differ materially include, among other things, risks inherent in the PRC medical imaging industry, the PRC medical imaging service market, the PRC third-party medical imaging center market, the PRC medical imaging equipment solutions market, and the PRC medical cloud imaging service market, financing risks, labor risks, supply risks, regulatory risks and environmental concerns.

Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report. Our Directors confirm that after taking reasonable care, there is no material adverse change in the overall market information since the date of the Frost & Sullivan Report that would materially qualify, contradict or have an impact on such information.

Overview of the PRC Medical Imaging Industry

Overview

Medical imaging technology refers to technology used to recreate images of the structure and density of tissues and organs of the human body through interaction between certain media, such as X-ray, electromagnetic field, ultrasonic wave, and the human body for diagnosticians to make judgments based on the information provided by such images and evaluate the health condition of the human body. Commonly used modern medical imaging technologies include computed tomography (CT), magnetic resonance imaging (MRI), X-ray imaging, ultrasound, and nuclear medicine, among other things. Medical imaging technology plays a central role in supporting clinical diagnosis and treatment by doctors due to its non-invasiveness, relative safety and ability to show visual images.

Medical images are collected through medical imaging equipment. The following table sets forth the common types and models of medical imaging equipment:

CT Equipment	MRI Equipment	X-ray Imaging Equipment	Nuclear Medicine Diagnostic Equipment	Ultrasonic Equipment
512 Slices CT	3.0T MRI	Computer Radiography (CR)	SPECT	Stationary Ultrasonic Equipment
256 Slices CT	1.5T and below MRI	Digital Radiography (DR)	PET/CT	Portable Ultrasonic Equipment
128 Slices CT		Dual Energy X-ray Absorptiometry	PET/MRI	Handheld Ultrasonic Equipment
64 Slices and Below CT		Mammography		

Source: the Frost & Sullivan Report

Each type of medical imaging equipment differs in terms of working principles, image characteristics, and clinical applications, and has varied advantages and disadvantages. The following table sets forth some major features of each commonly used type of medical imaging equipment:

low — High	X-ray Imaging	Ultrasound	Nuclear Medicine Diagnostic Equipment	CT	MRI
Working Principle	• X-rays use radiation to penetrate and project human body onto an x-ray film to create image	• Ultrasound beams pass through less-dense tissue and bounce off denser tissues to create image	• Radioactive material injected through IV and accumulates in tumor tissue to produce image	• CT combines x-rays and a computer to create 360-degree pictures of bones and internal organs	• MRI uses magnets to spin the hydrogen atoms and radio waves, the information generated is then transformed into image with computer
Image Characteristic	• Non-tomography	• Tomography; real-time image	• Tomography; biological metabolic activity depiction	• Tomography; grayscale image	• Tomography; multi-angle and multi-parameter image
Common Clinical Application	• Commonly used for disease screening covering various organs and bones	• Performs best on soft tissues, such as abdomen, heart, and breast	• Used for cancer diagnosis and metabolic dynamic examination	• Whole body examination including inner organ, brain, and bones	• Widely used on imaging soft tissue, such as central nervous system, breast, and joints
Cost					
Weakness	• High radiation; medium-quality image; non-3D information	• Motion artifacts are common	• Expensive; high radiation	• Low spatial resolution; high radiation	• Long scanning time; motion artifacts; uncomfortable environment
Start Time	• 1923	• 1939	• 1949	• 1972	• 1978

Source: the Frost & Sullivan Report

The price of major types of medical imaging service are regulated by provincial healthcare security administration. The price of medical imaging service at comparable levels does not have significant difference among different regions. The table below sets forth to the price range of different types of medical imaging services:

Medical Imaging Service	Price Range (RMB)
PET/CT	Partial Scan: 2,600-4,000
	Whole Body Scan: 4,000-10,000
CT<64 Slice (Single Source)	Partial Scan: 45-240
CT≥64 Slice (Single Source)	Partial Scan: 200-350
MRI <0.5T	Partial Scan: 150-450
MRI 0.5-1.5T	Partial Scan: 200-600
MRI >1.5T	Partial Scan: 450-800

Notes:

(1) The service fee for one single type of imaging equipment may have a large price range depending on different purpose, cardiovascular scan and functional scan can be much more expensive than other scan.

(2) The statistics were collected from governmental healthcare service catalogues of different provinces, the price for one single medical imaging service may vary from province to province.

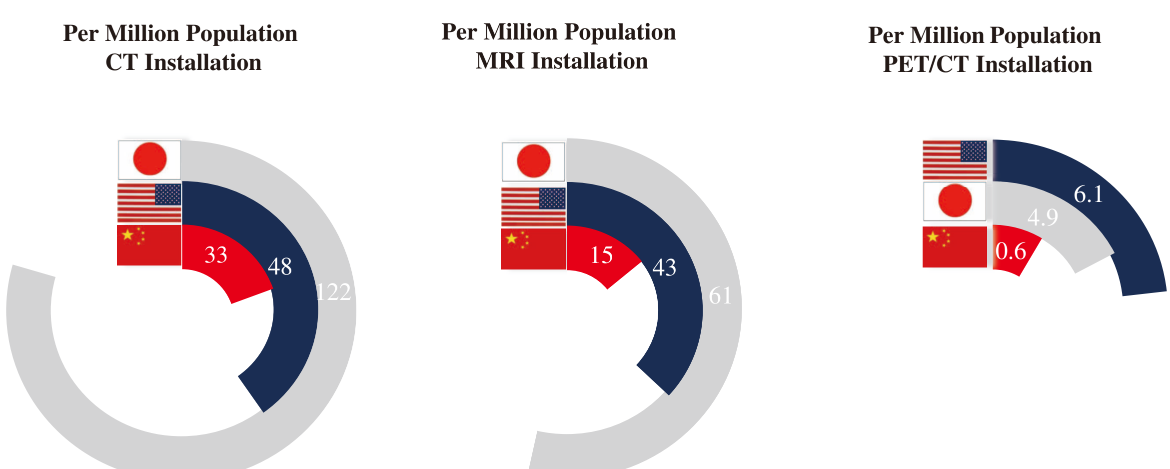
The price of major types of medical imaging service remain stable during the past years, apart from the price for PET-CT scanning in several provinces where PET-CT scanning was included to the provincial reimbursement list.

The Pain Points of the PRC Medical Imaging Industry

The PRC medical imaging industry has demonstrated the following pain points:

- *Lack of Medical Imaging Resources:*

  - Lack of medical imaging equipment. The following charts set forth the average CT, MRI and PET/CT units installed per million population in Japan, the United States and the PRC in 2023, respectively:



Source: OECD Statistics, Mid-to-Long Term National Planning of Medical Isotope (2021-2035), the Frost & Sullivan Report

Compared to developed countries, the number of the PRC's CT, MRI and PET/CT units installed is deficient. The average CT units installed per million population in Japan and the United States are 3.7 times and 1.5 times that of the PRC, respectively; the average MRI units installed per million population in Japan and the United States are 4.1 times and 2.9 times that of the PRC, respectively; and the average PET/CT units installed per million population in Japan and the United States are 8.2 times and 10.2 times that of the PRC, respectively.

As restricted by local fiscal expenditure requirements, it is difficult for medical institutions of different levels to install advanced medical imaging equipment within a short time frame that matches the local clinical needs.

- Lack of medical imaging professionals and undervalued training and education system. According to Frost & Sullivan, in 2021, there were only 170 medical imaging professionals per million population in the PRC, insufficient to meet the examination and diagnosis needs of patients. Moreover, the training and education of radiologists and radiographic technologists is undervalued in the PRC, and the overall training period for radiologists is relatively short, usually only taking five years. However, the overall training period for radiologists in countries with sound healthcare systems, such as the United States, the United Kingdom and France, typically ranges from 11 to 12 years. Radiologists in the PRC generally start their medical practice at medical institutions earlier than those in countries with a sound medical system after graduation, and hardly have access to postgraduate education opportunities in medical imaging, resulting in their weaker professional abilities overall.

- *Weak Imaging Service Capabilities of the Primary Healthcare System (which refers to hospitals and primary healthcare institutions of the county-level or below):*

  - Uneven distribution of medical imaging equipment. In the PRC, advanced medical imaging equipment is concentrated at top-level medical institutions. In general, the distribution of medical imaging equipment at medical institutions of the primary healthcare system is insufficient. Most medical institutions of the primary healthcare system fail to install, or only install a limited number of, advanced medical imaging equipment due to considerations relating to costs and revenue, making it difficult for them to satisfy the examination and diagnostic needs of patients.

  - Poor medical imaging diagnostic capabilities and lack of proficient radiologists and radiographic technologists. The overall number of proficient radiologists and radiographic technologists is lacking in the PRC, most of whom are concentrated at top-level medical institutions. The medical imaging capabilities of most radiologists and radiographic technologists in the primary healthcare system are limited. These radiologists mainly hold an associate degree or a bachelor's degree, whereas the radiographic technologists mainly hold a diploma of secondary education or an associate degree. Due to issues including incomplete knowledge system, insufficient experience, and lack of learning and self-elevating opportunities, it is difficult for them to satisfy the clinical diagnostic needs. In addition, the varying skill levels of such radiologists and radiographic technologists can lead to inconsistent image quality, so that medical institutions cannot mutually recognize and accept each other's imaging results. This can result in re-examination by patients if they turn to other hospitals, thereby causing a waste of medical resources.

- Low utilization efficiency of medical imaging equipment. Although favorable policies are promoting the introduction of advanced imaging equipment in the primary healthcare system, advanced medical equipment is used at a low efficiency rate in some medical institutions of the primary healthcare system, restrained also by the skills, expertise and experience of the relevant radiologists and radiographic technologists in respect of medical imaging equipment, as well as the relevant clinicians' ability to select the accurate imaging examination procedures. In particular, the value of certain high-end advanced imaging equipment with complex functions has not been fully exploited. For example, some medical institutions of the primary healthcare system in the PRC are equipped with advanced CT capable of scanning the heart, but its actual utilization frequency for heart scanning is still relatively low.

- *Limited service capacity of large public hospitals.* Due to the poor imaging service capabilities and limited diagnostic and treatment capabilities, the primary healthcare system is unable to meet the needs of patients. Most patients have to visit large public hospitals for diagnosis and treatment, resulting in long-standing overcrowding at radiology departments in large public hospitals. The waiting time for making imaging examinations is quite long, making it difficult to implement effective patient sorting.

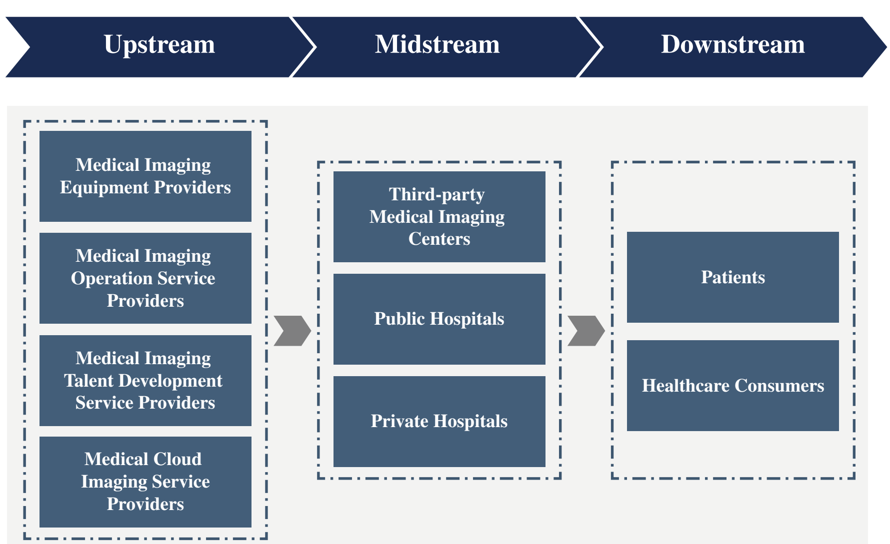
- *Lack of interaction between radiologists and clinicians.* Radiology is usually regarded as an auxiliary department of hospitals in the PRC, and the influence of radiologists is limited, which results in internal communication problems between clinicians and radiologists. Clinicians are also unable to master all imaging examination procedures that evolve rapidly in a timely manner. Meanwhile, radiologists may not be able to produce comprehensive imaging reports for treatment, bringing limited value to clinical decision-making and prescription. As a result, the value of medical imaging in examination and diagnosis in the healthcare system has not been fully realized.

- *Information barriers as a result of inadequate information technology capabilities of medical imaging.* In general, the information infrastructure of medical institutions in the PRC is relatively backward and their information technology capabilities are insufficient, especially in respect of imaging data storage, transmission, cloud processing, electronic film, remote diagnosis and data analysis. Medical images are usually stored in the local systems of medical institutions that are not able to be carried and transferred, which has formed isolated information islands and barriers, and information asymmetry among doctors and patients. Patients have to seek examination and diagnostic services repeatedly if visiting multiple hospitals, thereby increasing their personal medical costs and leading to a waste of medical imaging resources. It is necessary to gradually establish a standard information system that can accomplish the sharing and exchange of medical data among different medical institutions.

- *Lack of effective quality control over medical imaging.* Most radiology departments of medical institutions in the PRC have not implemented effective quality control over medical imaging, resulting in quality issues of medical imaging services. Most radiologists and radiographic technologists pay little attention to quality control, and most medical institutions have not designated special personnel to conduct quality control at their radiology departments, resulting in a lack of effective supervision and management of medical imaging services.

Composition of the Value Chain

In general, the ultimate end customers of the PRC medical imaging industry value chain are patients and healthcare consumers. The following diagram illustrates the typical participants in the upstream, midstream and downstream of the PRC medical imaging industry value chain:



Source: the Frost & Sullivan Report

The PRC medical imaging industry value chain can be divided into three parts: (i) the upstream involves, among others, medical imaging equipment providers, medical imaging operation service providers, medical imaging talent development service providers, and medical cloud imaging service providers; (ii) the midstream involves medical institutions encompassing public and private hospitals, and third-party medical imaging centers; and (iii) the downstream involves patients and healthcare consumers who receive medical imaging services. In particular, the upstream players provide medical institutions at the midstream, especially public hospitals, with medical imaging operation services, medical imaging equipment solutions, and medical cloud imaging services in response to their needs.

The PRC Medical Imaging Service Market

Overview

Medical imaging center refers to a medical institution that provides patients and healthcare consumers with imaging examination and diagnostic services. Radiographic technologists use medical imaging equipment to obtain physical human information, which is analyzed by specialized radiologists, and the results of such analysis are then provided to clinicians to conduct a diagnosis. Such services are a commonly used and important method and tool for clinicians to diagnose and guide treatment in their medical practice and to determine in health check-ups whether the body is healthy. The following diagram illustrates the general procedures of medical imaging services as provided by a medical imaging center:

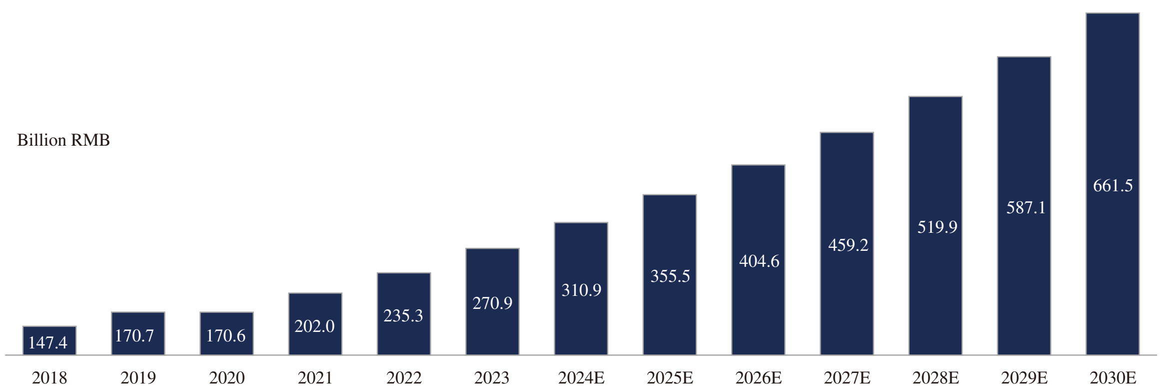
Source: the Frost & Sullivan Report

Market Size

According to Frost & Sullivan, the size of the PRC medical imaging service market by revenue grew from RMB147.4 billion in 2018 to RMB270.9 billion in 2023, at a CAGR of 12.9%, and is expected to reach RMB661.5 billion in 2030. The following chart sets forth the historical and forecast size of the PRC medical imaging service market by revenue from 2018 to 2030:

China Medical Imaging Service Market, 2018-2030E

Period	CAGR
2018-2023	12.9%
2023-2026E	14.3%
2026E-2030E	13.1%



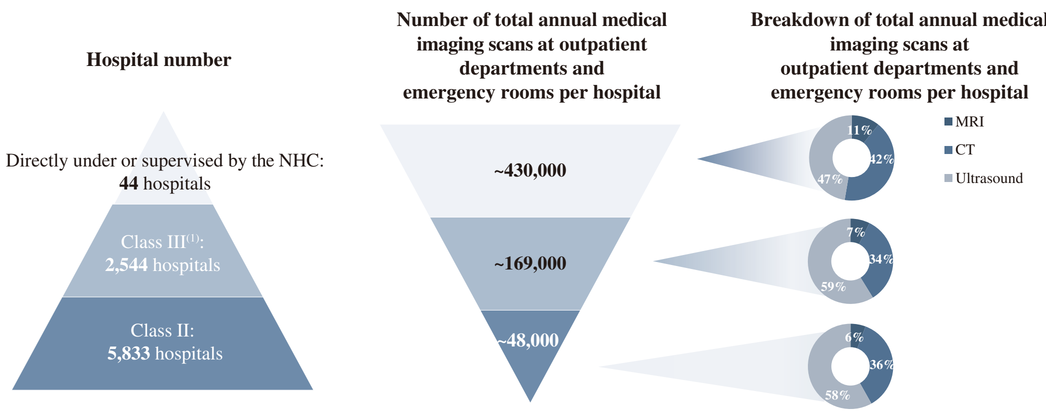
Source: the Frost & Sullivan Report

Note:

The size of the PRC medical imaging service market by revenue includes medical imaging service-related revenue contributed by hospitals, third-party medical imaging centers, and private health check-up centers.

The main participants in the PRC medical imaging service market are the radiology departments of hospitals, and third-party medical imaging centers, among others. The radiology departments of hospitals take the dominant position in terms of the coverage of patient traffic, mainly because patient traffic is concentrated at public medical institutions, and PRC basic medical insurance mainly covers diagnosis and treatment at public medical institutions.

The imaging service capabilities of the PRC primary healthcare system are insufficient, and the demand is largely unsatisfied. The following diagram illustrates the number of Class II and Class III hospitals and Class III Grade A hospitals directly under or supervised by the NHC of the PRC, as well as the number of total annual medical imaging scans via CT, MRI and ultrasound at outpatient departments and emergency rooms per hospital in 2020:



Source: the Frost & Sullivan Report, the NHC and National Healthcare Service, Quality, and Safety Report (國家醫療服務與質量安全報告)

Note:

(1) Excluding hospitals directly under or supervised by the NHC

According to Frost & Sullivan, Class III Grade A hospitals directly under or supervised by the NHC and Class III hospitals have contributed a disproportionately high level of medical imaging services within the healthcare system. In 2020, the number of total annual medical imaging scans (via CT, MRI and ultrasound) at outpatient departments and emergency rooms in Class III Grade A hospitals directly under or supervised by the NHC and Class III hospitals was around 430,000 per hospital and around 169,000 per hospital, respectively, which are significantly higher than that of Class II hospitals (around 48,000 per hospital). In comparison, in 2022, out of approximately 36.9 thousand hospitals in China's healthcare system, only about 3.5 thousands were Class III hospitals. In addition, the average salary of healthcare professionals in radiology department of public hospitals in first-tier cities is usually higher than that of healthcare professionals in radiology department of public hospitals in other cities, according to Frost & Sullivan.

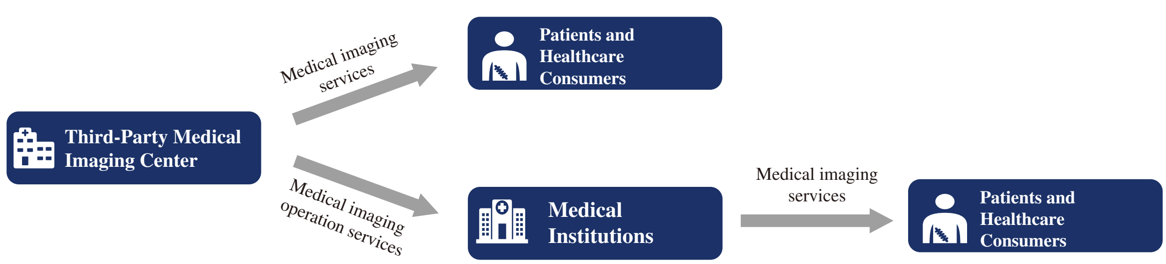
Based on the foregoing, the resources of the PRC medical imaging service market are unevenly distributed, and governmental policies, such as Guiding Opinions on Promoting the construction of Hierarchical Diagnosis and Treatment System (《關於推進分級診療制度建設的指導意見》), can help the PRC medical imaging service market toward a more balanced distribution of resources. Medical imaging centers provide a remedy for the over-capacity issue that leads to extended waiting periods for diagnostic procedures in higher-ranking hospitals. Furthermore, these centers enhance the overall medical imaging proficiency by offering services to lower-ranking hospitals, thereby fostering the execution of a Hierarchical Diagnosis and Treatment System.

The PRC Third-party Medical Imaging Center Market

Overview

According to the Basic Standards for Medical Imaging Diagnostic Centers (Trial) (《醫學影像診斷中心基本標準(試行)》), third-party medical imaging center refers to an independently established medical institution that uses X-ray, CT, MRI, ultrasound and other modern imaging technologies to examine the human body and issue imaging diagnostic reports; and third-party medical imaging center excludes the radiology department of hospitals and other medical institutions.

Third-party medical imaging centers are generally operated based on the following two business models:



Source: The Frost & Sullivan Report

Under the first model, a third-party medical imaging center provides medical imaging services directly to patients and healthcare consumers. These services may include physical examinations, expert consultations, and other specialized imaging procedures. These centers are typically operated independently from hospitals and are not part of the hospital system. Patients pay directly for the services they receive at these centers. In general, third-party medical imaging centers provide a convenient and accessible option for patients who need high-quality imaging services outside of a hospital.

Under the second model, a third-party medical imaging center provides medical imaging operation services to hospitals and other medical institutions. This model is encouraged by the national government and covers the entire process from establishment to daily operation of medical imaging centers. Under this model, medical institutions, such as hospitals, purchase relevant services according to service agreements with third-party medical imaging centers (as medical imaging operation service providers), and such centers are typically located on the premises of the medical institutions. The operation services provided by third-party medical imaging centers can realize the sharing of equipment, medical professionals and data, which enables hospitals to improve efficiency and reduce costs.

Since public hospitals in the PRC have a dominant position in terms of patient traffic, third-party medical imaging centers under the second model often cooperate with public hospitals in a region to improve the medical imaging services offered by those hospitals while obtaining customers. Additionally, given the relatively poor capabilities of medical imaging services in China's primary healthcare system, there is significant market potential for third-party medical imaging centers to provide services to county-level or below hospitals and primary healthcare institutions.

Generally, the second model of medical imaging centers provides a collaborative approach to delivering high-quality medical imaging services to patients, with a focus on improving the efficiency and effectiveness of healthcare services.

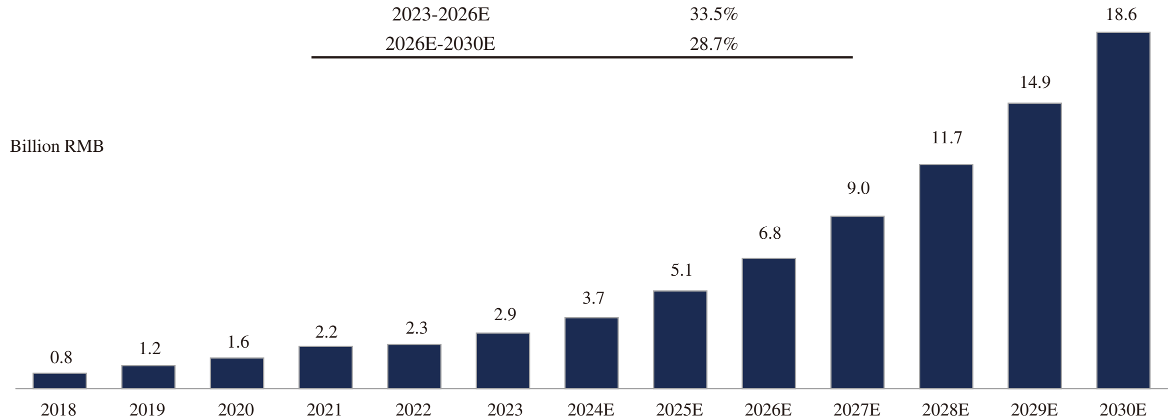
Market Size

The PRC third-party medical imaging center market emerged late and has a relatively short development period. This market is still at an early stage with a relatively small market size, indicating relatively large growth potential. According to Frost & Sullivan, the third-party medical imaging center market in the United States has a history of over 30 years with over 6,000 third-party medical imaging centers having been established. Compared to the United States, according to the latest information on the NHC official website as of the Latest Practicable Date, there were only 163 third-party medical imaging center licenses in effect in the PRC. These licenses belonged to approximately 80 companies. Even taking into consideration the instances of one license with multiple addresses, the number of third-party medical imaging centers in the PRC is far less than that in the United States.

According to Frost & Sullivan, the size of the PRC third-party medical imaging center market by revenue grew from RMB0.8 billion in 2018 to RMB2.9 billion in 2023, at a CAGR of 29.0%, and is expected to reach RMB18.6 billion in 2030, representing a CAGR of 30.7% from 2023 to 2030. The following chart sets forth the historical and forecast size of the PRC third-party medical imaging center market by revenue from 2018 to 2030:

China Third-party Medical Imaging Center Market, 2018-2030E

Period	CAGR
2018-2023	29.0%
2023-2026E	33.5%
2026E-2030E	28.7%



Source: Expert interview, the Frost & Sullivan Report

Competitive Landscape

According to Frost & Sullivan, in terms of fees paid by patients (comprising (i) fees paid by patients to third-party medical imaging centers, and (ii) imaging examination and diagnosis and related fees paid by patients to medical institutions served by medical imaging service providers through operational management and other service agreements) in 2023, we ranked first among all PRC third-party medical imaging center operators, and in terms of revenue generated from imaging center services in 2023, we ranked second among all PRC third-party medical imaging center operators. As illustrated in the following table, along with other ranking information of major players in this market:

			As of the Latest Practicable Date		
Company	**Revenue in 2023**	**Fees paid by patients in 2023**	**Number of licenses**	**Number of county-level divisions covered**	**Number of imaging centers in operation**
	(RMB in billion)				
Our Company[(1)]	0.6	1.5 to 1.6	32	61	101
Universal Medical Imaging (上海全景醫學影像科技股份有限公司)[(2)]	0.7 to 0.8	0.7 to 0.8	11	10	11
Gosun Medical Imagine (廣東高尚醫學影像科技集團有限公司)[(3)]	0.3 to 0.4	0.3 to 0.4	8	8	8
Imagingrace (上海聯影智慧醫療投資管理有限公司)[(4)]	0.2 to 0.3	0.2 to 0.3	11	10	11
Ping An Healthcare (平安好醫投資管理有限公司)[(5)] . .	0.2 to 0.3	0.2 to 0.3	11	11	11

Source: the NHC, the Frost & Sullivan Report

(1) For more information about the imaging centers of our Company, see "Business — Imaging Center Services."

(2) Universal Medical Imaging (上海全景醫學影像科技股份有限公司) was founded in Shanghai in 2011, which is a chain brand of professional medical institutions specializing in the diagnosis of difficult diseases. The cities covered by its medical imaging centers include Beijing, Tianjin, Shanghai, Nanjing, Xuzhou, Hangzhou, Guangzhou, Chongqing, and Chengdu. This company's total revenue in 2023 ranged from RMB0.7 billion to RMB0.8 billion.

(3) Gosun Medical Imagine (廣東高尚醫學影像科技集團有限公司) was founded in Guangdong province in 2016, which is a chain brand of for-profit medical imaging diagnosis centers. The cities covered by its medical imaging centers include Hefei, Xiamen, Wuhan, Guangzhou, Chengdu, Kunming, Shanghai and Xi'an. This company's total revenue in 2023 ranged from RMB0.3 billion to RMB0.4 billion.

(4) Imagingrace (上海聯影智慧醫療投資管理有限公司) was founded in 2016 in Shanghai, which is a chain brand of medical imaging diagnosis centers and an associate company of a listed company engaged in the manufacture and sales of medical imaging equipment. The cities covered by its medical imaging centers include Hengshui, Changchun, Xi'an, Chengdu, Hefei, Beijing, Wuhan, Zhongshan, Jingzhou, and Yinchuan. This company's total revenue in 2023 ranged from RMB0.2 billion to RMB0.3 billion.

(5) Ping An Healthcare (平安好醫投資管理有限公司) was founded in 2015, and its parent company is listed on both the Hong Kong Stock Exchange and the Shanghai Stock Exchange. The cities covered by its medical imaging centers include Shenyang, Xiamen, Nanchang, Qingdao, Wuhan, Xiangyang, Guangzhou, Xi'an, Chongqing, and Shanghai. Its total revenue in 2023, which included revenue generated from its imaging center operations business, medical clinic business and health check-up business, ranged from RMB0.3 billion to RMB0.4 billion. The revenue of Ping An Healthcare disclosed in the table only includes revenue generated from its imaging center operation business.

Except for our Company, other foregoing participants in the PRC third-party medical imaging center market mainly provide medical imaging services directly to patients or healthcare consumers. Our Company has also assisted medical institutions in providing medical imaging services to their patients, or to help them operate and manage their imaging centers, in order to improve their medical imaging service capabilities.

Due to stringent requirements over equipment, personnel, capital and technology as well as the strict registration process, according to the latest information on the NHC official website as of the Latest Practicable Date, there were only 163 third-party medical imaging center licenses in effect in the PRC. According to Frost & Sullivan, we ranked first in terms of number of third-party medical imaging center licenses held among all PRC third-party medical imaging center operators as of the same date. As of Latest Practicable Date, we ranked first in terms of number of county-level divisions covered by a medical imaging center network among all PRC third-party medical imaging center operators, according to the same source.

Entry Barriers

New entrants to the PRC third-party medical imaging center market are confronted with a number of barriers, including those relating to:

- *Market resource and license barrier.* Medical imaging centers rely heavily on various types of medical infrastructure and require certain capital investment in equipment. In addition, a medical imaging center must obtain a Practicing License in accordance with the Medical Institution Management Regulations before it starts business, which is the most basic qualification requirement for a medical imaging center. To configure large medical equipment and engage in imaging examination and diagnosis, medical imaging centers should also obtain operating qualifications such as Radiological Diagnosis and Treatment Licenses and Large Medical Equipment Configuration Licenses. In addition, there is a customer resource barrier in the third-party medical imaging center market.

Public hospitals generally tend to enter into long-term cooperation agreements with market participants with which they have long cooperated in the past. It is difficult for new market entrants to acquire public hospitals as customers.

- *Professional knowledge.* Medical diagnostic imaging services involve multi-disciplinary expertise and know-how, which requires long-term medical education and training of radiologists. Medical institutions of the primary healthcare system may also rely on imaging centers for their professional capabilities that are unavailable in-house. New market entrants may find it difficult to recruit professionals equipped with solid theoretical knowledge and rich practical experience.

- *Expert team.* An expert team is the key to combine theoretical medical imaging knowledge and diagnostic practice, and dissemination of clinical experience. A dedicated team of radiologists and radiographic technologists with solid theoretical knowledge and rich practical experience can greatly improve the efficiency and accuracy of imaging diagnostic results.

- *Operational capability.* A medical imaging center's operational capabilities are crucial to its long-term development. Existing market players have gained industry experience and knowledge, which put them in a better position to further explore the market and improve its operation and service capabilities.

Growth Drivers and Future Trends

According to Frost & Sullivan, the growth of the PRC third-party medical imaging center market has been, and is expected to continually be, driven by: (i) the PRC third-party medical imaging center market's great growth potential in light of the large population and low medical imaging equipment per million population in the PRC as well as the fact that there were only 163 third-party medical imaging center licenses in effect in the PRC according to the latest information on the NHC official website as of the Latest Practicable Date; (ii) increasing demand for diagnostic imaging mainly as a result of an aging population and the continual improvement of residents' health awareness in the PRC; (iii) the large room for improvement in medical imaging capabilities of the primary healthcare system given the overall scarcity and imbalance of medical imaging resources in the PRC, especially the inability of medical imaging equipment in the primary healthcare system to meet the needs of patients; (iv) unmet needs of high-end customers for quality medical imaging services, as large public hospitals are overloaded by patients, which has led to long waiting times for medical imaging examinations; (v) demand from medical institutions that lack advanced medical imaging equipment and radiologists to improve service capabilities; (vi) continual support from the PRC government that encourages the development of third-party medical imaging centers; and (vii) diversified needs of patients that drive the penetration of quality medical imaging services to third-tier cities or below.

Meanwhile, this market has demonstrated the following trends:

- ***Growing market.*** Compared with the markets in the United States, Japan and other developed countries, the PRC third-party medical imaging center market has a short history with a low penetration rate, which therefore indicates a huge upside for growth. As residents' health awareness has improved in the PRC, the PRC third-party medical imaging center market is expected to continually and rapidly grow in the future. In particular, the government has issued a number of policies to continuously encourage the development of the third-party imaging center market, which is expected to achieve further growth.

- ***Diversified needs and services.*** As the PRC third-party medical imaging center market is an emerging market, a variety of participants are focusing on diversified needs and services accordingly. Many of the market participants are currently exploring several business models and tend to make progress in one or two particular sub-sectors.

- ***Specialist education.*** The innovation of medical imaging equipment and medical imaging technology will inevitably require a large number of talents who are familiar with various types of equipment and their operation. Meanwhile, talent development of radiologists is transitioning from an imaging equipment-oriented approach to a clinical specialty-oriented approach.

- ***Application of remote diagnostic imaging.*** Medical imaging centers are increasingly utilizing remote diagnostic imaging, which is expected to improve the imaging diagnostic capabilities of the primary healthcare system in remote areas and alleviate the uneven distribution of medical resources.

The PRC Medical Imaging Equipment Solutions Market

Overview

PRC medical imaging equipment solutions refer to solutions that are centered around equipment, for purposes of increasing the utilization efficiency of medical imaging equipment. Medical imaging equipment solutions mainly comprise:

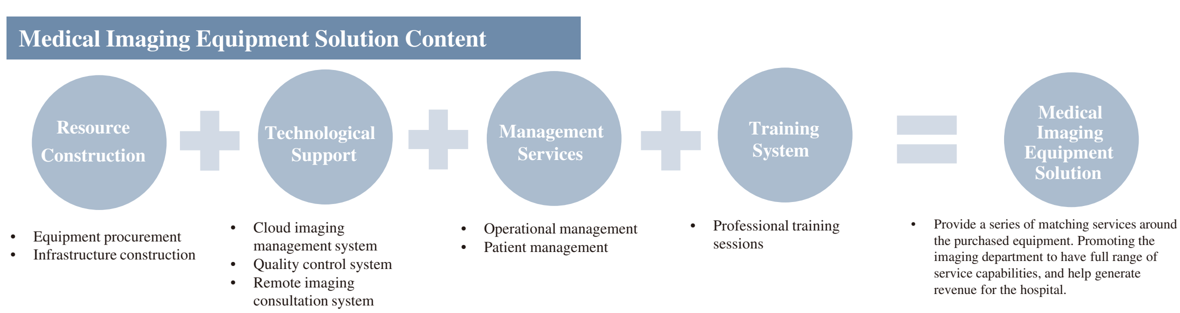
(i) resource construction, such as equipment selection and deployment, optimizing the instrument configuration based on frequency and duration of use, and scientific interior design of medical imaging centers to make the examination process more efficient and patient- and radiologist-friendly;

(ii) technological support, such as development of cloud imaging management systems that provide standardized and homogeneous data for imaging centers of different levels, remote consultation systems, and quality control systems;

(iii) management services, such as operational management to improve efficiency and profitability, and management of patients before and after diagnosis for patient/customer retention and enhancing awareness of preventive screening; and

(iv) training systems, such as professional training sessions to improve radiologists' skills and expertise, and providing communication opportunities among radiologists.

The details of medical imaging equipment solutions are set forth below:



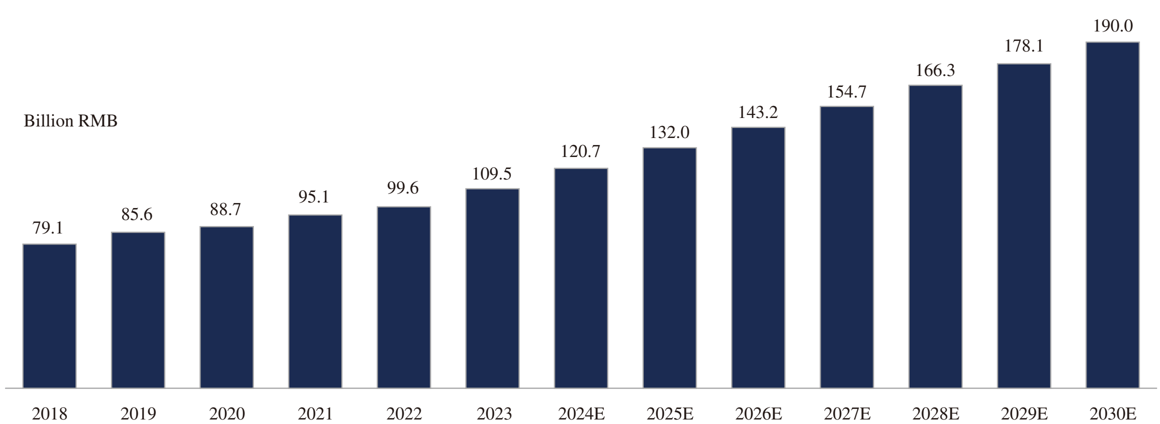
Source: the Frost & Sullivan Report

Market Size

According to Frost & Sullivan, the size of the PRC medical imaging equipment solutions market based on the types of equipment required for medical imaging centers as specified in the Basic Standards for Medical Imaging Diagnostic Centers (Trial) (《醫學影像診斷中心基本標準(試行)》) along with relevant medical imaging equipment management services grew from RMB79.1 billion in 2018 to RMB109.5 billion in 2023, at a CAGR of 6.7%, and is expected to reach RMB190.0 billion in 2030, representing a CAGR of 8.2% from 2023 to 2030. The following chart sets forth the historical and forecast size of the PRC medical imaging equipment solutions market by revenue from 2018 to 2030:

China Medical Imaging Solutions Market, 2018-2030E

Period	CAGR
2018-2023	6.7%
2023-2026E	9.4%
2026E-2030E	7.3%



Source: Expert interview, the Frost & Sullivan Report

Medical imaging equipment solutions not only cover resource construction, such as equipment sales, and maintenance, targeted at medical institutions that lack medical imaging equipment, but also include other types of services, such as technical support, training systems, cost control, performance management, and operational efficiency improvement. Medical imaging equipment solutions are able to help medical institutions improve their overall business and service capabilities.

Entry Barriers

New entrants to the PRC medical imaging equipment solutions market are confronted with a number of barriers, including those relating to:

- ***Operational experience.*** It is difficult for new market entrants without successful operational experience to gain the trust of medical institution customers.

- ***Technical expertise.*** The provision of medical imaging equipment solutions requires strong technical expertise in medical imaging. New market entrants usually possess limited technical expertise and know-how in this respect due to lack of practice.

- ***Coverage of medical institutions.*** Providers of medical imaging equipment solutions need to expand their coverage of medical institutions to grow business.

Growth Drivers and Future Trends

According to Frost & Sullivan, the PRC medical imaging equipment solutions market is driven by the following:

- ***Unequal distribution of medical resources and strong demand for procurement and efficient use of medical imaging equipment in the primary healthcare system.*** The uneven distribution of medical resources and their mismatch with diagnosis demands has resulted in patients' needs being poorly served. The primary healthcare system lacks medical imaging equipment, and is unable to meet the needs of patients. Medical imaging equipment solutions are able to help the primary healthcare system resolve such difficulty regarding equipment deployment, while offering services that help them improve capabilities to use medical imaging equipment, thereby comprehensively enhancing the service quality of the primary healthcare system.

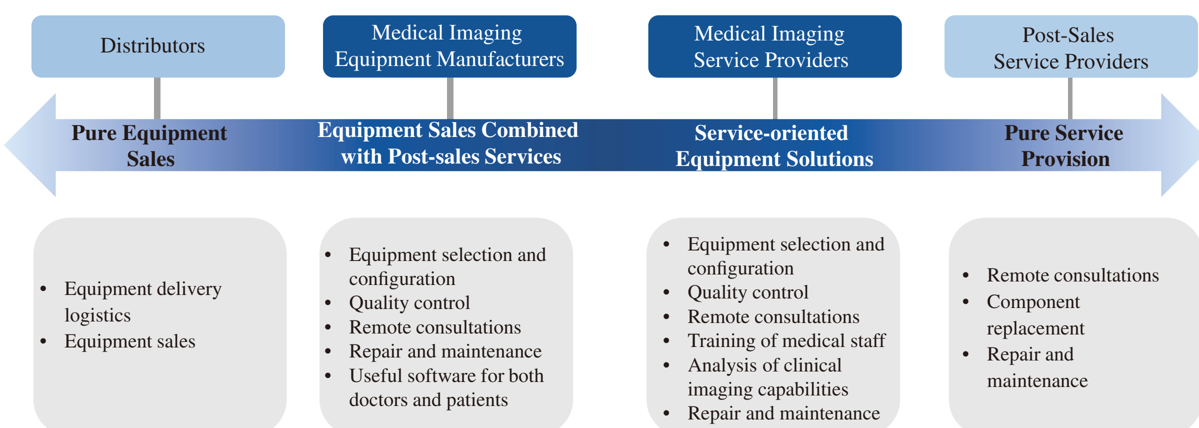
- ***Growing demand for the upgrade of medical imaging equipment.*** To improve the service quality and capabilities, medical institutions have a demand for upgrading medical imaging equipment. Medical imaging equipment solutions can be service-oriented, helping medical institutions upgrade medical imaging equipment, and maximize the use of the upgraded imaging equipment.

- ***Growing demand for comprehensive services centered around medical imaging equipment in the primary healthcare system.*** Government policies are driving the introduction of more advanced imaging equipment, technologies and professionals to the primary healthcare system. Comprehensive services centered around medical imaging equipment can provide all-inclusive training for radiologists and radiographic technologists on advanced imaging equipment, on the one hand, and can also supply successful operational management experience to improve the operations of radiology departments at medical institutions of the primary healthcare system, on the other hand.

In the meantime, the PRC medical imaging equipment solutions market has shown a trend away from pure imaging equipment procurement to procurement of imaging equipment-related services along with the imaging equipment.

Competitive Landscape

The PRC medical imaging equipment solutions market is highly fragmented. This market mainly includes several major types of players, such as medical imaging equipment distributors, medical imaging equipment manufacturers, medical imaging center service providers and equipment after-sales service providers. As hospitals are emphasizing more on services, medical imaging center service providers develop more customers through cooperation with upstream manufacturers. The following table sets forth some details of the major types of participants in the PRC medical imaging equipment solutions market:



Source: the Frost & Sullivan Report

The PRC Medical Cloud Imaging Service Market

Overview

PRC medical cloud imaging services are based on a cloud-based system for storing, sharing or processing medical images among medical institutions. Medical cloud imaging services facilitated various applications, including digital medical cloud imaging storage system, imaging data platform, regional imaging diagnostic platform, and imaging archiving and communication system.

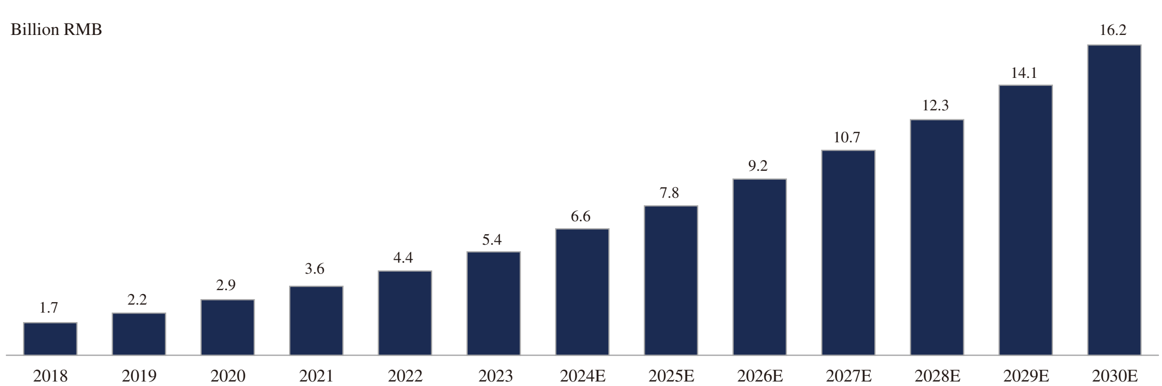
The informatization of medical imaging has been evolving rapidly during recent years, the development of which can be divided into three stages. The first stage of medical imaging informatization is the establishment of medical imaging infrastructure within each hospital. Currently, the medical imaging infrastructure established in Class III hospitals is typically much more comprehensive than that in medical institutions of the primary healthcare system. As the coverage of the medical imaging infrastructure continues to expand, the development of medical imaging informatization will reach its second stage, which is data-based interconnectivity among various medical institutions, allowing sharing of medical imaging information and dissemination of professional medical imaging knowledge among different hospitals. In the future, medical imaging informatization is expected to develop towards consolidation of AI and related technologies, which is expected to assist physicians in daily medical imaging diagnosis.

Market Size

The following chart sets forth the historical and forecast size of the PRC medical cloud imaging service market by revenue from 2018 to 2030:

China Medical Cloud Imaging Market, 2018-2030E

Period	CAGR
2018-2023	25.9%
2023-2026E	19.4%
2026E-2030E	15.3%



Source: Expert interview, the Frost & Sullivan Report

Medical cloud imaging services contribute to the reform of medical industry, enhance the collaboration of medical resources and assist the development of medical consortia/medical groups. Medical imaging big data can be combined with new technologies, such as cloud computing and AI, in application in the long term to fully explore the application value of medical imaging big data and promote intelligent examination and diagnosis of medical imaging. The following are the advantages of medical cloud imaging services from the perspectives of various medical imaging industry participants:

- ***For medical institutions***: Medical cloud imaging services can break down the information silo within hospitals and realize the sharing of imaging data within and among hospitals. They are also able to analyze and improve the overall operation of the radiology departments, strengthen the workload and performance management capabilities of the radiology departments, and help provide remote medical services.

- ***For patients***: Medical cloud imaging services are able to provide reasonable guidance and assistance in diagnosis and treatment, while allowing patients to efficiently obtain and understand imaging data and reports for subsequent diagnosis and treatment.

- ***For radiologists***: Medical cloud imaging services help radiologists improve efficiency and accuracy of diagnosis, reduce repetitive work, reduce misdiagnosis and missed diagnosis, and achieve remote diagnosis and professional communication.

- ***For radiographic technologists***: Medical cloud imaging services help radiographic technologists quickly complete scanning parameter settings, standardize and simplify radiographic technologist scanning operations, and ensure that radiographic technologists conduct high-quality examinations.

Entry Barriers

New entrants to the PRC medical cloud imaging service market are confronted with a number of barriers, including those relating to:

- ***Data accumulation.*** Medical cloud imaging services are based on enormous medical cloud imaging analyses, and it is difficult for new market entrants to accumulate a large amount of data within a short period of time.

- ***Informatization capabilities.*** The development of medical cloud imaging services has given rise to the need for the construction of an informatization infrastructure, which requires substantial resources, including the extensiveness of medical institution networks, as well as data analysis and processing capabilities.

- ***Reputation and customer loyalty.*** Factors such as consistent track record, industry reputation, client retention rate, service quality, regulatory compliance and confidentiality are crucial in the selection of medical cloud imaging service providers for cooperation.

Growth Drivers and Future Trends

According to Frost & Sullivan, factors such as the demand of medical institutions for informatization, increased awareness of health management of residents and changes in consumer behavior are expected to unleash the growth potential of the PRC medical cloud imaging service market. Along with the development and application of cloud computing and big data, as well as the implementation of relevant policies, higher requirements are expected to be put forward for the scientific, standardized, and refined management of hospital operations. Accordingly, this market has demonstrated the following trends:

- ***Digitized and intelligent process of medical imaging services.*** The medical imaging services provided to patients and the internal department management of hospitals are expected to be executed via one platform throughout the whole process, thereby avoiding switching between different platforms by patients and doctors.

- ***Data-driven services.*** The overall analysis of the radiology department's capabilities and the application of medical AI empowerment are based on the analysis and application of medical imaging big data. Technologies such as big data and AI can accelerate the intelligent and efficient dissemination of information. The integration of technology and medical data is expected to broaden the scope of medical imaging services beyond the limitations of time and space.

- ***Empowerment from new technologies.*** Based on the development of AI companies, AI has achieved good results in medical imaging on single disease diagnosis. It is expected that AI will be deeply integrated with PACS, aiming at the diagnosis of multiple diseases. AI will also play an important role in intelligent patient routing, and one-click scanning for radiographic technologists, among other aspects.

Competitive Landscape

According to Frost & Sullivan, the PRC medical cloud imaging service market is fragmented. The reasons are as follows:

- Medical imaging informatization is still in fast development stage in most hospitals in the PRC.
- The primary consideration for most hospitals to choose informatization construction is localized and personalized services based on concerns over timely response for technical assistance. Accordingly, there are many cloud imaging service providers that have entered this market, taking advantage of their geographical proximity to customers.

With the advancement of medical imaging data technology and related services, this market is expected to further grow, and address more complex issues present in the medical imaging service industry. Companies with regional influence and a national layout are expected to be more competitive in this market. While hospital resources are important, once the hardware has been fully and comprehensively deployed, outstanding medical cloud imaging services are expected to further enhance customer stickiness, and therefore to generate lasting revenue streams.

Our business in the PRC is subject to extensive supervision and regulatory control by the PRC government. This section sets out a summary of the major relevant laws, regulations, rules and policies which may have material impact on our business, particularly in relation to: (i) reforms of medical institutions that may affect our capabilities to implement our existing business strategies for the expansion of our hospital network; (ii) the classification and management of medical institutions, supervision of medical devices and pharmaceuticals in medical institutions, price of healthcare services, medical professionals, environmental protection and labor protection, and the governance of our day-to-day operations which may affect our costs of compliance; (iii) medical incidents which may affect our indebtedness arising from our day-to-day operations; (iv) foreign investors investing in the PRC; (v) taxation and foreign exchange matters which may affect our operating results and business; and (vi) overseas listing and H share "full circulation."

Regulations on the Reform of Medical Institutions

Opinions of the Central Committee of the Communist Party and the State Council on Promoting Further Reform of the Healthcare System (《中共中央、國務院關於深化醫藥衛生體制改革的意見》)

The Opinions of the Central Committee of the Communist Party and the State Council on Promoting Further Reform of the Healthcare System (《中共中央、國務院關於深化醫藥衛生體制改革的意見》) (the "**Opinions**"), which was promulgated by the State Council on March 17, 2009, advocates a range of measures to reform medical institutions in China and to establish a basic healthcare system covering urban and rural residents. The Opinions encourage private capital to invest in medical institutions (including investments by foreign investors), the development of private medical institutions and the reform of public medical institutions (including those established by state-owned enterprises) through private capital investment.

Opinions on Accelerating the Development of Setup Medical Institutions by Social Capitals (《關於加快發展社會辦醫的若干意見》)

Opinions on Accelerating the Development of Setup Medical Institutions by Social Capitals (《關於加快發展社會辦醫的若干意見》), which was promulgated by the National Health and Family Planning Commission (the "**NHFPC**") and the State Administration of Traditional Chinese Medicine (the "**SATCM**") on December 30, 2013, stipulates the policies to support the development of private-invested healthcare institutions, including but not limited to the (i) gradual relaxation of investment in healthcare institutions by foreign capital; (ii) relaxation of requirements for service sectors, allowing social capital's investment in the areas which are not explicitly prohibited; and (iii) acceleration of the approval procedures regarding the establishment and operation of private hospitals.

Opinions of the General Office of the State Council on Encouraging Social Forces to Provide Multi-layered and Diverse Healthcare Services (《國務院辦公廳關於支持社會力量提供多層次多樣化醫療服務的意見》)

Opinions of the General Office of the State Council on Encouraging Social Forces to Provide Multi-layered and Diverse Healthcare Services (《國務院辦公廳關於支持社會力量提供多層次多樣化醫療服務的意見》), which was promulgated by the General Office of the State Council on May 16, 2017, stipulates the policies to actively support social forces to go deep into the niche service market, such as specialized medical services, expand the effective supply of services, and foster professionalized advantages. A number of competitive branded service agencies will be formed at a rapid pace for such specialties including but not limited to medical imaging.

Guiding Opinions of the General Office of the State Council on Promoting the Construction and Development of the Medical Treatment Partnership (《國務院辦公廳關於推進醫療聯合體建設和發展的指導意見》) and Administrative Measures for the Medical Treatment Partnership Groups (for Trial Implementation) (《醫療聯合體管理辦法(試行)》)

According to Guiding Opinions of the General Office of the State Council on Promoting the Construction and Development of the Medical Treatment Partnership (《國務院辦公廳關於推進醫療聯合體建設和發展的指導意見》), promulgated by the General Office of the State Council on April 23, 2017 and came into effect on the same day, it is encouraged to explore the establishment of the Medical Treatment Partnership Groups (the "**MTPS**") in various forms by region and at different levels, and promote the flow of quality medical resources to the grassroots and remote and poverty-stricken areas, and privately-invested medical institutions may be included in the MTPS according to their wishes.

According to Administrative Measures for the Medical Treatment Partnership Groups (for Trial Implementation) (《醫療聯合體管理辦法(試行)》) jointly promulgated by the National Health Commission of the PRC (the "**NHC**") and SATCM on July 9, 2020 and came into effect on August 1, 2020, the MTPS includes but is not limited to urban medical groups, county-level medical communities, specialist alliances and telemedicine collaborative networks. The construction of urban medical groups and county-level medical communities should adhere to the government's leadership and implement grid management according to the regional medical resource structure layout and the health needs of the masses. The urban medical groups and county-level medical communities should strengthen the sharing of resources within the MTPS by setting up medical imaging, examination and testing, pathological diagnosis and sterilization and supply centers, to provide homogeneous services for the medical and health institutions within the MTPS. Medical institutions invested by social capital are encouraged to join the MTPS on a voluntary basis.

Circular on Further Reforming and Improving the Examination and Approval of Medical Institutions and Physicians (《關於進一步改革完善醫療機構、醫師審批工作的通知》)

According to Circular on Further Reforming and Improving the Examination and Approval of Medical Institutions and Physicians(《關於進一步改革完善醫療機構、醫師審批工作的通知》), promulgated by the NHC and the SATCM on June 15, 2018 and came into effect on the same day, on the premise of ensuring medical quality and safety, medical institutions may entrust independently established medical test laboratories, pathological diagnosis centers, medical imaging diagnosis centers, medical sterilization supply centers or other qualified medical institutions to provide medical test, pathological diagnosis, medical imaging, medical sterilization supply and other services.

Opinions on Further Improving the Medical and Health Service System (《關於進一步完善醫療衛生服務體系的意見》)

In March 2023, the General Office of the State Council of the PRC published the Opinions on Further Improving the Medical and Health Service System (《關於進一步完善醫療衛生服務體系的意見》), pursuant to which, the establishment of county-level medical communities (縣域醫共體) in the PRC shall be promoted, particularly: (i) the county-level medical communities (縣域醫共體) shall be developed in rural areas based on counties, with hospitals at county level taking the lead and several other medical and health institutions at county level, township health centers and community health service centers as member units, to push forward the construction of close county medical community, implement county and township integrated management, gradually realize the overall management of administration, personnel, finance, business, directory of drugs and information system, and establish community of responsibility, management, service and interest; and (ii) open and sharing imaging, electrocardiogram, pathological diagnosis and medical examination centers shall be established to promote the mutual recognition of grass-roots examinations, higher-level diagnosis and examination and examination results. The coordinated use of beds, registration resources and equipment within the medical communities and among the medical communities shall be strengthened.

The Company is of the view that, the Opinions on Further Improving the Medical and Health Service System would not have a material adverse impact on the Group's business operations and financial performance going forward, on the basis that: (i) such document advocates the establishment of open and shared medical imaging centers, and does not restrict the services of third-party medical imaging centers; (ii) according to the policies issued in recent years, the government encourages the establishment of third-party medical imaging centers, the establishment of the MTPS in various forms by region and at different levels, including but not limited to urban medical groups, county-level medical communities, specialist alliances and telemedicine collaborative networks, and the cooperation between third-party medical imaging centers and other hospitals, including but not limited to: a) in April 2017, the General Office of the State Council promulgated the Guiding Opinions of the General Office of the State Council on Promoting the Construction and Development of the Medical Treatment Partnership (《(國務院辦公廳關於推進醫療聯合體建設和發展的指導意見》), encouraging the establishment of MTPS and privately-invested medical institutions may be included in the MTPS according to their wishes; b) in April 2019, the NHC and other departments issued the Opinions on Launching a Pilot Program to Promote the Development of Clinics (《關於開展促進診所發展試點的意見》), encouraging independent medical imaging centers to establish collaboration with clinics to realize medical resource sharing; c) in July 2020, the NHC and the relevant government department published the Administrative Measures for the Medical Treatment Partnership Groups (for Trial Implementation) (《醫療聯合體管理辦法(試行)》), medical institutions invested by social capital are encouraged to join the MTPS on a voluntary basis, and the urban medical groups and county-level medical communities should strengthen the sharing of resources within the MTPS by setting up centers such as medical imaging centers, to provide homogeneous services for the medical and health institutions within the MTPS; d) in December 2020, the NHC, the National Development and Reform Commission and other departments promulgated the Guiding Opinions on Further Regulating Medical Practices and Promoting Reasonable Medical Examination (《關於進一步規範醫療行為促進合理醫療檢查的指導意見》), encouraging the local regions to independently set up medical imaging centers according to the standards, and uniformly include such centers in the medical quality control system of the health departments, so as to provide examination services for medical institutions within the region and realize resource sharing.

Regulations on the Classification of Medical Institutions

Opinions on Implementing Classification Administration of Urban Medical Institutions (《關於城鎮醫療機構分類管理的實施意見》)

The Opinions on Implementing Classification Administration of Urban Medical Institutions (《關於城鎮醫療機構分類管理的實施意見》), jointly promulgated by the Ministry of Health (the "**MOH**"), SATCM, Ministry of Finance (the "**MOF**") and the National Development and Reform Commission (the "**NDRC**") on July 18, 2000 and came into effect on September 1, 2000, provides that medical institutions in the PRC are mainly identified as for-profit medical institutions and not-for-profit medical institutions, and not-for-profit medical institutions are further divided into public not-for-profit medical institutions and private not-for-profit medical institutions. Not-for-profit medical institutions and for-profit medical institutions shall be classified based on their business objectives, service purposes and implementation of various financial, taxation, pricing and accounting policies. Also, governments shall not operate for-profit medical institutions. On the other hand, not-for-profit medical institutions must comply with the pricing guidance for medical service stipulated by governments from time to time, and the rules and policies issued by the NHC and the MOF including Hospital Finance System and Hospital Accounting System.

For-profit medical institutions may distribute their profit to their investors as economic returns. Based on its marketing needs, for-profit medical institutions have the discretion to set the fees and prices for their medical and healthcare services. In establishing internal control system, they may apply the finance and accounting system and other policies suitable for corporate enterprise. Medical institutions shall file with relevant authorities of health written statements of their not-for-profit/for-profit status when they go through the application, registration and re-examination procedures in accordance with the relevant laws, and the handling authority of health shall, jointly with other relevant authorities, decide the not-for-profit/for-profit status for such medical institution based on the source of its investment and the nature of its business.

Circular on Issuing the Basic Standards and Administrative Practices for Medical Imaging Diagnosis Centers (for Trial Implementation) (《關於印發醫學影像診斷中心基本標準和管理規範(試行)的通知》)

According to Circular on Issuing the Basic Standards and Administrative Practices for Medical Imaging Diagnosis Centers (for Trial Implementation) (《關於印發醫學影像診斷中心基本標準和管理規範(試行)的通知》)promulgated by the NHFPC on July 20, 2016, a medical imaging diagnostic center, as a separately established medical institution, is an independent legal person entity, bearing the corresponding legal liability independently, and shall be subject to the examination and approval of the establishment by the health and family planning administrative department at the level of city divided into districts or above, and a medical imaging diagnosis center shall establish a cooperative relationship with the comprehensive hospitals at or above the second level in the region, establish a green channel for emergency treatment of critically ill patients, strengthen technical cooperation, and constantly improve technical level.

Regulations on the Management of Medical Institutions

The Administrative Measures on Medical Institutions and Its Implementation Measures (《醫療機構管理條例》及其實施細則)

The Administrative Measures on Medical Institutions (《醫療機構管理條例》), which were promulgated on February 26, 1994 by the State Council and last amended on March 29, 2022, and its Implementation Measures, which was promulgated by the MOH on August 29, 1994 and amended on November 1, 2006, June 24, 2008 and February 21, 2017, stipulate that clinics may practice after filing a record with the local health administrative department of the people's government at the county level and the establishment of other medical institution by any entity or individual must be reviewed and approved by relevant health administrative departments and obtain the Medical Institution Practicing Certificate (《醫療機構執業許可證》). Where a medical institution changes its name, premises, main person in charge, medical subjects or number of beds, it shall handle the change registration with the original registration authority or file with the original filing authority. The Medical Institution Practicing Certificate shall not be forged, altered, sold, transferred or lent. Where a medical institution violates the provisions thereof, and sells, transfers or lends the Medical Institution Practicing Certificate, it shall be penalized in accordance with the Basic Medical Care and Health Promotion Law of the PRC (《中華人民共和國基本醫療衛生與健康促進法》), pursuant to which, the health administrative department of the people's government at the county level or above shall order it to rectify and confiscate its illegal gains and may impose a fine of not less than five times but not more than 15 times of the illegal gains and if the illegal gains are less than RMB10,000, the fine shall be calculated as RMB10,000; where the circumstance is serious, the Medical Institution Practicing Certificate shall be revoked.

The Administrative Measures for Verification of Medical Institutions (for Trial Implementation) (《醫療機構校驗管理辦法(試行)》)

The Administrative Measures for Verification of Medical Institutions (For Trial Implementation) (《醫療機構校驗管理辦法(試行)》), which were promulgated by the MOH and came into effect on June 15, 2009, stipulate that the Medical Institution Practicing Certificate is subject to periodic examinations and verifications by registration authorities. Verification period shall be 3 years for general hospitals, hospitals of traditional Chinese medicine, hospitals of western medicine and traditional Chinese medicine, hospitals of ethnic minority medicine and specialized hospitals, as well as sanitariums, rehabilitation hospitals, maternity and children's health care centers, emergency centers, clinical laboratories and specialized disease prevention institutions equipped with more than 100 beds, while the verification period shall be 1 year for other medical institutions. Medical institutions shall apply for such verification within three months before the expiration of such verification period. In the event that a medical institution fails to apply for verification as required and post re-verification procedures or unsuccessful in its re-verification application, the registration authorities may cancel its Medical Institution Practicing Certificate.

Administrative Measures on the Radiotherapy (《放射診療管理規定》)

According to the Administrative Measures on the Radiotherapy (《放射診療管理規定》), which were promulgated by the MOH on January 24, 2006 and amended on January 19, 2016 by NHFPC, medical institutions engaged in the radio diagnosis and radiotherapy shall have conditions corresponding to the radiological diagnosis and treatment services. Prior to carrying out radiodiagnosis and radiotherapy, medical institutions shall submit relevant materials, including but not limited to the Medical Institution Practicing Certificate or the Approval Certificate for Establishment of a Medical Institution, the list of radiodiagnosis and radiotherapy equipment and apply for the License for Radiotherapy (《放射診療許可證》) issued by the competent public health administrative authorities. Medical institutions shall be respectively equipped with the corresponding equipment in carrying out different kinds of radiodiagnosis and radiotherapy. After obtaining the License for Radiotherapy, medical institutions shall undertake registration of the relevant diagnosis and treatment items with health administrative and registration authorities, which issued the Medical Institution Practicing Certificate. The License for Radiotherapy and the Medical Institution Practicing Certificate shall be verified at the same time. Where a medical institution intends to change radiodiagnosis and radiotherapy places, diagnosis and radiotherapy equipment or items of diagnosis and radiotherapy, it shall apply to the health administrative authority with the authority to examine and approve the changed items to go through the formalities for such change, and submit application materials, with the content of such change indicated in such application materials.

Regulations on the Safety and Protection of Radioisotopes and Radiation-emitting Devices (《放射性同位素與射線裝置安全和防護條例》) and Measures for Administration of the Safety Licensing of Radioactive Isotopes and Radioactive Equipment (《放射性同位素與射線裝置安全許可管理辦法》)

According to the Regulations on the Safety and Protection of Radioisotopes and Radiation-emitting Devices (《放射性同位素與射線裝置安全和防護條例》), which were promulgated by the State Council on September 14, 2005 and amended on July 29, 2014 and March 2, 2019, any entity which manufactures, sells or uses the radioisotope or the radioactive ray devices shall obtain the license in accordance with the provisions thereof. Where an entity holding the license changes its name, address or legal representative, it shall, within 20 days upon the alteration registration, apply to the original organ issuing the license for going through the formalities for altering the license.

According to the Measures for Administration of the Safety Licensing of Radioactive Isotopes and Radioactive Equipment (《放射性同位素與射線裝置安全許可管理辦法》), which were promulgated by the State Environment Protection Administration on January 18, 2006, and last amended on January 4, 2021 by the Ministry of Ecology and Environment, any entity conducts activities of production, sale, and use of radioactive isotopes and radial equipment within the territory of the PRC shall obtain the Radiation Safety Licenses (《輻射安全許可證》).

The Notice on Accelerating the Mutual Recognition of the Examination Results (《關於加快推進檢查檢驗結果互認工作的通知》)

Pursuant to the Notice on Accelerating the Mutual Recognition of the Examination Results (《關於加快推進檢查檢驗結果互認工作的通知》) promulgated by the NHC and took effect on July 13, 2021, provinces that have the conditions can jointly develop a work plan to gradually achieve mutual recognition of examination and test results among medical institutions located in those provinces and the state also encourages regions where conditions permit to incorporate the medical imaging diagnosis centers, medical test laboratories and others as set up independently into the mutual recognition system, to provide test and examination services for medical institutions within the regions and realize the sharing of resources.

Administrative Measures on Internet Hospital (Trial) (《互聯網醫院管理辦法(試行)》) and Administrative Measures on Internet-based Diagnosis and Treatment (Trial) (《互聯網診療管理辦法(試行)》)

According to the Administrative Measures on Internet Hospital (Trial) (《互聯網醫院管理辦法(試行)》), when a patient receives treatment at a physical medical institution, and the doctor receiving the patient invites another doctor for consultation through the internet hospital, the consulting doctor may issue diagnosis opinions and prescriptions; if the patient has not received treatment at a physical medical institution, the doctor may only provide follow-up diagnosis services for some of the common and chronic diseases through the internet hospital. An internet hospital shall strictly comply with the administrative provisions on prescriptions and abide by the relevant laws and regulations in the process of providing internet-based diagnosis and treatment. Pursuant to the Administrative Measures on Internet-based Diagnosis and Treatment (Trial) (《互聯網診療管理辦法(試行)》), the Internet-based diagnosis and treatment means that medical institutions, together with their registered physicians, use the Internet and other information technologies to conduct follow up diagnosis and treatment of certain common diseases and chronic diseases and to provide "Internet Plus" family doctor contracting services. Internet-based diagnosis services shall be provided by the medical institutions which have obtained a Practicing License for Medical Institutions. Internet-based diagnosis services provided by medical institutions shall be consistent with their diagnosis subjects.

Regulations on Pharmaceuticals in Medical Institutions and Medical Devices

The Measures for the Control of Radioactive Drugs (《放射性藥品管理辦法》)

According to the Measures for the Control of Radioactive Drugs (《放射性藥品管理辦法》), promulgated by the State Council on January 13, 1989 and amended on January 8, 2011, March 1, 2017 and March 29, 2022, the use of radioactive drugs by a medical institution must meet the State regulations on safety of and protection from radioisotopes. The department in charge of supervision and administration of drugs of the province, autonomous region or municipality directly under the Central Government in the place where the medical treatment unit is located shall, according to the level of nuclear medical treatment technicians and the equipment conditions of such unit, issue the License for the Use of Radioactive Drugs (《放射性藥品使用許可證》) of the corresponding grade. No medical treatment unit without a license may use radioactive drugs on a clinical basis. The term of validity of a License for the Use of Radioactive Drugs is five years.

Six months prior to the expiration, the medical treatment unit shall make a new application to the administrative department which originally issued the license, which shall, after examination and approval, issue a new license.

Regulations on Supervision and Administration of Medical Devices (《醫療器械監督管理條例》)

In the PRC, medical devices are classified into three different categories, Class I, Class II and Class III, based on the invasiveness of and risks associated with each medical device. Class I medical devices refer to those devices with low risks and whose safety and effectiveness can be ensured through routine administration. Class II medical devices refer to those devices with moderate risks and whose safety and effectiveness shall be strictly controlled and administered. Class III medical devices refer to those devices with relatively high risks and whose safety and effectiveness must be strictly controlled and administered with special measures. According to the Regulations on Supervision and Administration of Medical Devices (《醫療器械監督管理條例》) promulgated by the State Council on January 4, 2000 and lastly amended on February 9, 2021 and came into effect on June 1, 2021, to engage in the operation of Class II medical devices, an operating enterprise shall make a record-filing with the municipal level drug supervision and administration department, while to engage in the operation of Class III medical devices, an operating enterprise shall apply for the of Medical Devices Operation License (《醫療器械經營許可證》) to the municipal level drug supervision and administration department.

Meanwhile, medical institutions that use large-scale medical equipment are required to obtain the License for Deployment of Large-scale Medical Equipment (《大型醫用設備配置許可證》) issued by the health administrative authorities at province level or above. Any entity allocating and using large-scale medical equipment without permission shall be ordered by the health administrative authority at the county level or above to cease the use, given a warning, and its illegal gains be confiscated; and if the illegal gains are less than RMB10,000, a fine of not less than RMB50,000 but not more than RMB100,000 shall be imposed; and if the illegal gains are more than RMB10,000, a fine of not less than 10 times but not more than 30 times the illegal gains shall be imposed; where the circumstances are serious, the application for license for allocation of large-sized medical equipment filed by the relevant persons responsible and enterprises shall not be accepted within five years.

Measures for the Supervision and Administration of Medical Devices Operation (《醫療器械經營監督管理辦法》)

Pursuant to the Measures for the Supervision and Administration of Medical Devices Operation (《醫療器械經營監督管理辦法》) which were promulgated on July 30, 2014 and amended on November 17, 2017 and March 10, 2022, an enterprise engaging in the operation of medical devices shall have business premises and storage conditions suitable for the operation scale and scope and shall have quality control department or personnel suitable for the medical devices it operates. An enterprise engaged in the operation of Class I medical devices is not required for license or record filing, the operation of Class II medical devices shall file with the municipal level drug supervision and administration department and provide proofing materials for satisfying the relevant conditions of engaging in the operation of medical devices, while an enterprise engaged in the operation of Class III medical devices shall apply for a Medical Devices Operation License to the municipal level drug supervision and administration department and provide proofing materials for satisfying the relevant conditions of engaging in the operation of such medical devices. Where matters stated on the Medical Devices Operation License of a Class III medical device operator change, or the business premises, mode of operation, business scope and warehouse addresses of a Class II medical device operator change, the operator shall apply to the competent drug supervision and administration department for filing of the change in a timely manner.

Administrative Measures on the Deployment and Use of Large-scale Medical Equipment (for Trial Implementation) (《大型醫用設備配置與使用管理辦法(試行)》)

The Administrative Measures on the Deployment and Use of Large-scale Medical Equipment (For Trial Implementation) (《大型醫用設備配置與使用管理辦法(試行)》) jointly promulgated by the NHC and State Drug Administration on May 22, 2018 and came into effect on the same day, stipulates that the large-scale medical equipment refers to the large-scale medical devices that adopt complex technology, require large capital investment, have high operation costs, have significant impact on medical expenses, and have been included in the large-scale medical equipment catalogue management. The catalogue of large-scale medical equipment shall be proposed by the NHC in consultation with the relevant department under the State Council, reported to the State Council for approval, and issued for implementation. The State administers large-scale medical equipment through the classified and hierarchical allocation plan and through the issue of Licenses for Deployment of Large-scale Medical Equipment according to the catalog. The large-scale medical equipment allocation management catalog is divided into Category A and Category B. The large-scale medical equipment of Category A shall be allocated and managed by the NHC and issued with Licenses for Deployment of Large-scale Medical Equipment by it; the large-scale medical equipment of Category B shall be allocated and managed by provincial health administrative authorities and issued with Licenses for Deployment of Large-scale Medical Equipment by them. The NHC and provincial health administrative authorities shall respectively formulate the implementing rules for the allocation licensing management of Category A and Category B large-scale medical equipment. In case of any change in the information on the Licenses for Deployment of Large-scale Medical Equipment, the user of medical devices shall report the change to the original issuing authority within ten working days as of the date of such change.

The Notice of the Issuance of Large-scale Medical Equipment Allocation and Management Catalog (2018) (《關於發佈大型醫用設備配置許可管理目錄(2018年)的通知》) and The Notice of the Issuance of Large-scale Medical Equipment Allocation and Management Catalog (2023) (《關於發佈大型醫用設備配置許可管理目錄(2023年)的通知》)

The Notice of the Issuance of Large-scale Medical Equipment Allocation and Management Catalog (2018) (《關於發佈大型醫用設備配置許可管理目錄(2018年)的通知》) ("**Catalog 2018**") promulgated by the NHC on March 29, 2018, stipulates the Category A and Category B of large-scale medical equipment, according to the Catalog 2018, the PET/MR belongs to Category A of large-scale medical equipment, the PET/CT, 64 or more X-ray computed tomography scanners and 1.5T or more magnetic resonance imaging systems belong to Category B of large-scale medical equipment. On March 21, 2023, the NHC promulgated the Notice of the Issuance of Large-scale Medical Equipment Allocation and Management Catalogue (2023) (《關於發佈大型醫用設備配置許可管理目錄(2023年)的通知》) ("**Catalog 2023**"), which had replaced the Catalog 2018. In order to further implement the requirements for the reform, the NHC has actively promoted the adjustment of the classification of equipment with mature technology, stable performance and application specifications, such as switching from category A to category B or removing from category B.

Compared with the Catalog 2018, the adjustments mainly include, (i) the standard amount of initial allocation of Category A and Category B large medical equipment are raised, (ii) the number of administrative items of the Catalog 2023 is reduced from ten to six, among which the number of Category A items is reduced from four to two, and the number of Category B items from six to four, and (iii) the PET/MR was adjusted from Category A to Category B of large-scale medical equipment, PET/CT remains as the Category B of large-scale medical equipment, and the 64 or more X-ray computed tomography scanners, and 1.5T or more magnetic resonance imaging systems are excluded from the Catalog 2023 upon adjustment.

Such above adjustments mean that high-value equipment has higher accessibility and the threshold for admission of high-value equipment is lowered, which is conducive to the promotion of high-value equipment in hospitals. According to the Catalog 2023, the Category A of large-scale medical equipment configured and managed by the NHC includes: (i) heavy ion proton radiotherapy system (重離子質子放射治療系統), (ii) high-end radiotherapy equipment, including magnetic resonance -guided radiotherapy system (磁共振引導放射治療系統) and X-ray stereotactic radiosurgery treatment system (X射線立體定向放射外科治療系統) (including Cyberknife), and (iii) large medical devices equipped for the first time at a price per unit (set) of which is RMB50 million or above; the Category B of large-scale medical equipment configured and managed by the provincial health commission includes: (i) PET/MR, (ii) PET/CT, (iii) Laparoscopic surgical system (腹腔內窺鏡手術系統), (iv) conventional radiotherapy-type equipment (including medical linear accelerators (醫用直線加速器), spiral tomography radiotherapy systems (螺旋斷層放射治療系統统), gamma ray stereotactic radiotherapy systems (伽瑪射線立體定向放射治療系統)), and (v) large medical devices equipped for the first time at a price of RMB30-50 million per unit (set).

Regulations on the Price of Healthcare Services

Notice of Issues Related to the Implementation of Market Price Adjustment by Non-Public Medical Institutions (《關於非公立醫療機構醫療服務實行市場調節價有關問題的通知》)

According to the Notice of Issues Related to the Implementation of Market Price Adjustment by Non-Public Medical Institutions (《關於非公立醫療機構醫療服務實行市場調節價有關問題的通知》) promulgated and implemented on March 25, 2014 by the NDRC, the NHFPC and the Ministry of Human Resources and Social Security (the "**MHRSS**"), the price of healthcare services provided by non-public medical institutions to be set with reference to the market level. Non-public medical institutions which are for-profit in nature may set the price list for their healthcare services at their own discretion. Non-public medical institutions which are non-profit in nature shall set the price list for their healthcare services according to the National Standard Price List of Healthcare Services (《全國醫療服務價格項目規範》). For non-public medical institutions qualified to become designated medical institutions covered by medical insurance, they should be included as a designated service provider covered by social insurance such as basic medical insurance for employees and urban residents, new-type rural cooperative medical insurance, work-related injury insurance and maternity insurance in accordance with relevant procedures and adopt the same payment policy as in public hospitals. To efficiently utilize funds, medical insurance agents should determine specific payment methods and standards with such non-public medical institution by ways of negotiation under the requirements of medical insurance payment system reform.

Regulations on Medical Insurance and Medical Liability Insurance for Urban Employees

According to the Interim Measures for the Administration of Medical Insurance Designated Medical Institutions and the Provision of Basic Medical Insurance for Urban Employees (《城鎮職工基本醫療保險定點醫療機構管理暫行辦法》), which were promulgated by the MOH, the Ministry of Labor and Social Security and the SATCM on May 11, 1999, and the Decision of the State Council on Canceling the First Batch of 62 Items Subject to Administrative Examination and Approval of Local Governments Designated by the Central Government (《國務院關於第一批取消62項中央指定地方實施行政審批事項的決定》), which was promulgated by the State Council on October 11, 2015 and the Guiding Opinions of the MHRSS on Improving the Management of Designated Medical Institutions and Pharmacies of Basic Medical Insurance through Agreements (《人力資源和社會保障部關於完善基本醫療保險定點醫藥機構協議管理的指導意見》) promulgated by MHRSS on December 2, 2015, and became effective on the same day, the license for qualifying a medical institution as a designated medical institution to provide medical services to urban employees with basic medical insurance was cancelled. Agencies and the medical institutions should strictly comply with the stipulations in the service agreement and perform the agreement seriously. The defaulting party shall be held liable to the violations of the agreement.

Regulations on Medical Practitioners of Medical Institutions

The Law on Physicians of the PRC (《中華人民共和國醫師法》)

Pursuant to the Law on Physicians of the PRC (《中華人民共和國醫師法》) promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") on August 20, 2021 and became effective on March 1, 2022, medical physicians in the PRC must obtain licenses of medical professional qualifications. Anyone who has been awarded the qualifications as a medical physician may apply to the competent health department under the local people's government at or above the county level for registration. Physicians may, upon registration, work in medical and health institutions according to the registered place, category, and scope of business to engage in the corresponding medical and health services, while assistant practicing physicians should, under the supervision of practicing physicians, practice according to the registered categories and scope of practice at medical and health institutions.

Administrative Measures for the Registration of Practicing Physicians (《醫師執業註冊管理辦法》)

Pursuant to the Administrative Measures for the Registration of Practicing Physicians (《醫師執業註冊管理辦法》) promulgated by the NHFPC on February 28, 2017 and became effective on April 1, 2017, medical physicians must register and obtain the Physician Practicing Certificate (《醫師執業證書》) before they commence practice, and those who are not registered or have not obtained the Physician Practicing Certificate are not allowed to engage in medical, preventive and healthcare services. The registration details of practicing physicians include place of practice, type of registered specialty and scope of practice. The place of practice refers to the county and provincial administrative region of the medical, preventive and healthcare institutions where the physician is practicing.

For a practicing physician who wants to practice in multiple institutions within the same place of practice, he/she shall determine a specific institution as the main practicing institution, apply for registration with the competent health authority which approved the aforesaid institution's operation; as to other institutions where the practitioner is to practice, the practicing physician shall apply the record filing with the health authorities competent to approve the institutions' operation and indicate the name of the institutions. If a practicing physician intends to practice in an additional institution beyond the registered place of practice, he/she shall apply for the registration of such practice to the competent health authority which approved the practice of such institution.

Regulations on Nurses (《護士條例》)

The Regulations on Nurses (《護士條例》) which were promulgated by the State Council on January 31, 2008, came into effect on May 12, 2008 and amended on March 27, 2020, provide that for nursing practice, a nurse must obtain the Nurse Practicing Certificate, which is valid for five years. The number of nurses deployed to a medical institution shall not be less than the standard number as prescribed by the competent health administration authority.

Administrative Measures for the Registration of Practicing Nurses (《護士執業註冊管理辦法》)

Pursuant to the Administrative Measures for the Registration of Practicing Nurses (《護士執業註冊管理辦法》) promulgated by the MOH on May 6, 2008, became effective on May 12, 2008 and amended on January 8, 2021, nurses must register and obtain the Nurse Practicing Certificate before they practice nursing at the registered practicing place.

Regulations on Medical Incidents

Civil Code of the PRC (《中華人民共和國民法典》)

On May 28, 2020, the Civil Code of the PRC (《中華人民共和國民法典》) was adopted by the third session of the 13th National People's Congress and came into effect on January 1, 2021. According to the Civil Code of the PRC, where a patient has suffered damages in diagnosis and treatment activities, and the medical institution or its medical personnel have committed negligence, the medical institution shall bear compensation liability. Where medical personnel failed to perform medical treatment obligations corresponding to the prevailing medical standards in diagnosis and treatment activities and caused a patient to suffer damages, the medical institution shall bear compensation liability. Where a patient suffers damages due to defects in drugs or medical devices, the patient may seek compensation from the drug marketing permit holder and the manufacturer, or seek compensation from the medical institution. Where the patient seeks compensation from the medical institution, the medical institution shall have the right to seek recourse against the accountable drug marketing permit holder and the manufacturer after making compensation.

The Regulations on Handling Medical Incidents (《醫療事故處理條例》)

The Regulations on Handling Medical Incidents (《醫療事故處理條例》), which were promulgated by the State Council on April 4, 2002 and came into effect on September 1, 2002, provide a legal framework and specific regulations regarding the prevention, identification, compensation and penalties of or relating to cases involving personal injury to patients caused by medical institutions or medical personnel due to malpractice.

Regulations on Medical Advertisement

Advertising Law of the PRC (《中華人民共和國廣告法》)

Pursuant to the Advertising Law of the PRC (《中華人民共和國廣告法》) (the "**Advertising Law**") promulgated by the SCNPC on October 27, 1994 and last amended on April 29, 2021, advertisements shall not contain false statements that are deceitful or misleading to consumers and shall not publish medical, drugs, medical machinery or health food advertisements in disguised form of introduction of healthcare and wellness knowledge. Several types of advertisements are legally required to receive censorship, including but not limited to those relating to medical treatment, pharmaceuticals and medical devices, and shall be reviewed by the relevant authorities in accordance with relevant rules before being distributed by broadcasting, movies, television, newspapers, journals or otherwise. No such advertisement shall be published without being reviewed. If the advertisers published such advertisements without being reviewed in violation of the provisions, the market regulation departments shall order the cessation of the publishing of advertisements, order the advertisers concerned to eliminate the ill-effects within the corresponding scope, and impose a fine equivalent to an amount that is three times the amount of the advertising fees; where the advertising fees cannot be calculated or are significantly low, a fine of not less than RMB100,000 and not more than RMB200,000 shall be imposed; where the circumstance is serious, a fine of not less than three times and not more than five times the advertising fees shall be imposed; in case that the advertising fees cannot be calculated or are significantly low, a fine of not less than RMB200,000 and not more than RMB1 million shall be imposed; and the business licenses may be revoked, and the advertisement review authorities shall revoke the approval documents for advertisement review and shall not accept the relevant party's application for advertisement review for one year.

Administrative Measures on Medical Advertisement (《醫療廣告管理辦法》)

Pursuant to the Administrative Measures on Medical Advertisement (《醫療廣告管理辦法》), which were jointly promulgated by the MOH and the State Administration of Industry and Commerce (the "**SAIC**") on September 27, 1993 and amended on September 28, 2005 and

November 10, 2006 and came into effect on January 1, 2007, any medical institution that intends to publish any medical advertisement shall apply for medical advertisement examination and obtain Medical Advertisement Examination Certificate.

Circular of the Ministry of Health on Strengthening the Medical Advertisement Administration (《衛生部關於進一步加強醫療廣告管理的通知》)

According to the Circular of the Ministry of Health on Strengthening the Medical Advertisement Administration (《衛生部關於進一步加強醫療廣告管理的通知》), which was promulgated by the MOH on July 17, 2008 and became effective on the same date, the Medical Advertisement Examination Certificate (醫療廣告審查證明) shall be examined strictly, the medical advertisement monitoring system shall be gradually established and improved, and the penalty for illegal medical advertisement shall be increased.

Measures for the Administration of Internet Advertisement (《互聯網廣告管理辦法》)

On February 25, 2023, the State Administration for Market Regulation (the "**SAMR**") promulgated the Measures for the Administration of Internet Advertisement (《互聯網廣告管理辦法》), which took effect on May 1, 2023. Such measures explicitly include commercial advertisements that directly or indirectly promote goods or services by means of live Internet broadcasting and cross-border e-commerce advertisements in the scope of adjustment of such measures; further strengthen the system provisions in areas such as "one-click closure" of pop-up advertisements and implanted advertisements, and strengthened the responsibility of relevant subjects, etc. According to the Measures for the Administration of Internet Advertisement, advertisements for medical treatment, medical devices and other advertisements which are subject to examination as required by laws and administrative regulations shall be examined by the advertisement examination authorities prior to publication, and such advertisements shall not be published without going through examination. An Internet advertisement shall be identifiable and can make consumers recognize it as an advertisement, For goods or services ranked according to bidding, advertisement publishers shall mark the words "advertisement" prominently in order to make a clear distinction from the natural search results.

Regulations on Internet Security

Decision on the Protection of Internet Security (《關於維護互聯網安全的決定》) enacted by the SCNPC on December 28, 2000 and amended on August 27, 2009, which may subject violators to criminal punishment in China for any effort to: (i) gain improper entry into a computer or system of strategic importance; (ii) disseminate politically disruptive information; (iii) leak state secrets; (iv) spread false commercial information; or (v) infringe intellectual property rights.

In December 1997, the Ministry of Public Security issued the Administration Measures on the Security Protection of Computer Information Network with International Connections (《計算機信息網絡國際聯網安全保護管理辦法》), which were further revised on January 8, 2011 and prohibit using the internet in ways which, among others, result in a leakage of state secrets or a spread of socially destabilizing content. The Administrative Measures for the Hierarchical Protection of Information Security (《信息安全等級保護管理辦法》) effective from June 22, 2007 stipulate that the security protection of an information system may be graded into five levels and entities that operate the information systems at Grade II or above shall, within 30 days since the date when its security protection grade is determined, handle the record-filing procedures at the local public security authority.

On November 7, 2016, the SCNPC promulgated the Cyber Security Law of the PRC (《中華人民共和國網絡安全法》), which became effective on June 1, 2017. The Cyber Security Law of the PRC requires network operators to comply with laws and regulations and fulfill their obligations to safeguard security of the network when conducting business and providing services. The Cyber Security Law of the PRC further requires network operators to take all necessary measures in accordance with applicable laws, regulations and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to cyber security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data.

The State Council promulgated the Regulations on Protection on the Safety of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) on July 30, 2021, effective from September 1, 2021, which provided that critical information infrastructure include important network facilities and information systems in public communication and information services, energy, transportation, water conservancy, finance, public services, e-government, national defense science and technology industry and other important industries and fields of which any damage, loss of function or data leakage may seriously endanger national security, national economy or people's livelihood and public interest. The critical information infrastructure operators must, in accordance with relevant laws, administrative regulations and mandatory national standards and based on the graded system for cybersecurity protection, adopt technical protection measures and other necessary measures to respond to network security incidents and prevent network attacks and crimes to ensure the safe and stable critical information infrastructure operation and maintain data integrity, confidentiality and availability. The protection work departments are responsible for organizing the identification of critical information infrastructure within their industries and sectors and notifying operators about the identification results. As of the Latest Practicable Date, the responsible authorities had not promulgated any implementation provisions or identification rules of critical information infrastructure operators and we had not received any notification from relevant regulatory authorities regarding our identification as a critical information infrastructure operator, nor had we been subject to or involved in cybersecurity review or received any investigation, inquiry, notice, warning or sanctions made by the CAC on such basis.

On December 28, 2021, the CAC and other twelve PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》), or the Cybersecurity Review Measures, which came into effect on February 15, 2022. The Measures for Cybersecurity Review (《網絡安全審查辦法》) which took effect on June 1, 2020 was abolished at the same time. Pursuant to the Cybersecurity Review Measures, critical information infrastructure operators procuring network products and services and network platform operators conducting data processing activities that affect or may affect national security shall conduct a cybersecurity review. In particular, if critical information infrastructure operators anticipate that its procurement of network products and services affect or may affect national security after the network products and services being put into use, it shall apply for cybersecurity review to the Cybersecurity Review Office. In addition, network platform operators holding personal information of more than 1 million users that seek for listing in a foreign country are obliged to apply for a cybersecurity review by the Cybersecurity Review Office. The Cybersecurity Review Measures also provide that the Cybersecurity Review Office of the CAC may initiate cybersecurity review against relevant operators if the authorities believe that the network products, network services or data processing activities of such operators affect or may affect national security. The Cybersecurity Review Measures set out certain risk factors which would be the focus in assessing the national security risk during a cybersecurity review.

Regulations on Personal Information or Data Protection

On December 29, 2011, the Ministry of Industry and Information Technology (the "**MIIT**") issued Several Provisions on Regulating the Market Order of Internet Information Services (《規範互聯網信息服務市場秩序若干規定》), which provide that an Internet information service provider may not collect any user's personal information or provide any such information to third parties without such user's consent. Pursuant to the Several Provisions on Regulating the Market Order of Internet Information Services, Internet information service providers are required to, among others, (i) expressly inform the users of the method, content and purpose of the collection and processing of such users' personal information and may only collect such information necessary for the provision of its services; and (ii) properly maintain the users' personal information, and in case of any leak or possible leak of a user's personal information, online lending service providers must take immediate remedial measures and, in severe circumstances, make an immediate report to the telecommunications regulatory authority.

Pursuant to the Decision on Strengthening the Protection of Online Information (《關於加強網絡信息保護的決定》) issued by the SCNPC in 2012 and the Provisions on Protection of Personal Information of Telecommunication and Internet Users (《電信和互聯網用戶個人信息保護規定》) issued by the MIIT in 2013, any collection and use of a user's personal information must be subject to the consent of the user, be legal, rational and necessary and be limited to specified purposes, methods and scopes. An internet information service provider must also keep such information strictly confidential, and is further prohibited from divulging, tampering with or destroying any such information, or selling or providing such information to other parties. An internet information service provider is required to take measures to prevent the collected personal information from any disclosure, damage, tampering or loss.

Pursuant to the Ninth Amendment to the Criminal Law of the PRC (《中華人民共和國刑法修正案(九)》) issued by the SCNPC on August 29, 2015 and became effective on November 1, 2015, any internet service provider that fails to fulfil the obligations related to the internet information security administration as required by the applicable laws or administrative regulations, and refuses to rectify upon orders, shall be subject to criminal penalty. Pursuant to the Notice of the Supreme People's Court, the Supreme People's Procuratorate and the Ministry of Public Security on Legally Punishing Criminal Activities Infringing upon the Personal Information of Citizens (《最高人民法院、最高人民檢察院、公安部關於依法懲處侵害公民個人信息犯罪活動的通知》), issued on April 23, 2013, Article 253 of the Criminal Law of the PRC (《中華人民共和國刑法》), and the Interpretation of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues regarding Legal Application in Criminal Cases Infringing Personal Information of Citizens (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》), which was issued on May 8, 2017 and took effect on June 1, 2017, the following activities may constitute the crime of infringing upon a citizen's personal information: (i) providing a citizen's personal information to specified persons or releasing a citizen's personal information online or through other methods in violation of relevant national provisions; (ii) providing legitimately collected information relating to a citizen to others without such citizen's consent, unless the information is processed, not identifiable to a specific person and not recoverable; (iii) collecting a citizen's personal information in violation of applicable rules and regulations when performing a duty or providing services; or (iv) collecting a citizen's personal information by purchasing, accepting or exchanging such information in violation of applicable rules and regulations.

The Method for Identifying the Illegal Collection and Use of Personal Information by Apps (《App違法違規收集使用個人信息行為認定方法》), promulgated jointly by the MIIT and three other departments in November 2019, specifies the practices of illegal collection and use of personal information, providing reference for regulatory authorities and offering guidance for App operators' self-examination and self-correction under the current regulatory environment.

On May 28, 2020, the PRC Civil Code (《中華人民共和國民法典》) was issued by the NPC. The PRC Civil Code provides that natural persons' personal information shall be protected by law, and the processing of personal information shall be subject to the principle of legitimacy, rightfulness and necessity, with no excessive processing.

On March 12, 2021, the MIIT, the CAC, the Ministry of Public Security and the SAMR jointly promulgated the Rules on the Scope of Necessary Personal Information for Common Types of Mobile Internet Applications (《常見類型移動互聯網應用程序必要個人信息範圍規定》), effective on May 1, 2021, which specifies that the scope of necessary personal information for medical consultation and appointment applications includes mobile phone numbers of registered users and descriptions of the patient's condition, which need to be provided during a medical consultation.

On June 10, 2021, the SCNPC issued the Data Security Law of the PRC (《中華人民共和國數據安全法》) (the "**Data Security Law**"), which has taken effect on September 1, 2021. The Data Security Law applies to data processing activities, including the collection, storage, use, processing, transmission, sharing and disclosure of data, and security supervision of such activities within the territory of the PRC. The Data Security Law provides a national data security review system, under which data processing activities that affect or may affect national security shall be reviewed. In addition, it clarifies the data security protection obligations of organisations and individuals carrying out data activities and implementing data security protection responsibility. Data processors shall establish and improve the whole-process data security management rules, organise and implement data security trainings as well as take appropriate technical measures and other necessary measures to protect data security. Important data shall also be categorized and protected more strictly. Any organisational or individual data processing activities that violate the Data Security Law shall bear the corresponding civil, administrative or criminal liabilities depending on specific circumstances.

Pursuant to the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》) (the "**PIPL**") promulgated by the SCNPC on August 20, 2021, effective as of November 1, 2021, personal information refers to all kinds of information related to identified or identifiable natural persons recorded by electronic or other means, excluding information after anonymisation processing. The handling of personal information includes the collection, storage, use, processing, transmission, provision, disclosure, and deletion, etc., of personal information. The activities of handling personal information of natural persons in the PRC shall be governed by the PIPL. Furthermore, a processor of personal information may process personal information only under any of the following circumstances: (a) where the consent of the individual concerned is obtained; (b) where it is necessary for the conclusion or performance of a contract to which the individual is a party, or for the implementation of human resources management in accordance with the labour rules and regulations established by law and the collective contract signed in accordance with the law; (c) where it is necessary for the performance of legal duties or legal obligations; (d) where it is necessary for the response to public health emergencies, or for the protection of the life, health and property of natural persons in an emergency; (e) where such acts as news reporting, public opinion monitoring and others are implemented for the public interest, and the processing of personal information is within a reasonable range; (f) where the personal information disclosed by the individual concerned or other personal information that has been legally disclosed is processed within a reasonable scope in accordance with the provisions of PIPL; and (g) other circumstances specified in laws and administrative regulations. The processing of personal information shall obtain the consent of the individual concerned in accordance with other relevant provisions of the PIPL, however, the consent of the individual concerned is not required under the circumstances set forth in items (b) to (g) of the preceding paragraph. Only where there is a specific purpose and sufficient necessity, and under circumstances where strict protection measures are taken, may personal information processors process sensitive personal information. The processing of sensitive personal information of an individual shall be subject to the individual's separate consent. Personal information processors shall be subject to the liability for personal information processing activities, and adopt necessary measures to safeguard the security of the personal information. Otherwise, the personal information processors will be subject to orders of the regulatory authorities to rectify their operations, suspend or terminate the provision of services, or confiscation of illegal income, fines or other penalties.

On November 14, 2021, the CAC has publicly solicited opinions on the Regulations on Network Data Security Management (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》), or the Draft Regulations on Network Data Security Management. Specifically, the Draft Regulations on Network Data Security Management address requirements including protection of personal information, security of important data, security management of cross-border data transfer, obligations of internet platform operators, and supervision and management. Under the Draft Regulations on Network Data Security Management, data is divided into three categories — common, important, and core — depending on its importance to national security, the public interest and, individual privacy. The scope of "important data" is similar to that in other rules and guidelines. Data processors should comply with the requirements of cybersecurity multi-level protection, strengthen the data processing system, data transmission network, data storage environment and other security protection. Data processors should establish a data security emergency response mechanism, and promptly start the emergency response mechanism in the event of a data security incident. The Draft Regulations on Network Data Security Management also set out detailed rules for data processors to apply when providing personal information to third parties, or sharing, trading or entrusting important data to third parties. In addition, Article 13 of the Draft Regulations on Network Data Security Management stipulates that data processors shall, in accordance with relevant state provisions, apply for cybersecurity review when carrying out the following activities:

(i) the merger, reorganization or separation of internet platform operators that have acquired a large number of data resources related to national security, economic development or public interests, which affects or may affect national security;

(ii) data processors that handle the personal information of more than one million individuals seeking to be listed abroad;

(iii) data processors seeking to be listed in Hong Kong that affects or may affect national security; and

(iv) other data processing activities that affect or may affect national security.

Data processors dealing with important data or listing offshore should carry out an annual data security assessment and submit the reports to the counterparties of the CAC at the districted-city level. The enforcement includes fines potential business suspension and/or revocation of business license, depending on the severity of the effects of violation. As of the Latest Practicable Date, the Draft Regulations on Network Data Security Management had not come into effect and the public comment period of the Draft Regulations on Network Data Security Management ended on December 13, 2021.

On July 7, 2022, the CAC promulgated the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》) (the "**Measures on Security Assessment of Cross-border Data Transfer**"), which became effective on September 1, 2022. These Measures outline the requirements and procedures for security assessments on export of important data or personal information collected within the territory of mainland China. More specifically, these Measures provide that any of the circumstances below will require security assessment before any cross-border data transfer out of mainland China can occur: (i) a data processor provides important data out of mainland China; (ii) a critical information infrastructure operator or a data processor processing personal information of more than one million individuals provides personal information out of mainland China; (iii) a data processor, who has cumulatively provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals out of mainland China since January 1 of the previous year, provides personal information out of mainland China; or (iv) under other circumstances as stipulated by the CAC. The data processing entities need to carry out a self-assessment before they can apply through provincial CACs for a security assessment to be carried out and approved by the CAC at the central level.

Pursuant to the Regulations for Medical Institutions on Medical Records Management (《醫療機構病歷管理規定》) released on November 20, 2013, and effective from January 1, 2014, the medical institutions and medical practitioners shall strictly protect the privacy information of patients, and any leakage of patients' medical records for non-medical, non-teaching or non-research purposes is prohibited. Preservation time for outpatient (emergency) medical records in medical institutions shall be no less than 15 years from the last time patients seek consultation and treatment on. Preservation time for hospitalization medical records shall be no less than 30 years since the last time patients are discharged.

According to the Circular on Issuing the Basic Standards and Administrative Practices for Medical Imaging Diagnosis Centers (for Trial Implementation) (《關於印發醫學影像診斷中心基本標準和管理規範(試行)的通知》) promulgated by the NHFPC on July 20, 2016, medical imaging diagnosis centers shall strengthen the awareness of network and data security and conscientiously abide by the relevant laws and regulations on information security management. A firewall shall be set up and anti-virus software shall be installed for the operation of PACS/RIS information to prevent malicious attacks by foreign viruses. The PACS design and implementation project shall meet the national management of medical big data, including the requirements on uploading, multi-direction transmission and storage, so as to facilitate the access of various examination data. At the same time, different access authorities shall be set for the personnel on posts to protect the personal privacy of subjects, and it is not allowed to arbitrarily publicize or copy relevant materials of the subjects. The image data shall be kept for at least 10 years and shall be kept online for at least 3 years for quick reference, browsing and diagnosis. The image data information shall be uploaded timely as required by the health and family planning authority.

On February 15, 2017, the NHFPC and the General Office of the SATCM promulgated the Management Specification for the Application of Electronic Medical Records (for Trial Implementation) (《電子病歷應用管理規範(試行)》), effective on April 1, 2017, pursuant to which, medical institution shall be equipped with safety management systems and safety guarantee mechanisms of electronic medical records, and an electronic medical record system shall identify the identity of operators, save all previous operations, record operation time and information about operators, and ensure that all previous operations, operation time and operators' information are queryable and traceable.

In December 2017, the China Food and Drug Administration promulgated the Administration and Supervision Measures of Online Sales of Medical Devices (《醫療器械網絡銷售監督管理辦法》), or the Online Medical Devices Sales Measures, which became effective in March 2018. According to the Online Medical Devices Sales Measures, the records of sale information of medical devices shall be kept for two years after the valid period of the medical devices, no less than five years in case of no valid period, or permanently in case of implanted medical devices.

The NHFPC released the Measures for Administration of Population Health Information (Trial) (《人口健康信息管理辦法(試行)》) on May 5, 2014, which refers the medical health service information as the population healthcare information and emphasizes that such information cannot be stored in offshore servers, and the responsible institutions shall not host or lease offshore servers.

Pursuant to the Management Measures of Standards, Safety and Service of National Health and Medical Big Data (Trial) (《國家健康醫療大數據標準、安全和服務管理辦法(試行)》), promulgated by the NHC on July 12, 2018, the medical institutions should establish relevant safety management systems, operation instructions and technical specifications to safeguard the safety of healthcare big data generated in the process of health management service or prevention and cure service of diseases. And it also stipulates that such healthcare big data should be stored in onshore servers and shall not be provided overseas without safety assessment.

On February 8, 2022, the NHC and the General Office of the SATCM promulgated the Regulatory Rules on Internet Medical Diagnosis and Treatment (Trial) (《互聯網診療監管細則(試行)》), effective on the same date. According to the Regulatory Rules on Internet Medical Diagnosis and Treatment (Trial), medical institutions should establish network security, data security, personal information protection, privacy protection and other systems, and sign agreements with relevant partners to clarify the rights and responsibilities of all parties. The electronic medical record information generated by medical institutions in the process of Internet diagnosis and treatment shall be in the same format and shared with the electronic medical record of the relying entity medical institutions, and the relying entity medical institutions shall carry out integrated quality control online and offline. Internet medical records are managed in accordance with the relevant provisions of the outpatient electronic medical records.

On August 8, 2022, the NHC, the SATCM, and the National Bureau of Disease Prevention and Control jointly promulgated the Administrative Measures for the Cybersecurity of Medical and Healthcare Institution (《醫療衛生機構網絡安全管理辦法》) with immediate effect. The Administrative Measures for the Cybersecurity of Medical and Healthcare Institution require all the medical and health institutions to set up data life-cycle management systems and user participation-based cybersecurity management systems, including but not limited to strengthening system construction, implementing daily network maintenance and monitoring, conducting annual self-inspection and rectification, and classifying and grading data assets.

Regulations on Intellectual Property Rights

Trademark Law of the PRC and Its Implementing Rules (《中華人民共和國商標法》及其實施條例)

Trademarks are protected by the Trademark Law of the PRC (《中華人民共和國商標法》) which was promulgated on August 23, 1982 and subsequently amended on February 22, 1993, October 27, 2001, August 30, 2013, April 23, 2019 and took effect on November 1, 2019 as well as the Implementation Regulation of the PRC Trademark Law (《中華人民共和國商標法實施條例》) adopted by the State Council on August 3, 2002 and revised on April 29, 2014. In the PRC, registered trademarks include commodity trademarks, service trademarks, collective marks and certification marks. The Trademark Office of National Intellectual Property Administration handles trademark registrations and grants a term of 10 years to registered trademarks, renewable every 10 years where a registered trademark needs to be used after the expiration of its validity term.

Patent Law of the PRC and Its Implementing Rules (《中華人民共和國專利法》及其實施細則)

According to the Patent Law of the PRC (《中華人民共和國專利法》), promulgated by the SCNPC on March 12, 1984 and further amended on September 4, 1992, August 25, 2000, December 27, 2008, October 17, 2020 and came into effect on June 1, 2021 and the Implementing Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》), promulgated by the China Patent Bureau Council on January 19, 1985, and latest amended on December 11, 2023 and came into effect on January 20, 2024, the term "invention-creations" refers to inventions, utility models and designs. The duration of patent right for inventions shall be twenty years, the duration of patent right for utility models shall be ten years and the duration of patent right for designs shall be fifteen years, counted from the date of filing. In the event that a dispute arises due to a patent being exploited without the prior authorization of the patentee, that is to say an infringement upon the patent right of the patentee.

Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》)

The Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》), which was promulgated by the MIIT on August 24, 2017 and became effective on November 1, 2017, regulates the ".CN" and the ". zhongguo (in Chinese character)" shall be China's national top-level domains. Any party that engages in internet information services shall use its domain name in compliance with laws and regulations and in line with relevant provisions of the telecommunications authority but shall not use its domain name to commit any violation.

Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》)

The Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》), which was promulgated by the National Copyright Administration on February 20, 2002, and came into effect on the same day, regulates the registration of software copyright, the exclusive licensing contract and assignment contracts of software copyright. The National Copyright Administration is mainly responsible for the registration and management of national software copyright and designates the China Copyright Protection Center as the agency for software registration. The China Copyright Protection Center will grant certificates of registration to computer software copyright applicants.

Regulations on Environmental Protection Related to Medical Institutions

Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) and Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》)

Pursuant to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) promulgated by the SCNPC on December 26, 1989 and became effective on the same day, amended on April 24, 2014 and became effective on January 1, 2015, the waste discharge licensing system has been implemented in the PRC and entities that discharge medical sewage to water bodies directly or indirectly shall obtain a waste discharge license. Furthermore, installations for the prevention and control of pollution at a construction project must be designed, built and commissioned together with the principal part of the project.

Pursuant to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》) promulgated by the SCNPC on October 28, 2002, became effective on September 1, 2003 and amended on July 2, 2016 and December 29, 2018, the State implements administration by classification on the environmental impact of construction projects according to the level of impact on the environment. The construction entity shall prepare an environmental impact report, or an environmental impact form or complete an environmental impact registration form (the "**Environmental Impact Assessment Documents**") for reporting and filing purpose. If the Environmental Impact Assessment Documents of a construction project have not been reviewed by the approving authority in accordance with the law or have not been granted approval after the review, the construction entity is prohibited from commencing construction works.

Regulations on the Management of Medical Waste (《醫療廢物管理條例》), and the Implementation Measures of the Management of Medical Waste (《醫療衛生機構醫療廢物管理辦法》)

According to the Regulations on the Management of Medical Waste (《醫療廢物管理條例》), which was promulgated by the State Council on June 16, 2003 and amended on January 8, 2011, and the Implementation Measures of the Management of Medical Waste (《醫療衛生機構醫療廢物管理辦法》), which was promulgated by the MOH on October 15, 2003 and came into effect on the same day, medical or health institution shall register medical waste, manage medical waste under classification and undertake management of duplicate forms for transfer of hazardous waste in accordance with the Catalogue of Classified Medical Waste (《醫療廢物分類目錄》), and deliver medical waste to an entity for centralized disposal of medical waste and licensed by a relevant environment protection administrative department for dispose. Sewage generated by any health institution and excretion of its patients or suspected patients of infectious diseases shall be sterilized in strict accordance with the relevant provisions and shall not be discharged into sewage disposal systems until the discharging standards are met.

The Law of the PRC on Prevention and Control of Radioactive Pollution (《中華人民共和國放射性污染防治法》) and Safety Management of Radioactive Waste (《放射性廢物安全管理條例》)

The Law of the PRC on Prevention and Control of Radioactive Pollution (《中華人民共和國放射性污染防治法》) stipulates that, an entity generating radioactive waste liquid must, in accordance with the requirements of the national standards on the prevention and control of radioactive pollution, dispose or store the radioactive waste liquid which shall not be discharged to the environment. An entity generating radioactive solid waste shall, in accordance with the provisions of the competent administrative department of environmental protection under the State Council, deliver the radioactive solid waste it generates to the entity disposing the radioactive solid waste for disposition after having them treated, and shall assume the disposition expense.

In accordance with the Regulations on the Safety Management of Radioactive Waste (《放射性廢物安全管理條例》) which came into effect on March 1, 2012, China adopts the classified management of radioactive waste. According to the characteristics and the potential hazardous exposure of the human health and environment, radioactive waste are divided into high-level radioactive waste, medium-level radioactive waste and low-level radioactive waste. Entities of utilization of nuclear technology shall conduct relevant treatment procedures of the liquid radioactive waste (which was generated but couldn't be discharged after purification), and then transformed to solid radioactive waste. Entities of utilization of nuclear technology shall deliver disused radioactive sources and other solid radioactive waste generated by them to any qualified entity for centralized storage, or to a solid radioactive waste disposing entity possessing the applicable licenses for disposal.

The Regulations on Urban Drainage and Sewage Disposal (《城鎮排水與污水處理條例》)

Enterprises that engage in the activities of industry, construction, catering, and medical treatment, etc., that discharges sewage into urban drainage facilities shall apply to the relevant competent urban drainage department for the permit for discharging sewage into drainage pipelines under relevant laws and regulations, including the Regulations on Urban Drainage and Sewage Disposal (《城鎮排水與污水處理條例》), which was promulgated on October 2, 2013 and came into force on January 1, 2014, and the Measures for the Administration of Permits for the Discharge of Urban Sewage into the Drainage Network (《城鎮污水排入排水管網許可管理辦法》), which was promulgated on January 22, 2015 and last amended on December 1, 2022 and took effect on February 1, 2023. Drainage entities covered by urban drainage facilities shall discharge sewage into urban drainage facilities in accordance with the relevant provisions of the State. Where a drainage entity needs to discharge sewage into urban drainage facilities, it shall apply for a drainage license in accordance with the provisions of these Measures. The drainage entity that has not obtained the drainage license shall not discharge sewage into urban drainage facilities.

Regulations on Foreign Investment in China

Company Law of the PRC (《中華人民共和國公司法》)

The Company Law of the PRC (《中華人民共和國公司法》), which was amended by SCNPC on October 26, 2018 and came into effective on the same day, provides that companies established in China may take the form of limited liability company or joint stock company with limited liability. Each company has the status of a legal person and owns the assets itself. The Company Law of the PRC applies to foreign-invested companies unless relevant laws provide otherwise. Furthermore, the Company Law of the PRC was recently amended by the SCNPC on December 29, 2023 with respect to the registration, the capital contribution period and so on and will come into force on July 1, 2024, to improve the system for company registration and facilitates the establishment and exit channels of companies, to offer greater autonomy for companies in terms of corporate structure, improve the capital system for companies, boost the responsibility system of company shareholders and management personnel, and highlight social responsibility efforts of enterprises.

Foreign Investment Law of the PRC (《中華人民共和國外商投資法》)

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), which was promulgated on March 15, 2019 and became effective on January 1, 2020, is applicable to the investment activities in the PRC carried out directly or indirectly by foreign natural persons, enterprises or other organizations.

Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》)

Pursuant to the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》) promulgated by the MOFCOM and the SAMR on December 30, 2019 and effective on January 1, 2020, a listed foreign-funded company may, when the change of foreign investors' shareholding ratio accumulatively exceeds 5% or the foreign party's controlling or relatively controlling status changes, report the information on the modification of investors and the shares held by them.

Special Management Measures for Access of Foreign Investment (Negative List) (2021 Version) (《外商投資准入特別管理措施(負面清單)》〈2021年版〉)

Foreign investors in the PRC are subject to certain restrictions regarding the types of industries they can invest in. The Special Management Measures for Access of Foreign Investment (Negative List) (2021 Version) (《外商投資准入特別管理措施(負面清單)》〈2021年版〉) was promulgated by the MOFCOM and the NDRC on December 27, 2021 and came into effect on January 1, 2022. The Negative List set out the restrictive measures in a unified manner, such as the requirements on shareholding percentages and management, for the access of foreign investments, and the industries that are prohibited for foreign investment. The Negative List covers 12 industries, and any field not falling in the Negative List shall be administered under the principle of equal treatment to domestic and foreign investment.

Interim Administrative Measures on Sino-Foreign Equity Medical Institutions and Sino-Foreign Cooperative Medical Institutions (《中外合資、合作醫療機構管理暫行辦法》) and Its Supplementary Provisions

The Interim Administrative Measures on Sino-Foreign Equity Medical Institutions and Sino-Foreign Cooperative Medical Institutions (《中外合資、合作醫療機構管理暫行辦法》), which was jointly promulgated by the MOH and the Ministry of Foreign Trade and Economic Cooperation on May 15, 2000 and came into effect on July 1, 2000, and its Supplementary Provisions allow foreign investors to partner with Chinese medical entities to establish a medical institution in China by means of equity joint venture or cooperative joint venture. Establishment of equity joint venture or cooperative joint venture shall meet certain requirements, among others, including the equity percentage of the Chinese partner in the joint venture shall not be less than 30%. Establishment of equity joint venture or cooperative medical institutions shall be subject to approval by relevant authorities.

Regulations on Employment and Social Security

Labor Law of the PRC (《中華人民共和國勞動法》)

The Labor Law of the PRC (《中華人民共和國勞動法》), which was promulgated by the SCNPC on July 5, 1994, came into effect on January 1, 1995, and was amended on August 27, 2009 and December 29, 2018, provides that an employer shall develop and improve its rules and regulations to safeguard the rights of its workers. Labor safety and health facilities must comply with relevant national standards. Workers engaged in special operations shall have received specialized training and obtained the pertinent qualifications.

Labor Contract Law of the PRC and its Implementation Regulations (《中華人民共和國勞動合同法》及其實施條例)

The Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), which was promulgated by the SCNPC on June 29, 2007, came into effect on January 1, 2008, and was amended on December 28, 2012, and came into effect on July 1, 2013, and the Implementation Regulations on Labor Contract Law (《中華人民共和國勞動合同法實施條例》) which was promulgated and came into effect on September 18, 2008 by the State Council, regulate the relations of employer and the employee, and contain specific provisions involving the terms of the labor contract.

Regulations on Supervision Over the Social Security and Housing Funds

According to the Provisional Regulations on the Collection and Payment of Social Insurance Premium (《社會保險費徵繳暫行條例》), the Regulations on Work Injury Insurance (《工傷保險條例》), the Regulations on Unemployment Insurance (《失業保險條例》) and the Trial Measures on Employee Maternity Insurance of Enterprises (《企業職工生育保險試行辦法》), enterprises in China must provide benefit plans for their employees, which include basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and medical insurance. An enterprise must provide social insurance by processing social insurance registration with local social insurance agencies and must pay or withhold relevant social insurance premiums for or on behalf of employees.

The PRC Law on Social Insurance (《中華人民共和國社會保險法》), which was promulgated by the SCNPC on October 28, 2010 and came into effect on July 1, 2011, and was amended on December 29, 2018 regulates basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and medical insurance, and has elaborated in detail the legal obligations and liabilities of employers who do not comply with relevant laws and regulations on social insurance.

The Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》), which were promulgated on April 3, 1999 and came into effective on the same date, and was amended on March 24, 2002 and March 24, 2019, stipulate that housing provident fund contributions paid by an individual employee and housing provident fund contributions paid by his or her employer shall all belong to the individual employee.

Regulations on Taxation

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the "**EIT Law**"), which was promulgated by the NPC on March 16, 2007, came into effect on January 1, 2008 and amended by the SCNPC on February 24, 2017 and December 29, 2018, and the Implementation Regulations on the EIT Law (《中華人民共和國企業所得稅法實施條例》), which was promulgated by the State Council on December 6, 2007 and came into effect on January 1, 2008, and amended by the State Council on April 23, 2019 and came into effect on the same date, a uniform income tax rate of 25% will be applied to domestic enterprises, foreign-invested enterprises and foreign enterprises that have established production and operation facilities in China. These enterprises are classified as either resident enterprises or non-resident enterprises. Resident enterprises refer to enterprises that are established in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but whose actual or de facto control is administered from within the PRC. Non-resident enterprises refer to enterprises that are set up in accordance with the laws of foreign countries and whose actual administration is conducted outside the PRC, but who (whether or not through the establishment of institutions in the PRC) derive income from the PRC. Under the EIT Law and relevant implementing regulations, a uniform corporate income tax rate of 25% is applicable. However, if non-resident enterprises have not established institutions or places in the PRC, or if they have established institutions or places in the PRC but there is no actual relationship between the relevant income derived in the PRC and the institutions or places set up by them, enterprise income tax is set at the rate of 10%.

Value-added Tax

The Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》), which were promulgated by the State Council on December 13, 1993, came into effect on January 1, 1994, and amended on November 10, 2008, February 6, 2016 and November 19, 2017, and the Detailed Implementing Rules of the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》), which were promulgated by the MOF on December 25, 1993 and came into effect on the same date, and was amended on December 15, 2008 and October 28, 2011, came into effect on November 1, 2011, set out that all taxpayers selling goods or providing processing, repairing or replacement services, sales of services, intangible assets and immovable assets and importing goods in China shall pay a value-added tax. A tax rate of 17% shall be levied on general taxpayers selling goods and services, leasing of tangible movable assets or importing goods whereas the applicable rate for the export of goods by taxpayers shall be nil, unless otherwise stipulated.

On November 16, 2011, the MOF and the State Administration of Taxation (the "**SAT**") promulgated the Trial Scheme for the Conversion of Business Tax to Value-added Tax (《營業稅改徵增值稅試點方案》), pursuant to which the government launched gradual taxation reforms from January 1, 2012, where a value-added tax is imposed in lieu of business tax on a trial basis in regions and industries showing strong economic performance, such as transportation and certain modern service industries.

The Notice of the Ministry of Finance and the State Administration of Taxation on Overall Implementation of the Pilot Program of Replacing Business Tax with Value-added Tax (《財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知》), which was promulgated by the MOF and the SAT on March 23, 2016 and came into effective on May 1, 2016, amended on July 1, 2017, December 25, 2017 and March 20, 2019 and became effective on April 1, 2019, all business taxpayers in the consumer service industry shall pay value-added tax instead of business tax from May 1, 2016. If the taxpayer of the pilot project has already enjoyed tax incentives of business tax according to relevant policies and regulations before the application of the pilot collection of value-added tax in lieu of business tax, he/she may, in the remaining period of tax incentives, enjoy tax incentives of value-added tax in accordance with the relevant provisions. Medical services provided by medical institutions shall be exempted from value-added tax.

According to the Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (《財政部、國家稅務總局關於調整增值稅稅率的通知》) issued on April 4, 2018 and became effective on May 1, 2018, the value-added tax rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

According to the Notice on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》) issued on March 20, 2019 and became effective on April 1, 2019, the value-added tax rate was reduced to 13% and 9%, respectively.

Regulations on Foreign Exchange

On January 29, 1996, the State Council promulgated the Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) which became effective on April 1, 1996 and were amended on January 14, 1997 and August 5, 2008. Foreign exchange payments under current account items shall, pursuant to the administrative provisions of the foreign exchange control department of the State Council on payments of foreign currencies and purchase of foreign currencies, be made using self-owned foreign currency or foreign currency purchased from financial institutions engaging in conversion and sale of foreign currencies by presenting the valid document. Domestic entities and domestic individuals making overseas direct investments or engaging in issuance and trading of overseas securities and derivatives shall process registration formalities pursuant to the provisions of the foreign exchange control department of the State Council.

On November 19, 2012, the SAFE issued the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (《關於進一步改進和調整直接投資外匯管理政策的通知》), or the SAFE Circular 59, which came into effect on December 17, 2012 and was revised on May 4, 2015, October 10, 2018 and partially abolished on December 30, 2019. The SAFE Circular 59 aims to simplify the foreign exchange procedure and promote the facilitation of investment and trade. According to the SAFE Circular 59, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of RMB proceeds derived by foreign investors in the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of SAFE, multiple capital accounts for the same entity may be opened in different provinces as well. Later, the SAFE promulgated the Circular on Further Simplifying and Improving Foreign Exchange Administration Policies in Respect of Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) in February 2015, which was partially abolished in December 2019, prescribed that the bank instead of SAFE can directly handle the foreign exchange registration and approval under foreign direct investment while SAFE and its branches indirectly supervise the foreign exchange registration and approval under foreign direct investment through the bank.

On May 10, 2013, the SAFE issued the Administrative Provisions on Foreign Exchange in Domestic Direct Investment by Foreign Investors (《外國投資者境內直接投資外匯管理規定》), or the SAFE Circular 21, which became effective on May 13, 2013, amended on October 10, 2018 and partially abolished on December 30, 2019. The SAFE Circular 21 specifies that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC must be conducted by way of registration and banks must process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches.

According to the Notice on Relevant Issues Concerning the Administration of Foreign Exchange for Overseas Listing (《關於境外上市外匯管理有關問題的通知》) issued by the SAFE on December 26, 2014, the domestic companies shall register the overseas listed with the foreign exchange control bureau located at its registered address in 15 working days after completion of the overseas listing and issuance. The funds raised by the domestic companies through overseas listing may be repatriated to China or deposited overseas, provided that the intended use of the fund shall be consistent with the contents of the document and other public disclosure documents.

According to the Notice of the State Administration of Foreign Exchange on Reforming the Management Mode of Foreign Exchange Capital Settlement of Foreign Investment Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》), or the SAFE Circular 19 promulgated on March 30, 2015, coming effective on June 1, 2015 and partially abolished on December 30, 2019 and March 23, 2023, foreign-invested enterprises could settle their foreign exchange capital on a discretionary basis according to the actual needs of their business operations. Whilst, foreign-invested enterprises are prohibited to use the foreign exchange capital settled in RMB (a) for any expenditures beyond the business scope of the foreign-invested enterprises or forbidden by laws and regulations; (b) for direct or indirect securities investment; (c) to provide entrusted loans (unless permitted in the business scope), repay loans between enterprises (including advances by third parties) or repay RMB bank loans that have been on-lent to a third party; and (d) to purchase real estates not for self-use purposes (save for real estate enterprises).

On June 9, 2016, SAFE issued the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), or the SAFE Circular 16, which came into effect on the same day. The SAFE Circular 16 provides that discretionary foreign exchange settlement applies to foreign exchange capital, foreign debt offering proceeds and remitted foreign listing proceeds, and the corresponding RMB capital converted from foreign exchange may be used to extend loans to related parties or repay inter-company loans (including advances by third parties). However, the interpretation and implementation of SAFE Circular 16 shall be determined in accordance with the relevant laws and regulations in effect at that time in practice.

On October 23, 2019, SAFE promulgated the Notice on Further Facilitating Cross-Board Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), which became effective on the same date (except for Article 8.2, which became effective on January 1, 2020). The notice cancelled restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. In addition, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors' security deposits have been relaxed. Eligible enterprises in the pilot area are also allowed to use revenues under capital accounts, such as capital funds, foreign debts and overseas listing revenues for domestic payments without providing materials to the bank in advance for authenticity verification on an item-by-item basis, while the use of funds should be true, in compliance with applicable rules and conforming to the current capital revenue management regulations.

According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《關於優化外匯管理支持涉外業務發展的通知》) issued by the SAFE on April 10, 2020, eligible enterprises are allowed to make domestic payments by using their capital funds, foreign credits and the income under capital accounts of overseas listing, without submitting the evidentiary materials concerning authenticity of such capital for banks in advance, provided that their capital use is authentic and in compliance with administrative regulations on the use of income under capital accounts. The bank in charge shall conduct post spot checking in accordance with the relevant requirements.

Regulations on Overseas Listing

The CSRC promulgated the Trial Administrative Measures on the Overseas Securities Offering and Listing of Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**") and five relevant guidelines on February 17, 2023, which took effect on March 31, 2023. The Overseas Listing Trial Measures comprehensively reform the regulatory regime for overseas offering and listing of PRC domestic companies' securities, either directly or indirectly, into a filing-based system.

According to the Overseas Listing Trial Measures, the PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to fulfill the filing procedure with the CSRC and report relevant information. The Overseas Listing Trial Measures provide that an overseas listing or offering is explicitly prohibited, if any of the following applies: (i) such securities offering or listing is explicitly prohibited by provisions in PRC laws, administrative regulations or relevant state rules; (ii) the proposed securities offering or listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with laws; (iii) the domestic company intending to be listed or offer securities in overseas markets, or its controlling shareholder(s) and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the domestic company intending to be listed or offer securities in overseas markets is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the domestic company's controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller. As advised by our PRC Legal Advisor, we do not fall under any of the circumstances specified in the Overseas Listing Trial Measures under which overseas offering and listing are prohibited. In addition, we had not received any inquiry, notice, warning, or order prohibiting us from getting listed on the Stock Exchange from the CSRC or any other PRC government authorities. According to the Overseas Listing Trial Measures, initial public offerings or listings in overseas markets shall be filed with the CSRC within three working days after the relevant application is submitted overseas. We had filed with the CSRC within three working days after we submit the A1 application to Hong Kong Stock Exchange.

On February 24, 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Provision on Confidentiality**"), which took effect on March 31, 2023. Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listing subjects, documents and materials involving state secrets and working secrets of state organs, it shall report the same to the competent department with the examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. Domestic enterprises providing accounting archives or copies thereof to entities and individuals concerned such as securities companies, securities service institutions and overseas regulatory authorities shall perform the corresponding procedures pursuant to the relevant provisions of the State. The working papers formed within the territory of the PRC by the securities companies and securities service institutions that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and those that need to leave the PRC shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

Regulations on H Share Full Circulation

According to the Overseas Listing Trial Measures and related guidelines, "full circulation" refers to the conversion of domestic unlisted shares, which are held by shareholders of domestic companies directly offering and listing overseas, into overseas listed shares, so as to be circulated on overseas trading venues. Applications of "full circulation" shall comply with relevant regulations of the CSRC and the shareholders of domestic unlisted shares shall authorize the domestic company to report the "full circulation" with CSRC by filing materials on key compliance issues. Contents of the filing shall include (i) whether the "full circulation" has fulfilled adequate internal decision-making procedures, obtained necessary internal approvals and authorizations; (ii) whether the "full circulation" involves any approval or filing procedures related to state-owned asset administration, industry supervision and foreign investment, and if so, whether such approval or filing procedures have been performed in accordance with the law.

Overview

We were the largest medical group specialized in medical imaging in China in 2023, and ranked first among all PRC third-party medical imaging center operators in terms of the number of medical imaging centers in the network, number of equipment, number of registrations by practicing radiologists who are registered with us as the primary workplace, average daily screening volume and fees paid by patients, according to Frost & Sullivan. Our history dates back to October 30, 2014 when Shenzhen Rimag Medical Technology Co., Ltd. (深圳一脈陽光醫學科技股份有限公司), our predecessor, was established as a joint stock company with limited liability. On July 15, 2016, our Company was converted into a limited liability company with the name of "Shenzhen Rimag Medical Technology Co., Ltd. (深圳一脈陽光醫學科技有限公司)". Our Company further changed its name to Jiangxi Rimag Group Limited (江西一脈陽光集團有限公司) on June 18, 2020, and was further converted into a joint stock company with limited liability and renamed as Jiangxi Rimag Group Co., Ltd. (江西一脈陽光集團股份有限公司) on June 30, 2021. As of the Latest Practicable Date, our Company had an issued share capital of 338,495,832 Shares in a nominal value of RMB1.00 each.

Our Single Largest Shareholders

As of the Latest Practicable Date, Nanchang Rimag directly held approximately 17.4562% interest in our share capital. Mr. CHEN Zhaoyang ("**Mr. Chen**"), our chief executive officer and executive Director, serves as the sole general partner of Nanchang Rimag and therefore is also deemed to control such interest held by Nanchang Rimag in our Company. Accordingly, Mr. Chen and Nanchang Rimag were the Single Largest Shareholders of our Company as of the Latest Practicable Date. See "Directors, Supervisors and Senior Management" of this prospectus for more information on the biographical details of Mr. Chen.

Immediately following the completion of the Global Offering and the Conversion of Unlisted Shares into H Shares, Mr. Chen and Nanchang Rimag will control an aggregate of approximately 16.58% interest in our share capital. Accordingly, Mr. Chen and Nanchang Rimag will remain as our Single Largest Shareholders, and our Company will not have any controlling shareholder upon completion of the Global Offering.

Our Milestones

The following sets forth our Group's key business development milestones:

Time	Event
April 2015	With an aim to develop a chained imaging center with technological innovation, we commenced the R&D of our Rimag Cloud platform.
November 2015	Our first imaging center, located in Fenyi county, Jiangxi province, commenced operation.
August 2016	We completed the Series A financing, and received investment from Beijing GS, a member of the Goldman Sachs Group.
February 2018	Our first regional collaborative imaging center, located in Xinyu, Jiangxi province, commenced operation; this business model (i.e., "Xinyu Model" (新余模式)) was subsequently introduced at 2018 Boao CN Healthcare Summit in April 2018 as a representative example for the reform of public hospital in China and selected into the "Chinese-style Modernization Practice — Typical Cases of National Governance Innovation Experience (2021–2022) (中國式現代化的生動實踐 — 2021–2022國家治理創新經驗典型案例)" published by the People's Daily in December 2022.
July 2018	Our first flagship imaging center, located in Shenyang, Liaoning province, commenced operation.
September 2018	We completed the Series B financing, and received investments from Pre-IPO Investors including Baishan Investment, an investment vehicle of Baidu, Inc..
December 2018	We operated our business in eight provinces with 37 medical imaging centers with various operational models, forming a chain effect and consolidating our leading position in terms of geographical coverage and number of centers.
July 2019	We were awarded as the Executive Director Unit (執行理事長單位) of China Medical Imaging Integration Alliance (中國醫學影像整合聯盟).
October 2019	We commenced the provision of imaging solution services.

Time	Event
November 2019	Beijing Rimag Medical Imaging Center (北京一脈陽光醫學影像中心), our largest flagship imaging center, commenced operation.
May 2020	We completed the Series C financing, and received investments from Pre-IPO Investors including PICC Beijing and CICC Yingrun.
July 2021	We completed the Series D financing, and received investments from Pre-IPO Investors including JD Yingzheng and OrbiMed.

Our Major Subsidiaries

The following subsidiaries have made a material contribution to our operating results or business operation during the Track Record Period:

Jiangxi Rimag Investment

Jiangxi Rimag Medical Investment Management Co., Ltd. (江西一脈陽光醫療投資管理有限公司) ("**Jiangxi Rimag Investment**") was incorporated as a limited liability company under the laws of the PRC on September 19, 2014. It is primarily engaged in investment in healthcare companies and provision of imaging solution services, and serving as one of the holding companies for certain of our subsidiaries. As of the Latest Practicable Date, Jiangxi Rimag Investment was wholly owned by our Company with a registered capital of RMB100 million.

Beijing Rimag Information

Beijing Rimag Medical Information Technology Co., Ltd. (北京一脈陽光醫學信息技術有限公司) ("**Beijing Rimag Information**") was incorporated as a limited liability company under the laws of the PRC on August 24, 2015. It is primarily engaged in providing Rimag Cloud services. As of the Latest Practicable Date, Beijing Rimag Information was wholly owned by our Company with a registered capital of RMB10 million.

Beijing Rimag Imaging

Beijing Rimag Medical Imaging Diagnosis Center Co., Ltd. (北京一脈陽光醫學影像診斷中心有限公司) ("**Beijing Rimag Imaging**") was incorporated as a limited liability company under the laws of the PRC on February 13, 2015. It is primarily engaged in providing medical imaging services. As of the Latest Practicable Date, Beijing Rimag Imaging was wholly owned by our Company with a registered capital of RMB50 million.

Establishment and Development of Our Company

(1) Establishment of Our Company

On October 30, 2014, our Company was established as a joint stock company with limited liability under the laws of the PRC with an initial registered capital of RMB100,000,000. The shareholding structure of our Company upon establishment is set forth below:

Shareholders	Registered capital subscribed for	Percentage of shareholding
	(RMB)	*(%)*
Mr. Wang Shihe (王世和) ("**Mr. Wang**")[1]	60,000,000	60.0
Mr. Gu Junjun (顧軍軍) ("**Mr. Gu**")[2]	30,000,000	30.0
Mr. Yu Kaitao (于開濤)[3]	5,000,000	5.0
Mr. Chen Guangwei (陳光偉)[4]	5,000,000	5.0
Total	100,000,000	100%

Notes:

(1) Mr. Wang served as the chairman of the Board and the chief executive officer of the Company since our establishment until November 2021.

(2) Mr. Gu served as a Director from October 2014 to June 2021, and served as the chairman of the Supervisory Committee from June 2021 to August 2021.

(3) Mr. Yu Kaitao was a Supervisor from October 2014 to June 2021, and a former marketing development manager of Shandong market of Jiangxi Rimag Investment. Mr. Yu is a substantial shareholder of one of our subsidiaries, Shandong Rimag Medical Technology Co., Ltd. (山東一脈陽光醫療科技有限公司), and a connected person at the subsidiary level.

(4) Mr. Chen Guangwei is a Supervisor. For details of his biography, see "Directors, Supervisors and Senior Management."

(2) Equity Transfer in August 2016

In March 2016, Nanchang Rimag was established as an employee shareholding platform to hold the Shares for the benefits of the employees of our Group in recognition of their contributions and to incentivize them to further promote our development.

In July 2016, our Company was converted from a joint stock company with limited liability into a limited liability company under the laws of the PRC.

In August 2016, the following transfers of registered capital of our Company were effected:

Transferors	Transferees	Registered capital transferred	Consideration
		(RMB)	*(RMB)*
Mr. Wang	Mr. Zhou Xiaoyan (周小炎)(1)	2,000,000 (non-fully paid)	1,000,000(3)
Mr. Wang	Mr. Luo Lifang (羅立方)(2)	2,000,000 (non-fully paid)	1,000,000(3)
Mr. Wang	Nanchang Rimag	11,000,000 (non-fully paid)	5,500,000(3)
Mr. Yu Kaitao	Nanchang Rimag	1,000,000 (non-fully paid)	500,000(3)
Mr. Chen Guangwei . . .	Nanchang Rimag	1,000,000 (non-fully paid)	500,000(3)
Mr. Gu	Nanchang Rimag	7,000,000 (non-fully paid)	500,000(3)

Notes:

(1) Mr. Zhou Xiaoyan was a former Director from October 2014 to June 2021 and is currently a vice president of our Group's internet hospital (互聯網醫院副院長).

(2) Mr. Luo Lifang was a former Supervisor from October 2016 to June 2021. To the best of the Company's knowledge, Mr. Luo is an Independent Third Party as of the Latest Practicable Date.

(3) Representing the amount of paid-in capital corresponding to the registered capital transferred.

(3) Series A Financing and Capital Change in October and November 2016 and January 2017

On August 2, 2016, our Company and Beijing GS, among others, entered into a subscription agreement, pursuant to which Beijing GS agreed to invest into our Company. Such investment was completed by way of two subscriptions in August 2016 and January 2017, respectively. For details and background of Beijing GS, see "— Pre-IPO Investments — Information about the Pre-IPO Investors."

In August 2016, the registered capital of our Company was increased from RMB100,000,000 to RMB106,870,000, which was subscribed by Beijing GS at a consideration of RMB30,000,000.

In October 2016, the registered capital of our Company was reduced from RMB106,870,000 to RMB53,435,000, and the reduced paid capital was returned to the then shareholders of our Company on a pro rata basis.

In November 2016, the following transfers of registered capital of our Company were effected:

Transferors	Transferees	Registered capital transferred	Consideration
		(RMB)	*(RMB)*
Mr. Wang.	Nanchang Rimag	2,000,000	2,000,000
Mr. Wang.	Shanghai Shanghao Investment Consulting Co., Ltd. (上海上昊投資顧問有限公司) ("**Shanghai Shanghao**")(1)	500,000	1,000,000
Mr. Gu	Nanchang Rimag	1,500,000	1,500,000

Note:

(1) To the best of the Company's knowledge, Shanghai Shanghao was an Independent Third Party at the time of the above capital transfer. Shanghai Shanghao is the general partner of Shanghai Liying. For details and background of Shanghai Liying, see "— Pre-IPO Investments — Information about the Pre-IPO Investors."

In January 2017, the registered capital of our Company was further increased from RMB53,435,000 to RMB58,823,529, which was subscribed by Beijing GS at a consideration of RMB43,435,000.

Upon completion of the above Series A financing, capital change and equity transfers, the shareholding structure of our Company was as follows:

Shareholders	Registered capital subscribed for	Percentage of shareholding
	(RMB)	*(%)*
Mr. Wang	20,000,000	34.00
Nanchang Rimag	13,500,000	22.95
Mr. Gu	10,000,000	17.00
Beijing GS	8,823,529	15.00
Mr. Chen Guangwei.	2,000,000	3.40
Mr. Yu Kaitao	2,000,000	3.40
Mr. Zhou Xiaoyan.	1,000,000	1.70
Mr. Luo Lifang	1,000,000	1.70
Shanghai Shanghao	500,000	0.85
Total	58,823,529	100%

(4) Series B Financing and Capital Changes in 2017 and 2018

In March 2017, the following transfers of registered capital of our Company were effected:

Transferors	Transferees	Registered capital transferred	Consideration
		(RMB)	*(RMB)*
Mr. Chen Guangwei	Shanghai Liying Investment Management Center (Limited Partnership) (上海立贏投資管理中心(有限合夥)) ("**Shanghai Liying**")[(1)]	500,000	3,966,950
Mr. Chen Guangwei	Nanjing Neovision Growth Phase I Equity Investment Partnership (Limited Partnership) (南京高科新浚成長一期股權投資合夥企業(有限合夥)) ("**Neovision Growth Phase I**")[(1)]	1,500,000	11,900,850
Mr. Yu Kaitao	Neovision Growth Phase I[(1)]	1,000,000	7,933,900

Note:

(1) For details and background of each of Shanghai Liying and Neovision Growth Phase I, see "— Pre-IPO Investment — Information about the Pre-IPO Investors."

In November 2017, the following transfer of registered capital of our Company was effected:

Transferor	Transferee	Registered capital transferred	Consideration
		(RMB)	*(RMB)*
Mr. Gu	Mr. Zhao Wenbing (趙文兵)[(1)]	588,235	4,000,000

Note:

(1) For details and background of Mr. Zhao Wenbing, see "— Pre-IPO Investments — Information about the Pre-IPO Investors."

We completed the Series B-1 financing, Series B-2 financing and Series B+ financing in November 2017, February 2018 and November 2018 through capital increases as detailed below. For further details, see "— Pre-IPO Investments." As a result, the registered capital of our Company was increased to RMB78,431,337 in November 2018.

Subscribers[(1)]	Total registered capital subscribed for	Total consideration
	(RMB)	*(RMB)*
Beijing GS	1,470,561	30,000,000
Baishan Investment	7,352,938	150,000,000
Neovision Growth Phase I	490,196	10,000,000
Hangzhou Jingxin Venture Capital Partnership (Limited Partnership) (杭州鏡心創業投資合夥企業(有限合夥)) ("**Hangzhou Jingxin**")	2,450,979	50,000,000
Beijing Shengzexin Technology Development Co., Ltd. (北京盛澤鑫科技發展有限公司) ("**Beijing Shengzexin**")	2,205,881	45,000,000
Beijing Huayu Rongchuang Technology Co., Ltd. (北京華宇融創科技有限公司) ("**Beijing Huayu**")	735,294	15,000,000
Ningbo Meishan Free Trade Port Zone CICC Haoguan Equity Investment Partnership (Limited Partnership) (寧波梅山保稅港區中金澔冠股權投資合夥企業(有限合夥)) ("**Ningbo Haoguan**")	3,770,738	100,000,000
Gongqingcheng Xiaofeng Zhirui Entrepreneur Investment Partnership (Limited Partnership) (共青城曉渢智睿創業投資合夥企業(有限合夥)) ("**Xiaofeng Investment**")	1,131,221	30,000,000
Total	19,607,808	430,000,000

Note:

(1) For details, see "— Pre-IPO Investments — Information about the Pre-IPO Investors."

In February 2018, the following transfer of registered capital of our Company was effected:

Transferor	Transferee	Registered capital transferred	Consideration
		(RMB)	*(RMB)*
Shanghai Shanghao.	Ningbo Meishan Free Trade Port Zone Haoyue Investment Management Partnership (Limited Partnership) (寧波梅山保稅港區浩悅投資管理合夥企業(有限合夥)) ("**Ningbo Haoyue**")(1)	500,000	500,000

Note:

(1) To the best of the Company's knowledge, Ningbo Haoyue is an Independent Third Party.

In April 2018, the following transfer of registered capital of our Company was effected:

Transferor	Transferee	Registered capital transferred	Consideration
		(RMB)	*(RMB)*
Nanchang Rimag	Shanghai Huiyan Investment Management Center (Limited Partnership) (上海匯晏投資管理中心(有限合夥)) ("**Shanghai Huiyan**")(1)	245,000	4,998,000

Note:

(1) For details and background of Shanghai Huiyan, see "— Pre-IPO Investments — Information about the Pre-IPO Investors."

On December 3, 2018, our Company and Beijing Meiyue Enterprise Management Co., Ltd. (北京美越企業管理有限公司) ("**Beijing Meiyue**"), among others, entered into a subscription agreement, pursuant to which Beijing Meiyue agreed to subscribe for RMB846,738 in the register capital of our Company at a consideration of RMB10,487,492. As a result, the registered capital of our Company was increased to RMB79,278,075. To the best of the Company's knowledge, Beijing Meiyue is an Independent Third Party.

Upon completion of the above Series B financing, capital change and equity transfers, the shareholding structure of our Company in December 2018 was as follows:

Shareholders	Registered capital subscribed for	Percentage of shareholding
	(RMB)	
Mr. Wang	20,000,000	25.2277%
Nanchang Rimag	13,255,000	16.7196%
Beijing GS	10,294,090	12.9848%
Mr. Gu	9,411,765	11.8718%
Baishan Investment	7,352,938	9.2749%
Ningbo Haoguan	3,770,738	4.7563%
Neovision Growth Phase I	2,990,196	3.7718%
Hangzhou Jingxin	2,450,979	3.0916%
Beijing Shengzexin	2,205,881	2.7825%
Xiaofeng Investment	1,131,221	1.4269%
Mr. Yu Kaitao	1,000,000	1.2614%
Mr. Zhou Xiaoyan	1,000,000	1.2614%
Mr. Luo Lifang	1,000,000	1.2614%
Beijing Meiyue	846,738	1.0680%
Beijing Huayu	735,294	0.9275%
Mr. Zhao Wenbing	588,235	0.7420%
Shanghai Liying	500,000	0.6307%
Ningbo Haoyue	500,000	0.6307%
Shanghai Huiyan	245,000	0.3090%
Total	79,278,075	100%

(5) Series C Financing and Capital Changes in 2019 to 2021

We completed the Series C financing in May 2020 through capital increases as detailed below. For further details, see "— Pre-IPO Investments." As a result, the registered capital of our Company was increased to RMB97,055,469.

The respective subscription amount and consideration paid by the subscribers of the Series C financing and pursuant to the exercise of the share incentives are as follows:

Subscribers[1]	Registered capital subscribed for	Consideration
	(RMB)	(RMB)
PICC Beijing	6,429,801	180,484,420.00
Mr. Hu Gang (胡剛)	616,839	4,291,533.61
Nanchang Rimag	261,881[2]	1,959,177.87[2]
CICC Yingrun	2,137,515	60,000,000.00
Jiangxi Provincial State-owned Enterprise Asset Management (Holding) Co., Ltd. (江西省國有資本運營控股集團有限公司) ("**Jiangxi AM Holding**")	712,505	20,000,000.00
Beijing Rimag	2,766,080	77,643,848.00
Ganjiang New Area Development and Investment Group Co., Ltd. (贛江新區創新產業投資有限公司) ("**Ganjiang Development**")	4,852,773	136,217,277.00
Total	17,777,394	480,596,256.48

Notes:

(1) For details and background of subscribers in the table above, see "— Pre-IPO Investments — Information about the Pre-IPO Investors."

(2) The registered capital of RMB261,881 subscribed by Nanchang Rimag was intended to be subsequently transferred to Mr. Hu Gang, a former employee of our Group, pursuant to the exercise of the share incentives granted to him. The consideration of RMB1,959,177.87 was settled by Mr. Hu Gang.

In May 2020, the following transfers of registered capital of our Company were effected:

Transferor	Transferee	Registered capital transferred	Consideration
		(RMB)	(RMB)
Mr. Luo Lifang	CICC Yingrun	500,000	10,809,987
Ningbo Haoyue	CICC Yingrun	500,000	10,809,987

Note:

(1) For details and background of CICC Yingrun, see "— Pre-IPO Investments — Information about the Pre-IPO Investors."

In August 2020, the following transfers of registered capital of our Company were effected:

Transferor	Transferee	Registered capital transferred	Consideration
		(RMB)	*(RMB)*
Beijing Meiyue	Beijing Meiyue Enterprise Consulting Center (Limited Partnership) (北京美越企業諮詢中心(有限合夥)) ("**Beijing Meiyue Consulting**")[1]	846,738	0[1]
Nanchang Rimag	Mr. Hu Gang	261,881 (non-fully paid)	0[2]
Nanchang Rimag	Zaozhuang Ruizhi Equity Investment Limited Partnership (Limited Partnership) (棗莊瑞智股權投資合夥企業(有限合夥)) ("**Zaozhuang Ruizhi**")	225,471	5,810,000
Mr. Hu Gang	Zaozhuang Ruiqing Equity Investment Limited Partnership (Limited Partnership) (棗莊瑞慶股權投資合夥企業(有限合夥)) ("**Zaozhuang Ruiqing**")	356,640	9,190,000[3]

Notes:

(1) Beijing Meiyue Consulting and Beijing Meiyue were under same control of a group of individuals who are Independent Third Parties to the best of the Company's knowledge.

(2) While the purchase price for such transfer is nil, Mr. Hu Gang was obliged to settle the registered capital in the amount of RMB261,881 to the Company in full for the exercise of share incentive.

(3) To the best of the Company's knowledge, the consideration was determined based on arm's length negotiations between Mr. Hu Gang and Zaozhuang Ruiqing with reference to the valuation upon the completion of Series C Financing and the consideration paid by Mr. Hu Gang when he exercised the share incentives granted to him to receive the relevant registered capital.

(4) For details and background of each of Beijing Meiyue Consulting, Zaozhuang Ruizhi and Zaozhuang Ruiqing, see "— Pre-IPO Investments — Information about the Pre-IPO Investors."

In February 2021, the following transfer of registered capital of our Company was effected:

Transferor	Transferee	Registered capital transferred	Consideration
		(RMB)	*(RMB)*
Mr. Hu Gang	Mr. Yang Jun (楊俊)	522,080	RMB13,189,307.04 paid to Mr. Hu Gang and RMB3,057,019.40 paid to our Company(1)

Notes:

(1) The consideration was determined through arm's length negotiation among the Company, Mr. Hu Gang and Mr. Yang Jun, with reference to the valuation upon the completion of Series C Financing, and approved by the shareholders' meeting of the Company on February 5, 2021. To the best of the Company's knowledge, the consideration was determined based on arm's length negotiations between Mr. Hu Gang and Mr. Yang Jun.

(2) For details and background of Mr. Yang Jun, see "— Pre-IPO Investments — Information about the Pre-IPO Investors."

Upon completion of the above Series C financing, capital change and equity transfers, the shareholding structure of our Company in May 2021 was as follows:

Shareholders	Registered capital subscribed for	Percentage of shareholding
	(RMB)	
Mr. Wang	20,000,000	20.6068%
Nanchang Rimag	13,029,529	13.4248%
Beijing GS	10,294,090	10.6064%
Mr. Gu	9,411,765	9.6973%
Baishan Investment	7,352,938	7.5760%
PICC Beijing	6,429,801	6.6249%
Ganjiang Development	4,852,773	5.0000%
Ningbo Haoguan	3,770,738	3.8851%
CICC Yingrun	3,137,515	3.2327%
Neovision Growth Phase I	2,990,196	3.0809%
Beijing Rimag	2,766,080	2.8500%
Hangzhou Jingxin	2,450,979	2.5253%
Beijing Shengzexin	2,205,881	2.2728%
Xiaofeng Investment	1,131,221	1.1655%
Mr. Yu Kaitao	1,000,000	1.0303%
Mr. Zhou Xiaoyan	1,000,000	1.0303%

Shareholders	Registered capital subscribed for	Percentage of shareholding
	(RMB)	
Beijing Meiyue Consulting	846,738	0.8724%
Beijing Huayu	735,294	0.7576%
Jiangxi AM Holding	712,505	0.7341%
Mr. Yang Jun	522,080	0.5379%
Mr. Zhao Wenbing	588,235	0.6061%
Shanghai Liying	500,000	0.5152%
Mr. Luo Lifang	500,000	0.5152%
Zaozhuang Ruiqing	356,640	0.3675%
Shanghai Huiyan	245,000	0.2524%
Zaozhuang Ruizhi	225,471	0.2323%
Total	97,055,469	100%

(6) Conversion into a joint stock company with limited liability in June 2021

On June 17, 2021, our Board passed resolutions approving, among other matters, the conversion of our Company from a limited liability company into a joint stock company with limited liability and the change of name of our Company from Jiangxi Rimag Group Limited. (江西一脈陽光集團有限公司) to Jiangxi Rimag Group Co., Ltd. (江西一脈陽光集團股份有限公司). Pursuant to the promoters' agreement dated June 17, 2021 entered into by all the then Shareholders, all promoters approved the conversion of the net assets value of our Company as of February 28, 2021 into 97,055,469 Shares of our Company with a nominal value of RMB1.00 each, with the excess of the net assets converted over nominal value of the Shares included as capital reserves of our Company. On June 18, 2021, our Company convened a shareholders' meeting, and passed the relevant resolutions approving the conversion of our Company into a joint stock company with limited liability, the articles of association and the relevant procedures. Upon completion of the conversion, the registered capital of our Company became RMB97,055,469 divided into 97,055,469 Shares with a nominal value of RMB1.00 each, which were subscribed by all the then Shareholders in proportion to their respective interests in our Company before the conversion. The conversion was completed on June 30, 2021 when our Company obtained a new business license.

(7) Series D Financing

We completed the Series D-1 and D-2 financing in July 2021 through capital increases as detailed below. For further details, see "— Pre-IPO Investments." As a result, the registered capital of our Company was increased to RMB112,831,944.

The respective subscription amount and consideration paid by the subscribers of the Series D financing are as follows:

Subscribers	Total number of Shares subscribed for	Total Consideration
JD Yingzheng	5,391,970	RMB200,000,000
Beijing Tongfu Innovation Industry Investment Fund Limited Partnership (Limited Partnership) (北京同輻創新產業投資基金合夥企業(有限合夥)) ("**Tongfu Fund**")	2,695,985	RMB100,000,000
WWH	1,226,673[(1)]	US dollars equivalent to RMB45,500,000
	1,034,842[(1)]	US dollars equivalent to RMB45,500,000
OGF	262,859[(1)]	US dollars equivalent to RMB9,750,000
	221,752[(1)]	US dollars equivalent to RMB9,750,000
ONH	262,859[(1)]	US dollars equivalent to RMB9,750,000
	221,752[(1)]	US dollars equivalent to RMB9,750,000
Changsha Tianling Equity Investment Partnership (Limited Partnership) (長沙天翎股權投資合夥企業(有限合夥)) ("**Changsha Tianling**")	318,413	RMB14,000,000
Ningbo Zhuda Equity Investment Partnership (Limited Partnership) (寧波珠達股權投資合夥企業(有限合夥)) ("**Ningbo Zhuda**")	614,082	RMB27,000,000
Novel Wealth Management Limited ("**Novel Wealth**")	454,876	RMB20,000,000
Shaanxi Hongrui Tourism Development Co., Ltd. (陝西鴻瑞旅游發展有限公司) ("**Shaanxi Hongrui**")	1,023,471	RMB45,000,000
Nanjing Neovision Innovation Equity Investment Partnership (Limited Partnership) (南京高科新浚創新股權投資合夥企業(有限合夥)) ("**Neovision Innovation**")	454,876	RMB20,000,000
Nanjing Neovision Venture Capital Partnership (Limited Partnership) (南京高科創業投資合夥企業(有限合夥)) ("**Neovision Venture**", together with Neovision Growth Phase I and Neovision Innovation, the "**Neovision**")	1,137,189	RMB50,000,000
Beijing Rimag	454,876	RMB20,000,000
Total	15,776,475	RMB626,000,000

Notes:

(1) Such subscriptions were completed pursuant to share subscription agreements dated July 25, 2021 and July 26, 2021, respectively.

(2) For details of other subscribers in the table above, see "— Pre-IPO Investments — Information about the Pre-IPO Investors."

Upon completion of the above Series D financing, capital change and equity transfers, the shareholding structure of our Company in July 2021 was as follows:

Shareholders	Number of Shares held	Percentage of shareholding
Mr. Wang	20,000,000	17.7255%
Nanchang Rimag	13,029,529	11.5477%
Beijing GS	10,294,409	9.1234%
Mr. Gu	9,411,765	8.3414%
Baishan Investment	7,352,938	6.5167%
PICC Beijing	6,429,801	5.6986%
JD Yingzheng	5,391,970	4.7788%
Ganjiang Development	4,852,773	4.3009%
Ningbo Haoguan	3,770,738	3.3419%
Beijing Rimag	3,220,956	2.8546%
CICC Yingrun	3,137,515	2.7807%
Neovision Growth Phase I	2,990,196	2.6501%
Tongfu Fund	2,695,985	2.3894%
Hangzhou Jingxin	2,450,979	2.1723%
WWH	2,251,515	2.0043%
Beijing Shengzexin	2,205,881	1.9550%
Neovision Venture	1,137,189	1.0079%
Xiaofeng Investment	1,131,221	1.0026%
Shaanxi Hongrui	1,023,471	0.9071%
Mr. Yu Kaitao	1,000,000	0.8863%
Mr. Zhou Xiaoyan	1,000,000	0.8863%
Beijing Meiyue Consulting	846,738	0.7505%
Beijing Huayu	735,294	0.6517%
Jiangxi AM Holding	712,505	0.6315%
Ningbo Zhuda	614,082	0.5442%
Mr. Zhao Wenbing	588,235	0.5213%
Mr. Yang Jun	522,080	0.4627%
Mr. Luo Lifang	500,000	0.4431%
Shanghai Liying	500,000	0.4431%

Shareholders	Number of Shares held	Percentage of shareholding
OGF	484,611	0.4295%
ONH	484,611	0.4295%
Neovision Innovation	454,876	0.4031%
Novel Wealth	454,876	0.4031%
Zaozhuang Ruiqing	356,640	0.3161%
Changsha Tianling	318,413	0.2822%
Shanghai Huiyan	245,000	0.2171%
Zaozhuang Ruizhi	225,471	0.1998%
Total	112,831,944	100%

(8) Capital Increase in August 2021

In August 2021, the registered capital of our Company was increased to RMB338,495,832 by way of conversion of reserved capital into share capital according to the then existing shareholding structure. Upon the completion of the capital increase, the shareholding structure of our Company was as follows:

Shareholders	Number of Shares held	Percentage of shareholding
Mr. Wang	60,000,000	17.7255%
Nanchang Rimag	39,088,587	11.5477%
Beijing GS	30,882,270	9.1234%
Mr. Gu	28,235,295	8.3414%
Baishan Investment	22,058,814	6.5167%
PICC Beijing	19,289,403	5.6986%
JD Yingzheng	16,175,910	4.7788%
Ganjiang Development	14,558,319	4.3009%
Ningbo Haoguan	11,312,214	3.3419%
Beijing Rimag	9,662,868	2.8546%
CICC Yingrun	9,412,545	2.7807%
Neovision Growth Phase I	8,970,588	2.6501%
Tongfu Fund	8,087,955	2.3894%
Hangzhou Jingxin	7,352,937	2.1723%
WWH	6,784,545	2.0043%
Beijing Shengzexin	6,617,643	1.9550%
Neovision Venture	3,411,567	1.0079%
Xiaofeng Investment	3,393,663	1.0026%
Shaanxi Hongrui	3,070,413	0.9071%

Shareholders	Number of Shares held	Percentage of shareholding
Mr. Yu Kaitao	3,000,000	0.8863%
Mr. Zhou Xiaoyan	3,000,000	0.8863%
Beijing Meiyue Consulting	2,540,214	0.7505%
Beijing Huayu	2,205,882	0.6517%
Jiangxi AM Holding	2,137,515	0.6315%
Ningbo Zhuda	1,842,246	0.5442%
Mr. Zhao Wenbing	1,764,705	0.5213%
Mr. Yang Jun	1,566,240	0.4627%
Mr. Luo Lifang	1,500,000	0.4431%
Shanghai Liying	1,500,000	0.4431%
OGF	1,453,833	0.4295%
ONH	1,453,833	0.4295%
Neovision Innovation	1,364,628	0.4031%
Novel Wealth	1,364,628	0.4031%
Zaozhuang Ruiqing	1,069,920	0.3161%
Changsha Tianling	955,239	0.2822%
Shanghai Huiyan	735,000	0.2171%
Zaozhuang Ruizhi	676,413	0.1998%
Total	338,495,832	100%

(9) Share Transfer in December 2021

On December 18, 2021, Mr. Wang entered into a share transfer agreement with Nanchang Rimag to dispose 5.9085% of the total issued share capital in our Company. Details of such transfer is summarised as follows:

Transferor	Transferee	Shares transferred	Consideration[1]
			(RMB)
Mr. Wang	Nanchang Rimag	20,000,001	78,450,000

Note:

(1) fully settled in December 2021.

Given that Mr. Wang, as the founder of the Company, is subject to a one-year mandatory lock-up period from June 30, 2021 to July 1, 2022 (the "**Post-Conversion Lock-up Period**") immediately following the Company's conversion into a joint stock company with limited liability, Mr. Wang and Nanchang Rimag agreed that Nanchang Rimag would be entitled to exercise, at its sole discretion, the voting rights attached to such 20,000,001 Shares of the Company upon the signing of the share transfer agreement on December 18, 2021; while the transfer of legal title of such Shares from Mr. Wang to Nanchang Rimag shall unconditionally, irrevocably and automatically take effect upon expiry of the Post-Conversion Lock-up Period on July 1, 2022. The consideration of the above share transfer was settled in full by Nanchang Rimag with cash payments made by partners of Nanchang Rimag. Upon the completion of the above share transfer, Nanchang Rimag held approximately 17.46% of the total issued share capital of the Company.

(10) Share Transfers in 2022

In March 2022, the following transfer of Shares was effected:

Transferor	Transferee	Shares transferred	Consideration
			(RMB)
Changsha Tianling	Mr. Zeng Delu (曾德祿)	955,239	15,239,861.32

In July 2022, the following transfer of Shares was effected:

Transferors	Transferees	Shares transferred	Consideration
			(RMB)
Tongfu Fund.	Gongqingcheng Zhihe Phase II Investment Partnership (Limited Partnership) (共青城智合二期投資合夥企業(有限合夥)) ("**Zhihe Phase II**")	8,087,955	118,960,893.65

In December 2022, the following transfers of Shares were effected:

Transferor	Transferee	Shares transferred	Consideration
			(RMB)
Mr. Wang.	Gongqingcheng Zhongjin Zhihe Medical Industry Investment Partnership (Limited Partnership) (共青城中錦志和醫療產業投資合夥企業(有限合夥)) ("**Zhongjin Zhihe**")	18,859,971	222,867,000.00
Mr. Gu	Zhongjin Zhihe	3,706,529	43,799,700

(11) Share Transfers in 2023

In February 2023, the following transfer of Shares was effected:

Transferor	Transferee	Shares transferred	Consideration
			(RMB)
Zhongjin Zhihe	Jiangxi Fenyong Technology Service Co., Ltd. (江西奮勇科技服務有限公司) ("**Fenyong Technology**")	18,617,271	286,000,000

In March 2023, the following transfer of Shares was effected:

Transferor	Transferee	Shares transferred	Consideration
			(RMB)
Mr. Wang.	Zhongjin Zhihe	3,384,958	40,000,000

In April 2023, the following transfer of Shares was effected:

Transferor	Transferee	Shares transferred	Consideration
			(RMB)
Mr. Gu	Zhongjin Zhihe	6,769,917	80,000,000

Upon completion of the above share transfers and as of the Latest Practicable Date, the shareholding structure of our Company was as follows:

Shareholders	Number of Shares held	Percentage of shareholding
Nanchang Rimag	59,088,588	17.4562%
Beijing GS	30,882,270	9.1234%
Baishan Investment	22,058,814	6.5167%
PICC Beijing	19,289,403	5.6986%
Fenyong Technology	18,617,271	5.5000%
Mr. Gu	17,758,849	5.2464%
Mr. Wang	17,755,070	5.2453%
JD Yingzheng	16,175,910	4.7788%
Ganjiang Development	14,558,319	4.3009%
Zhongjin Zhihe	14,104,104	4.1667%
Ningbo Haoguan.	11,312,214	3.3419%
Beijing Rimag	9,662,868	2.8546%
CICC Yingrun	9,412,545	2.7807%

Shareholders	Number of Shares held	Percentage of shareholding
Neovision Growth Phase I	8,970,588	2.6501%
Zhihe Phase II	8,087,955	2.3894%
Hangzhou Jingxin	7,352,937	2.1723%
WWH	6,784,545	2.0043%
Beijing Shengzexin	6,617,643	1.9550%
Neovision Venture	3,411,567	1.0079%
Xiaofeng Investment	3,393,663	1.0026%
Shaanxi Hongrui	3,070,413	0.9071%
Mr. Yu Kaitao	3,000,000	0.8863%
Mr. Zhou Xiaoyan	3,000,000	0.8863%
Beijing Meiyue Consulting	2,540,214	0.7505%
Beijing Huayu	2,205,882	0.6517%
Jiangxi AM Holding	2,137,515	0.6315%
Ningbo Zhuda	1,842,246	0.5442%
Mr. Zhao Wenbing	1,764,705	0.5213%
Mr. Yang Jun	1,566,240	0.4627%
Mr. Luo Lifang	1,500,000	0.4431%
Shanghai Liying	1,500,000	0.4431%
OGF	1,453,833	0.4295%
ONH	1,453,833	0.4295%
Neovision Innovation	1,364,628	0.4031%
Novel Wealth	1,364,628	0.4031%
Zaozhuang Ruiqing	1,069,920	0.3161%
Mr. Zeng Delu	955,239	0.2822%
Shanghai Huiyan	735,000	0.2171%
Zaozhuang Ruizhi	676,413	0.1998%
Total	338,495,832	100.0000%

Recent Corporate Governance Initiatives

Background of the Relevant Incidents

Mr. Wang served as a witness in a criminal proceeding in the PRC against an Independent Third Party, who was a former administrator of a local hospital in the PRC and convicted of bribery. Mr. Wang testified in such proceeding that the relevant administrator received a payment from Mr. Wang, as the then chairman of a medical equipment trading group which is not related to our Group ("**Group A**"), during the period from 2008 to 2014, and helped Group A or its affiliates obtain cooperative opportunities from the relevant local hospital. No charge has been laid against Mr. Wang by any judicial authorities in connection with such case ("**Mr. Wang's Incident**").

In March 2017, a medical equipment sales company ("**Company B**") and its deputy general manager (the "**Manager**") were convicted of corporate bribery for making payments (the "**Payments**") to three former medical personnel (the "**Relevant Medical Personnel**") of two hospitals in the PRC during the period from 2011 to 2015, in order to help Company B obtain cooperative opportunities with such local hospitals. According to the trial court judgment, Mr. Gu, the then legal representative and general manager of Company B (which is not related to the Group), testified as a witness and confirmed that a portion of the Payments was funded by him at the requests of the Manager and another employee of Company B, respectively. No charge has been laid against Mr. Gu by any judicial authorities in connection with such case ("**Mr. Gu's Incident**", together with Mr. Wang's Incident, the "**Relevant Incidents**").

In light of the Relevant Incidents, we adopted the following arrangements in relation to our corporate structure:

(A) Shareholding Restructuring

Since the introduction of professional investors and the adoption of the 2016 Share Incentive Scheme, the Company has gradually promoted, within the Group, a professional management structure with key decisions being made on a collective basis. With our rapid business growth over the past few years, the Company and certain of its Shareholders have undertaken a series of shareholding restructuring steps (the "**Shareholding Restructuring**") with a view to further optimizing corporate governance of the Company and building a more professionally-run management structure within our Group. For details of the Shareholding Restructuring, please refer to the share transfers undertaken by Mr. Wang and Mr. Gu in December 2021 to February 2023 as set out in "— Establishment and Development of our Company — (9) Share Transfer in December 2021", "— (10) Share Transfers in 2022" and "— (11) Share Transfers in 2023". As confirmed by Zhongjin Zhihe, (i) its partners and their respective ultimate beneficial owners are Independent Third Parties to our Group, while the ultimate beneficial owner of one limited partner holds approximately 5.0771% interest in Nanchang RIMAG; and (ii) save for the relationship with the Group as noted in (i) above and the share transfers by Mr. Wang and Mr. Gu to Zhongjin Zhihe as set out above, there is no past or present relationships between Mr. Wang, Mr. Gu or the Group and Zhongjin Zhihe, their respective substantial shareholders/limited partners, directors or senior management, or any of their respective associates. To the best knowledge of the Company, Zhongjin Zhihe became acquainted with Mr. Wang and Mr. Gu through introduction of the Group in light of Feng Gang's familiarity with and confidence in the Group and Zhongjin Zhihe's interest in investment in the Group. Further, as confirmed by each of Mr. Wang, Mr. Gu and Zhongjin Zhihe, there is no side or cooperation agreements or mutual understanding between Zhongjin Zhihe on the one hand, and Mr. Wang and Mr. Gu (as the case may be) on the other, in holding the relevant interests in the Company on behalf of Mr. Wang and Mr. Gu.

On April 21, 2023, each of Mr. Wang and Mr. Gu entered into an irrevocable undertaking of renunciation of voting rights (the "**Irrevocable Undertaking(s)**"), pursuant to which each of Mr. Wang and Mr. Gu irrevocably and unconditionally renounces any voting rights attached to Shares held by them on all matters submitted to a vote of shareholders of the Company at any meeting of shareholders. The Irrevocable Undertakings will take immediate effect upon the Listing, and the renunciation contemplated thereunder will be unconditional and irrevocable. Accordingly, neither Mr. Wang nor Mr. Gu shall cast votes (either by themselves or delegate their voting rights to another person, e.g. by proxy) for any proposals deliberated at any general meetings of the Company after the Listing, nor shall they be counted towards the total number of voting rights of the shareholders present at the Company's general meeting for the purpose of approving shareholders' resolutions so long as Mr. Wang and Mr. Gu remain as shareholders of the Company, even if they attend general meetings as shareholders of the Company. Mr. Wang and Mr. Gu still enjoy the other rights of shareholders, such as the right to dispose of the Shares beneficially owned by them and the right to receive dividends or distributions on the Shares. As advised by our PRC Legal Advisor, pursuant to the provisions of the Civil Code of the PRC, a civil subject enjoys civil rights including the equity interests and other investment rights in accordance with law, and a civil subject may exercise civil rights at his or her own will without interference to the extent permitted by law. The renunciation of voting rights is not prohibited by the PRC laws and regulations, therefore, the arrangement of irrevocable undertaking of renunciation of Mr. Wang's and Mr. Gu's voting rights does not violate the mandatory provisions of PRC laws and administrative regulations. As a result, both Mr. Wang and Mr. Gu will cease to control any voting rights at the Company's general meeting upon the Listing. In the event that Mr. Wang and Mr. Gu dispose of their shares, the transferee(s) will be able to exercise the voting rights attached to the disposed shares.

Following the Shareholding Restructuring, Nanchang Rimag became the largest shareholder of our Company. In addition, the following mechanisms have been adopted:

(a) Mr. Wang ceased to be the general partner of Nanchang Rimag in December 2021 and Mr. Chen Zhaoyang ("**Mr. Chen**"), our chief executive officer and executive Director, has become the general partner of Nanchang Rimag on the same date. As of the Latest Practicable Date, no equity interest of Nanchang Rimag is held by Mr. Gu, Mr. Wang or any of their respective close associates;

(b) the partners of Nanchang Rimag have also entered into a new partnership agreement of Nanchang Rimag taking effect on December 24, 2021, which was subsequently amended and restated by a further updated partnership agreement of Nanchang RIMAG taking effect on October 17, 2022 (the "**New Partnership Agreement**"). The New Partnership Agreement provides that:

    (i) the general partner of Nanchang Rimag will be solely responsible for day-to-day management of the operational matters of Nanchang Rimag, and the nomination, appointment and removal of the general partner shall be approved, on a one-person-one-vote basis, by more than four fifth (4/5) of such partners of Nanchang Rimag who are current employees of the Group at the time of casting vote. Further, any amendment or supplement to the New Partnership Agreement requires consents from at least four-fifth partners of Nanchang Rimag; and

    (ii) any incoming partners of Nanchang Rimag is also required to enter into an irrevocable undertaking for the benefit of Nanchang Rimag as an addendum to the New Partnership Agreement, which provides that (A) he or she shall not nominate and/or elect Mr. Wang, Mr. Gu or any of their close associates to be the general partner of Nanchang Rimag; and (B) he or she shall not provide consent for any of Mr. Wang, Mr. Gu or their close associates to become limited partners of Nanchang Rimag;

(c) each of Mr. Wang and Mr. Gu has irrevocably undertaken for the benefit of Nanchang Rimag that he has no intention to and will not, and will cause his close associates (with the meaning as set out in the Listing Rules) not to, (i) serve as the general partner of Nanchang Rimag, or (ii) exert any influence on the management and operation of Nanchang Rimag, whether or not there will be any potential future change in partners of Nanchang Rimag or any update regarding the requirement on the appointment of general partner of Nanchang Rimag; and

(d) in addition, each of Mr. Chen and all limited partners of Nanchang Rimag irrevocably undertook to the Company that (i) he or she will not propose or nominate Mr. Wang or Mr. Gu for election as the general partner (i.e., execution partner) of Nanchang Rimag; and (ii) he or she will not act or perform his or her respective duties/obligations in accordance with the instructions from Mr. Wang or Mr. Gu or their respective close associates.

(B) Additional Safeguards Adopted

We have established comprehensive reporting process and internal control system to ensure effective management of our operations, including the administration of daily operations, financial reporting and recording, fund management, compliance with applicable laws and regulations.

Our Board oversees and manages the overall risks associated with our operations, while our senior management, who are designated by our Board, are responsible for our daily operation and management. Further, a nomination committee comprising a majority of independent non-executive Directors, which satisfies the requirements under the Listing Rules, has been established, with a view to ensuring that there will be sufficient independence in the process of nomination and appointment of the Director and the Company's senior management upon Listing. For details of the nomination committee, see "Directors, Supervisors and Senior Management."

In addition, the following additional safeguards have been adopted in light of the Relevant Incidents as our Company's effort of bringing in additional talents with advanced industry insights to achieve the Group's continuous and sustainable business development:

(a) our Company has undertaken certain management adjustments, upon the completion of which Mr. Xu Ke (our Chairman of the Board), Mr. Chen (our chief executive officer and executive Director), Ms. He Yingfei (our executive Director and joint company secretary), Mr. Feng Xie (our executive Director and chief financial officer) and Mr. Li Feiyu (our vice president) are considered as the Group's core management team (the "**Core Management Team**"). As confirmed by each of Mr. Wang, Mr. Gu and Mr. Chen (being our new chief executive officer and executive Director following the management adjustment), (i) there is no side agreement or arrangement (expressed or implied, formal or informal) between Mr. Chen and Mr. Wang or Mr. Gu or their respective close associate; and (ii) save for Mr. Gu's previous indirect interest in a company founded by Mr. Chen before July 2022, and his previous position as a non-executive director of such company from August 2020 to August 2021, there is no past or present relationship (business, employment, trust, family, financing or otherwise) between Mr. Chen and each of Mr. Wang and Mr. Gu (including their respective close associates). Save for working relationship previously as co-workers among Mr. Wang, Mr. Gu and the remaining members of the Core Management Team within the Group, neither Mr. Wang nor Mr. Gu has any other relationship with the remaining members of the Core Management Team. Following the above management adjustment and as of the Latest Practicable Date, neither Mr. Wang nor Mr. Gu holds any management or executive position within the Group.

(b) although each of Mr. Wang and Mr. Gu has undertaken not to, and will procure their respective close associates (with the meaning as set out in the Listing Rules) not to hold any directorship or management positions in the Group, the Board has maintained, and will keep an updated version of, a list of close associates (with the meaning as set out in the Listing Rules) of Mr. Wang and Mr. Gu. Each member of the Nomination Committee has irrevocably undertaken to the Company that he will not nominate Mr. Wang, Mr. Gu or any of their respective close associates (with the meaning as set out in the Listing Rules) for appointment as a Director or senior management of the Group. Such irrevocable undertakings given by the members of the Nomination Committee will take immediate effect upon the Listing.

In view of the above measures taken by us, our Directors are of the view that either Mr. Wang or Mr. Gu was not able to exert, and continues to be restrained from exerting any meaningful influence over the Group.

Pre-IPO Investments

Overview

Details of the Pre-IPO Investments are set out below:

Name of Pre-IPO Investors	Subscription Method	Date of Investment Agreement	Date of Settlement of Consideration	Number of Shares Acquired	Consideration	Cost Per Share	Discount to the Offer Price[1]	Shareholding in the Company upon Listing
					(in RMB)	*(in RMB)*		
Beijing GS	Subscription	August 2, 2016	August 19, 2016	20,610,000[2][6]	30,000,000	1.46	89.8%	11.56%
	Subscription	August 2, 2016	November 30, 2016	16,165,587[2][6]	43,435,000	2.69	81.2%	
	Subscription	November 6, 2017	November 8, 2017	2,941,095[6]	20,000,000	6.8	52.4%	
	Subscription	January 8, 2018	January 26, 2018	1,470,588[6]	10,000,000	6.8	52.4%	
Shanghai Liying	Transferred by Mr. Chen Guangwei	December 28, 2016	April 19, 2017	1,500,000[6]	3,966,950	2.64	81.5%	0.42%
Neovision	Transferred by Mr. Chen Guangwei and Mr. Yu Kaitao	January 16, 2017	December 28, 2016	7,500,000[6]	19,834,750	2.64	81.5%	3.86%
	Subscription	January 8, 2018	January 15, 2018	1,470,588[6]	10,000,000	6.8	52.5%	
	Subscription	July 26, 2021	July 29, 2021	4,776,195[6]	70,000,000	14.66	N/A	
Mr. Zhao Wenbing	Transferred by Mr. Gu	November 15, 2017	July 26, 2017	1,764,705[6]	4,000,000	2.27	84.1%	0.50%
Baishan Investment	Subscription	January 8, 2018	February 8, 2018	22,058,814[6]	150,000,000	6.8	52.4%	6.19%
Hangzhou Jingxin	Subscription	January 8, 2018	January 24, 2018	7,352,937[6]	50,000,000	6.8	52.4%	2.06%
Beijing Shengzexin	Subscription	January 8, 2018	December 18, 2017	6,617,643[6]	45,000,000	6.8	52.4%	1.86%
Beijing Huayu	Subscription	January 8, 2018	January 15, 2018	2,205,882[6]	15,000,000	6.8	52.4%	0.62%
Shanghai Huiyan	Transferred by Nanchang Rimag	March 22, 2018	April 2, 2018	735,000[6]	4,998,000	6.8	52.4%	0.21%
Ningbo Haoguan	Subscription	September 12, 2018	September 14, 2018	11,312,214[6]	100,000,000	8.84	38.2%	3.17%
Xiaofeng Investment	Subscription	September 12, 2018	September 25, 2018	3,393,663[6]	30,000,000	8.84	38.2%	0.95%
PICC Beijing	Subscription	July 4, 2019	July 5, 2019	19,289,403[6]	180,484,420	9.36	34.6%	5.41%
CICC Yingrun	Subscription	March 20, 2020	April 3, 2020	6,412,545[6]	60,000,000	9.36	34.6%	2.64%
	Transferred by Mr. Luo Lifang and Ningbo Haoyue[3]	March 20, 2020	April 22, 2020	3,000,000[6]	21,619,974	7.21	49.6%	

Name of Pre-IPO Investors	Subscription Method	Date of Investment Agreement	Date of Settlement of Consideration	Number of Shares Acquired	Consideration	Cost Per Share	Discount to the Offer Price[1]	Shareholding in the Company upon Listing
					(in RMB)	*(in RMB)*		
Jiangxi AM Holding	Subscription	March 20, 2020	March 24, 2020	2,137,515[6]	20,000,000	9.36	34.6%	0.60%
Beijing Rimag	Subscription	March 20, 2020	September 28, 2020	8,298,240[6]	77,643,848	9.36	34.6%	2.71%
	Subscription	July 26, 2021	July 29, 2021	1,364,628[6]	20,000,000	14.66	N/A	
Ganjiang Development	Subscription	April 17, 2020	April 22, 2020	14,558,319[6]	136,217,277	9.36	34.6%	4.09%
Beijing Meiyue Consulting	Transferred by Beijing Meiyue[4]	August 10, 2020	August 10, 2020	2,540,214[6]	10,487,492	4.13	71.1%	0.71%
Zaozhuang Ruizhi	Transferred by Nanchang Rimag	August 10, 2020	August 17, 2020	676,413[6]	5,810,000	8.59	39.9%	0.19%
Zaozhuang Ruiqing	Transferred by Mr. Hu Gang[5]	August 10, 2020	August 6, 2020	1,069,920[6]	9,190,000	8.59	39.9%	0.30%
Mr. Yang Jun	Transferred by Mr. Hu Gang[5]	February 5, 2021	February 26, 2021	1,566,240[6]	16,246,326.44	10.37	27.5%	0.44%
JD Yingzheng	Subscription	July 25, 2021	July 30, 2021	16,175,910[6]	200,000,000	12.36	13.6%	4.54%
OrbiMed	Subscription	July 25, 2021	July 30, 2021	5,257,173[6]	US dollars equivalent to RMB65,000,000	12.36	13.6%	2.72%
	Subscription	July 26, 2021	July 30, 2021	4,435,038[6]	US dollars equivalent to RMB65,000,000	14.66	N/A	
Ningbo Zhuda	Subscription	July 26, 2021	August 2, 2021	1,842,246[6]	27,000,000	14.66	N/A	0.52%
Novel Wealth	Subscription	July 26, 2021	July 30, 2021	1,364,628[6]	20,000,000	14.66	N/A	0.38%
Shaanxi Hongrui	Subscription	July 26, 2021	July 28, 2021	3,070,413[6]	45,000,000	14.66	N/A	0.86%
Zhongjin Zhihe	Transferred by Mr. Wang	July 25, 2022	March 2, 2023	18,859,971	222,867,000	11.82	17.4%	9.18%
	Transferred by Mr. Gu	November 20, 2022	March 6, 2023	3,706,529	43,799,700	11.82	17.4%	
	Transferred by Mr. Wang	February 28, 2023	March 3, 2023	3,384,958	40,000,000	11.82	17.4%	
	Transferred by Mr. Gu	February 28, 2023	April 7, 2023	6,769,917	80,000,000	11.82	17.4%	
Zeng Delu	Transferred by Changsha Tianling	January 10, 2022	March 30, 2022	955,239	15,239,861.32	15.95	N/A	0.27%
Zhihe Phase II	Transferred by Tongfu Fund	July 27, 2022	July 27, 2022	8,087,955	118,960,893.65	14.71	N/A	2.27%
Fenyong Technology	Transferred by Zhongjin Zhihe	December 27, 2022	April 19, 2023	18,617,271	286,000,000	15.36	N/A	5.22%

Notes:

(1) Calculated based on the assumptions that the Offer Price is HK$15.70 per Offer Share, being the mid-point of the indicative Offer Price range of HK$14.60 to HK$16.80 per Offer Share.

(2) In October 2016, our Company conducted a capital decrease according to the then existing shareholding structure, following the completion of which our registered capital was decreased to RMB53,435,000 on October 17, 2016. Pursuant to the share subscription agreement on August 2, 2016, Beijing GS subscribed for RMB6,870,000 registered capital with a consideration of RMB30,000,000 before the capital decrease in October 2016, and subscribed for RMB5,388,529 registered capital with a consideration of RMB43,435,000 after the capital decrease.

(3) Pursuant to an equity transfer agreement on October 24, 2016, Shanghai Shanghao acquired RMB500,000 registered capital with a consideration of RMB1,000,000 from Mr. Wang, and transferred such registered capital with a consideration of RMB500,000 to Ningbo Haoyue in December 2017. In May 2020, such registered capital were transferred to CICC Yingrun with a consideration of RMB10,809,987.

(4) Pursuant to an equity subscription agreement on December 3, 2018, Beijing Meiyue subscribed for RMB846,738 registered capital with a consideration of RMB10,487,492, which was determined based on arm's length negotiations between our Company and Beijing Meiyue with reference to the Company's pre-money valuation at RMB 971,431,994, considering that no special rights were attached to the registered capital subscribed by Beijing Meiyue. In August 2020, such registered capital were transferred to Beijing Meiyue Consulting with nil consideration as Beijing Meiyue Consulting and Beijing Meiyue were under control of the same group of individuals.

(5) Mr. Hu Gang, a former employee of our Company, subscribed for RMB616,839 registered capital with a consideration of RMB4,291,533.61 in July 2019 and acquired RMB261,881 registered capital at nil consideration from Nanchang Rimag in August 2020. Mr. Hu Gang transferred the RMB356,640 registered capital and RMB522,080 registered capital to Zaozhuang Ruiqing and Mr. Yang Jun in August 2020 and February 2021, respectively.

(6) As adjusted to reflect subsequent capital injections in August 2021 effected by way of converting reserved capital into share capital.

Principal Terms of the Pre-IPO Investments

Set out below are the principal terms of the Pre-IPO Investments:

	Series A(1)	Series B(1)	Series B+(1)	Series C(1)	Series D-1(1)	Series D-2(1)
Amount of registered capital increased *(RMB)*	8,823,529	14,705,849	4,901,959	16,898,674	9,840,346	5,936,129
Amount of registered capital after each round of Pre-IPO Investment *(RMB)*	58,823,529(2)	73,529,378	78,431,337	97,055,469(3)	106,895,815	112,831,944
Amount of consideration paid for the increased registered capital	RMB70,000,000	RMB300,000,000	RMB130,000,000	RMB474,345,545	RMB365,000,000	RMB261,000,000
Cost per registered capital paid under the Pre-IPO Investments *(RMB)*	7.93	20.40	26.52	28.07	37.09	43.97
Post-money valuation of the Company *(RMB)*(4)	466,666,685	1,500,002,713	2,079,999,814	2,724,345,670	3,965,000,059	4,961,000,238

Use of proceeds from the Pre-IPO Investments : As of the Latest Practicable Date, all of the proceeds Company obtained from the Pre-IPO Investments have been utilized for R&D, sales and marketing activities and replenishment of our working capital.

Strategic benefits the Pre-IPO Investors brought to our Company : We are of the view that our Company can benefit from the additional capital injected by the Pre-IPO Investors' investments in our Company. Their investments also demonstrated their confidence in our Group's operations and served as an endorsement of our Group's performance, strengths and prospects. Our Company is also of the view that most of the Pre-IPO Investments are made by professional strategic investors in relevant industries which can provide us with their knowledge and experience which we believe are beneficial to our Group's future development.

Basis of determining the consideration paid : The consideration for the Pre-IPO Investments was determined based on arm's length negotiations between our Company (or the respective selling shareholders, as applicable) and the Pre-IPO Investors with reference to the appraised market value of our equity interests, the timing of the investments and the prospects of our business.

Special rights	:	Pursuant to the shareholders' agreement currently in effect dated April 4, 2023, all the existing special rights granted to the Pre-IPO Investors, including, among others, the pre-emptive right, right of first refusal, veto right, right of co-sale, information right and redemption right will be automatically terminated on the day immediately proceeding the date on which the Company filed its listing application, and shall resume to be exercisable upon the earliest of (i) the withdrawal, rejection or expiration of the listing application by the Stock Exchange; (ii) expiry of 12 months from the submission of the listing application; or (iii) expiry of six months from the approval from the Listing Committee. No special rights will survive after the Listing.
Lock-up	:	Pursuant to applicable PRC law, within the 12 months following the Listing, all current Shareholders (including the Pre-IPO Investors) shall not dispose of any of the Shares held by them.

Notes:

(1) Pursuant to the shareholders' agreement dated April 4, 2023, Series A Investor is Beijing GS (in relation to its subscription in Series A Financing); Series B Investors include Beijing GS (in relation to its subscription in Series B Financing), Baishan Investment, Hangzhou Jingxin, Neovision (in relation to its subscription in Series B Financing), Beijing Shengzexin and Beijing Huayu; Series B+ Investors include Ningbo Haoguan and Xiaofeng Investment; Series C Investors include PICC Beijing, CICC Yingrun, Jiangxi AM Holding, Ganjiang Development and Beijing Rimag (in relation to its subscription in Series C Financing); Series D1 Investors include JD Yingzheng, Zhihe Phase II (in relation to its purchase from Tongfu Fund) and OrbiMed (in relation to its subscription in Series D1 Financing); Series D2 Investors include OrbiMed (in relation to its subscription in Series D2 Financing), Ningbo Zhuda, Novel Wealth, Shaanxi Hongrui, Neovision (in relation to its subscription in Series D2 Financing), Zeng Delu (in relation to his purchase from Changsha Tianling) and Beijing Rimag (in relation to its subscription in Series D2 Financing).

(2) Taking into account the reduction of registered capital of the Company in October 2016.

(3) The increase of registered capital of RMB18,624,132 from Series B+ financing to Series C Financing include (i) a registered capital of RMB16,898,674 subscribed by Series C Investors as detailed in (1) above; (ii) a registered capital of RMB616,839 subscribed by Mr. Hu Gang pursuant to the exercise of the share incentives granted to him; (iii) a registered capital of RMB261,881 subscribed by Nanchang Rimag, which were subsequently transferred to Mr. Hu Gang pursuant to the exercise of the share incentives granted to him; and (iv) a registered capital of RMB846,738 subscribed by Beijing Meiyue. See note (4) of the details of the Pre-IPO Investments above.

(4) The increase in the post-money valuation of each round of the Pre-IPO Investment is in line with our business growth over the years. We have continued to advance in the R&D and commercialization of our solutions and services. See "— Our Milestones" and "Business — Overview". Such progress and milestones have been supporting the step-up in the post-money valuation of our Group.

PRC Legal Advisor's Confirmation

As advised by our PRC Legal Advisor, our Company has obtained all necessary approvals from competent authorities or made all necessary registration or filings with the relevant local branch of SAMR in respect of the Pre-IPO Investments in material aspects set out above, and the Pre-IPO Investments were conducted in compliance with the applicable PRC laws and regulations in all material aspects.

Public Float

Except for (i) the Shares held by Nanchang Rimag, our substantial Shareholder; and (ii) the portion of Shares which will not be converted into H Shares, Shares held by other Shareholders representing 50.41% of our enlarged issued share capital upon the completion of the Global Offering, will be counted towards the public float of our Company according to Rule 8.08 of the Listing Rules.

Information about the Pre-IPO Investors

Beijing GS

Beijing GS is a foreign-owned company established under the laws of the PRC on June 14, 2002, which is wholly owned by Goldman Sachs Holding (Mauritius) Limited, a member of the Goldman Sachs Group, Inc. (a company listed on New York Stock Exchange, ticker: GS), a leading global financial institution that delivers a broad range of financial services to a large and diversified client base including corporations, financial institutions and individuals. Each of Beijing GS, Goldman Sachs Holding (Mauritius) Limited and the Goldman Sachs Group is an Independent Third Party. Beijing GS is an investment vehicle for Goldman Sachs Group's investment in the PRC enterprises. Our Company became acquainted with Beijing GS in its ordinary course of operations through the Group's business network.

Shanghai Liying

Shanghai Liying is a limited partnership established under the laws of the PRC on November 4, 2015, whose general partner is Shanghai Shanghao, which is held as to 67% by Liu Hao (劉浩). One of the limited partner with 75.2% partnership interest of Shanghai Liying is Shanghai Hankai Investment Consulting Co., Ltd. (上海瀚凱投資顧問有限公司) ("**Shanghai Hankai**") which is wholly owned by Zhao Meihua (趙美華), and the other limited partner is Luo Zhi'an (駱志安) holding 21.4146% partnership interest of Shanghai Liying. Each of Shanghai Liying, Shanghai Shanghao, Shanghai Hankai, Liu Hao, Zhao Meihua and Luo Zhi'an is an Independent Third Party. Shanghai Liying had made investments in another technology company. Our Company became acquainted with Shanghai Liying in its ordinary course of operations through the Group's business network.

Neovision

Neovision Growth Phase I is a limited partnership established under the laws of the PRC on November 11, 2015. The general partner of Neovision Growth Phase I is Nanjing Neovision Equity Investment Partnership (Limited Partnership) (南京高科新浚股權投資合夥企業(有限合夥)), whose general partner is Nanjing Neovision Investment Management Co., Ltd. (南京高科新浚投資管理有限公司) ("**Neovision Investment**"). The largest limited partner with 69.7% partnership interest of Neovision Growth Phase I is Nanjing Gaoke Company Limited (南京高科股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600064) ("**Nanjing Gaoke**").

Neovision Venture is a limited partnership established under the laws of the PRC on December 2, 2020. Its largest limited partner with 50% partnership interest is Nanjing Gaoke.

Neovision Innovation is a limited partnership established under the laws of the PRC on December 10, 2019. The general partner of Neovision Innovation is Nanjing Neovision Phase II Equity Investment Partnership (Limited Partnership) (南京高科新浚二期股權投資合夥企業(有限合夥)), whose general partner is Neovision Investment. As such, each of Neovision Growth Phase I, Neovision Venture, Nanjing Innovation is controlled by Neovision Investment. Neovision Investment is held as to 40%, 35% and 25% by Qin Yangwen (秦揚文), Nanjing Gaoke and Yu Shangting (于上亭). Each of Neovision Growth Phase I, Neovision Venture, Nanjing Neovision Equity Investment Partnership (Limited Partnership), Nanjing Neovision Phase II Equity Investment Partnership (Limited Partnership), Neovision Innovation, Neovision Investment, Qin Yangwen, Nanjing Gaoke and Yu Shangting, is an Independent Third Party. Neovision had made investments in several companies engaged in medical equipment operations, biotech, IT and software development. Our Company became acquainted with Neovision in its ordinary course of operations through the Group's business network.

Mr. Zhao Wenbing

Mr. Zhao Wenbing has approximately 15 years of experience in R&D, sales and marketing of medical imaging equipment. Mr. Zhao is a substantial shareholder of two of our subsidiaries, Liaoning Rimag Medical Imaging Diagnosis Center Co., Ltd. (遼寧一脈陽光醫學影像診斷中心有限公司) and Shenyang Rimag Shennan Medical Imaging Diagnosis Co. Ltd. (瀋陽一脈陽光瀋南醫學影像診斷有限公司), and a connected person at the subsidiary level. Our Company became acquainted with Mr. Zhao Wenbing in its ordinary course of operations through the Group's business network.

Baishan Investment

Baishan Investment is a limited partnership established under the laws of the PRC on November 1, 2017, whose general partner is Ningbo Meishan Free Trade Port Zone Baiyi Investment Management Partnership (Limited Partnership) (寧波梅山保稅港區佰毅投資管理合夥企業(有限合夥)) ("**Baiyi Investment**"), an investment vehicle of Baidu Inc. (NASDAQ: BIDU; Hong Kong stock code: 9888). The largest limited partner with 79.8% partnership interest in Baishan Investment is Ningbo Meishan Free Trade Port Zone Baining Investment Partnership (Limited Partnership) (寧波梅山保稅港區佰寧投資合夥企業(有限合夥)) ("**Baining Investment**"), whose general partner is Baiyi Investment and the only limited partner with 99.98% partnership interest is China Life Insurance Company Limited (中國人壽保險股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601628) and on the Hong Kong Stock Exchange (stock code: 2628). Each of Baishan Investment, Baiyi Investment, Baining Investment, China Life Insurance Company Limited and Baidu Inc. is an Independent Third Party. Baishan Investment is an investment vehicle of Baidu for investments in PRC enterprises engaged in several technology companies. Our Company became acquainted with Baishan Investment in its ordinary course of operations through the Group's business network.

Hangzhou Jingxin

Hangzhou Jingxin is a limited partnership established under the laws of the PRC on January 24, 2017, whose general partner and administrator is Ningbo Zehong Ziyue Investment Management Co., Ltd. (寧波澤泓子悅投資管理有限公司), which is held as to 70% by Lv Xiaoxiang (呂曉翔). The largest limited partner of Hangzhou Jingxin with 40% partnership interest is Guizhou Xinbang Pharmaceutical Co., Ltd. (貴州信邦製藥股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002390) ("**Guizhou Xinbang**"). Each of Hangzhou Jingxin, Ningbo Zehong Ziyue Investment Management Co., Ltd., Lv Xiaoxiang and Guizhou Xinbang is an Independent Third Party. Hangzhou Jingxin had made investments in several companies engaged in healthcare, pharmaceuticals and biotech. Our Company became acquainted with Hangzhou Jingxin in its ordinary course of operations through the Group's business network.

Beijing Shengzexin

Beijing Shengzexin is a limited liability company established under the laws of the PRC on March 21, 2017 and wholly held by Beijing Jinhong Runze Technology Co., Ltd. (北京金鴻潤澤科技有限公司), which is ultimately held as to 96.67% by Ni Xiaokun (倪小昆). Each of Beijing Shengzexin, Beijing Jinhong Runze Technology Co., Ltd. and Ni Xiaokun is an Independent Third Party. Beijing Shengzexin had made investments in several finance and asset management companies. Our Company became acquainted with Beijing Shengzexin in its ordinary course of operations through the Group's business network.

Beijing Huayu

Beijing Huayu is a limited liability company established under the laws of the PRC on September 23, 2014 and held as to 80% by Huang Yu (黃宇). Each of Beijing Huayu and Huang Yu is an Independent Third Party. Our Company became acquainted with Beijing Huayu in its ordinary course of operations through the Group's business network.

Shanghai Huiyan

Shanghai Huiyan is a limited partnership established under the laws of the PRC on December 1, 2015, whose general partner is Qiu Shicai (邱世才). The sole limited partner with 60% partnership interest of Shanghai Huiyan is Qiu Ceyu (邱策宇). Each of Shanghai Huiyan, Qiu Ceyu and Qiu Shicai is an Independent Third Party. Our Company became acquainted with Shanghai Huiyan in its ordinary course of operations through the Group's business network.

Ningbo Haoguan

Ningbo Haoguan is a limited partnership established under the laws of the PRC on December 21, 2017, whose general partner is CICC Private Equity Management Co., Ltd.* (中金私募股權投資管理有限公司), which is in turn ultimately controlled by China International Capital Corporation Limited (中國國際金融股份有限公司), being an Independent Third Party listed on the Hong Kong Stock Exchange (stock code: 03908) and on the Shanghai Stock Exchange (stock code: 601995). Ningbo Haoguan had made investments in several funds and technology companies. Our Company became acquainted with Ningbo Haoguan in its ordinary course of operations through the Group's business network.

CICC Yingrun

CICC Yingrun is a limited partnership established under the laws of the PRC on March 19, 2019, whose general partner is CICC Capital Management Co., Ltd. (中金資本運營有限公司), which is wholly owned by CICC. As of the Latest Practicable Date, the largest limited partner of CICC Yingrun with 97.94% partnership interest is Shangdong Railway Development Fund Co., Ltd. (山東鐵路發展基金有限公司), a state-owned enterprise. Each of CICC Yingrun, CICC Capital Management Co., Ltd., CICC and Shangdong Railway Development Fund Co., Ltd. is an Independent Third Party. CICC Yingrun had made several investments in several healthcare and technology companies. Our Company became acquainted with CICC Yingrun in its ordinary course of operations through the Group's business network.

Xiaofeng Investment

Xiaofeng Investment is a limited partnership established under the laws of the PRC on June 4, 2018, whose general partner is Tibet Lingfeng Venture Capital Partnership (Limited Partnership) (西藏領渢創業投資合夥企業(有限合夥)) ("**Tibet Lingfeng**"), whose general partner is Lingfeng Capital Management Co., Ltd. (領渢資本管理有限公司) ("**Lingfeng Capital**"), which is owned by Ma Lizheng (馬立正) as to 67%. The largest limited partner of Tibet Lingfeng with approximately 69% partnership interest is Ma Lizheng. Each of Xiaofeng Investment, Tibet Lingfeng, Lingfeng Capital and Ma Lizheng is an Independent Third Party. Xiaofeng Investment is a special purpose vehicle for investment in our Company. Lingfeng Capital had made investments in several asset management and finance companies. Our Company became acquainted with Lingfeng Capital in its ordinary course of operations through the Group's business network.

PICC Beijing

PICC Beijing is a limited partnership established under the laws of the PRC on December 20, 2018, whose general partner is PICC Capital Equity Investment Company Limited (人保資本股權投資有限公司), which is ultimately wholly owned by The People's Insurance Company (Group) of China Limited (中國人民保險集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601319) and the Stock Exchange (stock code: 1339) ("**PICC**"). The largest limited partner of PICC Beijing with 66.47% partnership interest is PICC Life Insurance Co., Ltd. (中國人民人壽保險股份有限公司), which is owned by PICC as to 71.08%. Each of PICC Beijing, PICC Capital Equity Investment Company Limited and PICC Life Insurance Co., Ltd. is an Independent Third Party. PICC Beijing had made investments in several healthcare and biotech companies. Our Company became acquainted with PICC Beijing in its ordinary course of operations through the Group's business network.

Jiangxi AM Holding

Jiangxi AM Holding is a limited liability company established under the laws of the PRC on May 8, 2004, and held as to 90% by the State-owned Asset Supervision and Administration Commission of Jiangxi Province (江西省國有資產監督管理委員會) and 10% by Jiangxi Administrative Asset Group Co., Ltd. (江西省行政事業資產集團有限公司). Each of Jiangxi AM Holding, the State-owned Asset Supervision and Administration Commission of Jiangxi Province and Jiangxi Administrative Asset Group Co., Ltd. is an Independent Third Party. Jiangxi AM Holding had made investments in several industries including manufacture, funds, vehicles, real estate and healthcare. Our Company became acquainted with Jiangxi AM Holding in its ordinary course of operations through the Group's business network.

Beijing Rimag

Beijing Rimag is a limited partnership established under the laws of the PRC on June 4, 2019, whose general partner is Ms. Xie Jingjing (謝菁菁), an employee of our Group. Beijing Rimag is an investment holding platform with certain limited partners being employees of our Company.

Ganjiang Development

Ganjiang Development is a limited liability company established under the laws of the PRC on December 30, 2016, which is wholly owned by Ganjiang New Area Urban Construction Industry Co., Ltd. (贛江新區城市建設實業有限公司), a state-owned enterprise. Each of Ganjiang Development and Ganjiang New Area Urban Construction Industry Co., Ltd. is an Independent Third Party. Ganjiang Development had made investments in several healthcare and technology companies. Our Company became acquainted with Ganjiang Development in its ordinary course of operations through the Group's business network.

Beijing Meiyue Consulting

Beijing Meiyue Enterprise Consulting Center (Limited Partnership) (北京美越企業諮詢中心(有限合夥)) is a limited partnership established under the laws of the PRC on July 29, 2020, whose general partner and largest limited partner with 25.0% partnership interest is Zhu Minqiang (朱敏强). Each of Beijing Meiyue Enterprise Consulting and Zhu Mingqiang is an Independent Third Party. Beijing Meiyue Consulting is an investment platform established by a group of individuals. Our Company became acquainted with Beijing Meiyue in its ordinary course of operations through the Group's business network.

Zaozhuang Ruiqing

Zaozhuang Ruiqing is a limited partnership established under the laws of the PRC on May 11, 2020. The general partner of Zaozhuang Ruiqing is Beijing GAGE Capital Management Co., Ltd. (北京疆亘資本管理有限公司) ("**Beijing GAGE**") which is held as to 65% by Bailong Baili (Beijing) Material Equipment Co., Ltd. (百隆百力(北京)物資設備有限公司), which is in turn held as to 55% and 45% by Wang Jianying (王建英) and Liu Yuesheng (劉月升). The sole limited partner with 99.9% partnership interest of Zaozhuang Ruiqing is Quanzhou Changhong Xinger Equity Investment Partnership (Limited Partnership) (泉州常弘星爾股權投資合夥企業(有限合夥)), whose general partner is Beijing GAGE. Each of Beijing GAGE, Quanzhou Changhong Xinger Equity Investment Partnership (Limited Partnership), Bailong Baili (Beijing) Material Equipment Co., Ltd., Wang Jianying and Liu Yuesheng is an Independent Third Party. Our Company became acquainted with Zaozhuang Ruiqing in its ordinary course of operations through the Group's business network.

Zaozhuang Ruizhi

Zaozhuang Ruizhi is a limited partnership established under the laws of the PRC on May 11, 2020. The general partner of Zaozhuang Ruizhi is Beijing Yuntai Investment Management Co., Ltd. (北京允泰投資管理有限公司) which is held as to 70% by Wang Zhenlong (王振龍). Zaozhuang Ruizhi is an investment platform established by a group of individuals, with no single limited partner holding 30% or more limited partnership in Zaozhuang Ruizhi. Each of Zaozhuang Ruizhi, Beijing Yuntai Investment Management Co., Ltd. and Wang Zhenlong is an Independent Third Party. Our Company became acquainted with Zaozhuang Ruizhi in its ordinary course of operations through the Group's business network.

Mr. Yang Jun

Mr. Yang Jun has over 20 years of experience in sales and marketing in a series of companies including companies engaged in medical equipment. Mr. Yang is an Independent Third Party. Our Company became acquainted with Mr. Yang through Mr. Hu Gang, a former employee.

JD Yingzheng

JD Yingzheng is a limited liability company established under the laws of the PRC on July 8, 2021, which is ultimately wholly owned by JD Health International Inc. (a company listed on the Stock Exchange, stock code: 6618). Each of JD Yingzheng and JD Health International Inc. is an Independent Third Party. JD Yingzheng had also made investment in a healthcare fund. Our Company became acquainted with JD Yingzheng in its ordinary course of operations through the Group's business network.

OrbiMed

WWH is a publicly-listed trust organized under the laws of England and Wales, with OrbiMed Capital LLC acting as its portfolio manager. OGF and ONH are exempted limited partnerships incorporated under the laws of the Cayman Islands, with OrbiMed Advisors LLC acting as their investment manager. OrbiMed Capital LLC and OrbiMed Advisors LLC exercise voting and investment power through a management committee comprised of Carl L. Gordon, Sven H. Borho, and W. Carter Neild. OrbiMed invests globally in the healthcare sector with investments ranging from early-stage private companies to large multinational corporations. Each of WWH, OGF, ONH, OrbiMed Capital LLC and OrbiMed Advisors LLC is an Independent Third Party. Our Company became acquainted with OrbiMed in its ordinary course of operations through the Group's business network.

Ningbo Zhuda

Ningbo Zhuda is a limited partnership established under the laws of the PRC on August 31, 2018, whose general partner was Shanghai Hoye Equity Investment Management Center (Limited Partnership) (上海厚毅股權投資管理中心(有限合夥), the general partner of which is Wang Cun (王村). The largest limited partner with approximately 55.56% partnership interest in Ningbo Zhuda is Zhou Guosheng (周國勝). Each of Ningbo Zhuda, Shanghai Hoye Equity Investment Management Center (Limited Partnership), Zhou Guosheng and Wang Cun is an Independent Third Party. Our Company became acquainted with Ningbo Zhuda in its ordinary course of operations through the Group's business network.

Novel Wealth

Novel Wealth is a limited liability company established under the laws of Hong Kong on September 11, 2020, which is owned by Novel Capital Holding Group Limited, which is in turn wholly owned by Yin Xi (尹曦). Each of Novel Wealth, Novel Capital Holding Group Limited and Yin Xi is an Independent Third Party. Our Company became acquainted with Novel Wealth in its ordinary course of operations through the Group's business network.

Shaanxi Hongrui

Shaanxi Hongrui is a limited liability company established under the laws of the PRC on July 13, 2010, which is wholly owned by Shaanxi Hongrui Investment Group Co., Ltd. (陝西鴻瑞投資集團有限公司), which is in turn held by Wang Shichun (王世春) and Wang Xinfang (王新芳) as to

90% and 10%, respectively. Each of Shaanxi Hongrui, Shaanxi Hongrui Investment Group Co., Ltd., Wang Shichun and Wang Xinfang is an Independent Third Party. Our Company became acquainted with Shaanxi Hongrui in its ordinary course of operations through the Group's business network.

Zhongjin Zhihe

Zhongjin Zhihe is a limited partnership established under the laws of the PRC on June 1, 2022, whose general partner and largest partner with 64% partnership interest is Feng Gang (馮鋼). Feng Gang is an Independent Third Party and currently holds 5% interest in Yingtan Rimag Medical Imaging Diagnosis Co., Ltd. (鷹潭市一脈陽光醫學影像診斷有限公司) and 35% interest in Fengcheng Rimag Medical Imaging Center Co., Ltd. (豐城市一脈陽光醫學影像中心有限公司), both of which are our subsidiaries. Each of the remaining two limited partners of Zhongjin Zhihe and their respective ultimate beneficial owners is an Independent Third Party, being Wu Di (吳迪) who holds 30% interest in Zhongjin Zhihe and Gongqingcheng Zhongjin Huajia Consumer Partnership Enterprise (Limited Partnership) 共青城中錦華嘉大消費產業投資合夥企業 (有限合夥) ("**Zhongjin Huajia**") which holds the remaining 6% interest as a limited partner in Zhongjin Zhihe. Zhongjin Huajia is in turn held by Gongqingcheng Jinrui Investment Partnership Enterprise (Limited Partnership) 共青城錦瑞投資合夥企業（有限合夥）("**Jinrui Investment**") as to approximately 93.54% interest as its general partner, with other six individuals collectively holding a total of approximately 6.45% interest as its limited partners. Jinrui Investment is controlled by Wang Jindong (王錦東), who holds approximately 5.0771% interest in Nanchang RIMAG. Our Company became acquainted with Zhongjin Zhihe through Mr. Feng Gang. Mr. Feng Gang had been an investor of Fengcheng Rimag Imaging since 2019.

Zhihe Phase II

Zhihe Phase II is a limited partnership established under the laws of the PRC on April 1, 2022, whose general partner is Zou Yong (鄒勇), and its limited partners were Lv Ping (呂平) and Fan Rongzheng (范榮征) with 30% and 30% limited partnership interests, respectively. Each of Zhihe Phase II, Zou Yong, Lv Ping and Fan Rongzheng is an Independent Third Party. Our Company became acquainted with Zhihe Phase II through Tongfu Fund, our former Shareholder.

Zeng Delu

Mr. Zeng Delu has over 15 years of experience in sales and marketing in a series of companies. Mr. Zeng is an Independent Third Party. Our Company became acquainted with Zeng Delu through Changsha Tianling, our former Shareholder.

Fenyong Technology

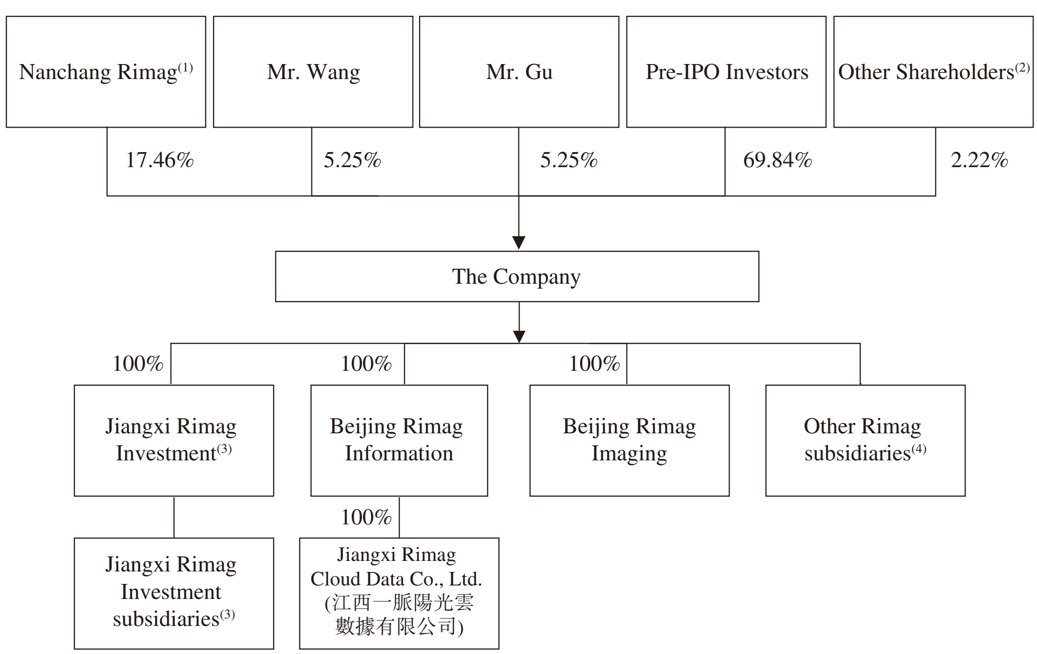
Fenyong Technology is a limited liability company established under the laws of the PRC on December 23, 2022, which is wholly owned by Zhejiang Jinke Tom Culture Industry Co., Ltd. (浙江金科湯姆貓文化產業股份有限公司), a company listed on Shenzhen Stock Exchange ChiNext Market (stock code: 300459). Each of Fenyong Technology and Zhejiang Jinke Tom Culture Industry Co., Ltd. is an Independent Third Party. Our Company became acquainted with Fenyong Technology through Zhongjin Zhihe, our Shareholder.

Compliance with the Guide for New Listing Applicants on Pre-IPO Investment

On the basis that (i) the considerations for the Pre-IPO Investments will be settled 120 clear days before the Listing Date, and (ii) all the special rights granted to the Pre-IPO Investors will be terminated upon the Listing, the Sole Sponsor has confirmed that the Pre-IPO investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants.

Corporate and Shareholding Structure

The following chart sets out the shareholding and corporate structure immediately prior to the completion of the Global Offering:



Notes:

(1) As of the Latest Practicable Date, Nanchang Rimag is held by Mr. Chen Zhaoyang as general partner as to 4.8746%, and 42 limited partners as to 95.1254%, all of whom being our current or former employees or consultants including Zou Qinghua (鄒慶華) as to 14.7237%, Liang Li (梁力) as to 10.1542%, Zhou Xiaoyan (周小炎) as to 9.3927%, Chen Junjun (陳俊俊) as to 6.3851%, Wang Jindong (王錦東) as to 5.0771%, Yu Kaitao (于開濤) as to 5.0771%, Chen Guangwei (陳光偉) as to 5.0771%, He Yingfei (何英飛) as to 4.8740%, You Zongdi (由宗弟) as to 3.1732%, Feng Xie (馮勰) as to 3.0463%, Liu Jianping (劉建平) as to 2.8102%, Cao Ying (曹影) as to 2.5386%, Ning Ke (寧可) as to 2.5386%, Chen Tao (陳濤) as to 2.5386%, Xu Ke (徐克) as to 2.5386%, Huang Junjie (黃俊杰) as to 1.7262%, Wang Guiping (王桂平) as to 1.6273%, Huang Yu (黃宇) as to 1.3938%, Xie Jingjing (謝菁菁) as to 1.1983%, Li Feiyu (李飛宇) as to 1.1239%, Yan Xinjun (晏欣珺) as to 1.0154%, Liu Qing (劉青) as to 0.8631%, Liu Qiuying (劉秋英) as to 0.8123%, Liu Weisheng (劉偉勝) as to 0.6947%, Han Xiangjun (韓向君) as to 0.6600%, Guo Yifan (郭一凡) as to 0.4931%, Xie Menglin (謝夢琳) as to 0.4062%, Li Zhiqiang (李志强) as to 0.4062%, Liu Zhaohui (劉朝輝) as to 0.3227%, Zhou Xiang (周祥) as to 0.3046%, Xue Yuansheng (薛源生) as to 0.2539%, Tu Fengtao (涂豐濤) as to 0.2031%, Wu Lina (吳麗娜) as to 0.2031%, Zhang Shuai (張帥) as to 0.2031%, Meng Tao (孟滔) as to 0.2031%, Fang Qiulin (方秋林) as to 0.2031%, Jiang Tao (江濤) as to 0.1523%, Li Yan (李艷) as to 0.1523%, Liu Yongkui (劉勇奎) as to 0.1523%, Nie Nian (聶念) as to 0.1523%, Zhou Jianjun (周建軍) as to 0.1523%, and Hou Weifu (侯為福) as to 0.1015%.

(2) Other Shareholders include Mr. Zhou Xiaoyan, Mr. Yu Kaitao, and Mr. Luo Lifang.

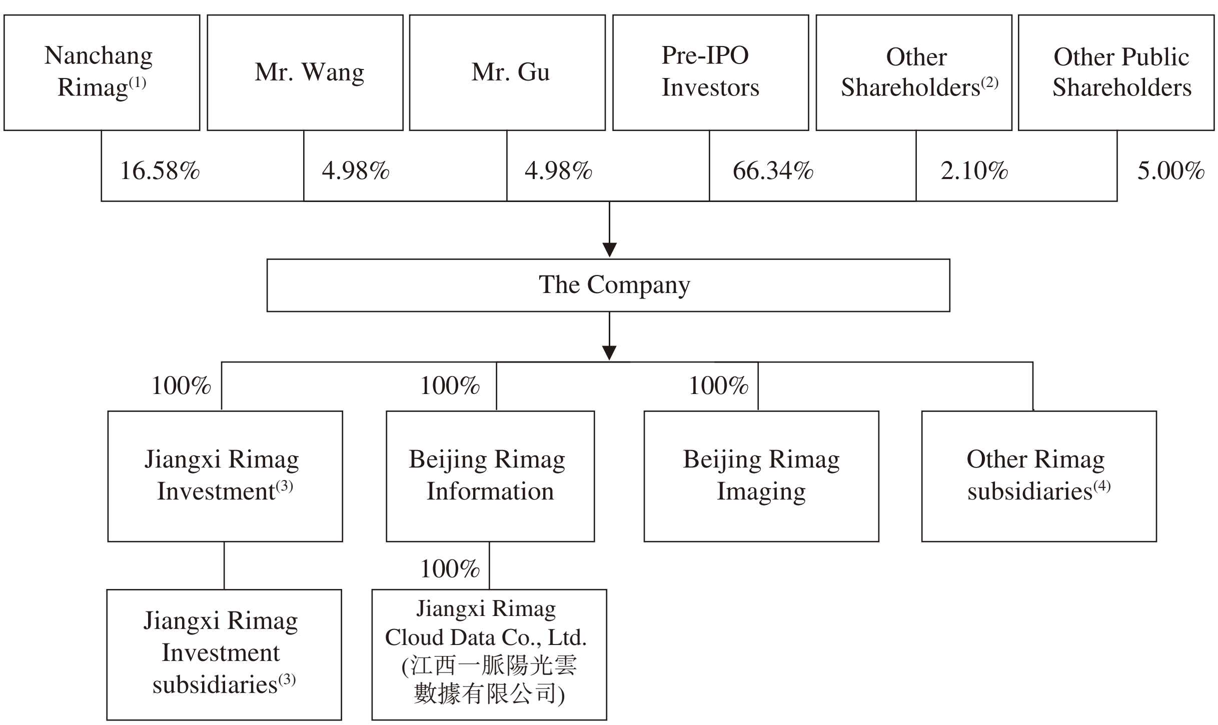
(3) 16 subsidiaries under Jiangxi Rimag Investment including (a) Yingtan Rimag Medical Imaging Diagnosis Co., Ltd. (鷹潭市一脈陽光醫學影像診斷有限公司) held as to 95% and 5% by Jiangxi Rimag Investment and Feng Gang, respectively; (b) Fuliang Rimag Medical Imaging Diagnosis Co., Ltd. (浮梁一脈陽光醫學影像診斷有限公司) held as to 70% and 30% by Jiangxi Rimag Investment and Cheng Quan (程泉), respectively; (c) Anfu Rimag Medical Imaging Center Co., Ltd. (安福一脈陽光醫學影像中心有限公司) held as to 66%, 30%, 2% and 2% by Jiangxi Rimag Investment, Zhang Kaihui (張凱輝), You Qiangqiang (游强强) and Liu Weisheng (劉偉勝). Liu Weisheng is a connected person of our Group at subsidiary level, while each of Zhang Kaihui and You Qiangqiang is an Independent Third Party; (d) Fengcheng Rimag Medical Imaging Center Co., Ltd. (豐城市一脈陽光醫學影像中心有限公司) held as to 60%, 35% and 5% by Jiangxi Rimag Investment, Feng Gang (馮鋼) and Liu Weisheng (劉偉勝), Liu Weisheng being a connected person of our Group at the subsidiary level and Feng Gang being an Independent Third Party; (e) Jiangxi Rimag Shenghe Medical Technology Co., Ltd. (江西一脈盛和醫療科技有限公司) held as to 55%, 30% and 15% by Jiangxi Rimag Investment, Cao Bao'an (曹寶安) and Liu Fangzhao (劉芳照), each being a connected person of our Group at the subsidiary level; and (f) wholly-owned subsidiaries of Jiangxi Rimag Investment including Xinyu Rimag Medical Imaging Co., Ltd. (新余一脈陽光醫學影像有限公司), Shicheng Rimag Medical Imaging Co., Ltd. (石城一脈陽光醫學影像有限公司), Leping Rimag Medical Imaging Co., Ltd. (樂平一脈陽光醫學影像有限公司), Nanchang Rimag Medical Imaging Diagnosis Co., Ltd. (南昌一脈陽光醫學影像診斷有限公司), Fuzhou Rimag Medical Imaging Co., Ltd. (撫州一脈陽光醫學影像有限公司), Jiangxi Rimag Yingcheng Medical Service Co., Ltd. (江西一脈影成醫療服務有限公司), Fenyi Rimag Medical Imaging Co., Ltd. (分宜一脈陽光醫學影像有限公司), Nanchang Rimag Comprehensive Clinic Co., Ltd. (南昌一脈陽光綜合門診部有限公司), Yushan Rimag Medical Imaging Co., Ltd. (玉山一脈陽光醫學影像有限公司), Suichuan Rimag Medical Imaging Co., Ltd. (遂川一脈陽光醫學影像有限公司) and Ganzhou Tiangao Rimag Medical Imaging Co., Ltd. (贛州天羔一脈陽光醫學影像有限公司).

(4) 42 subsidiaries under our Company including (a) Shandong Sunshine Doctor Group Management Co., Ltd. (山東陽光醫生集團管理有限公司) held as to 98%, 1% and 1% by our Company, Liu Yan (劉燕) and Ma Junjie (馬俊杰), each being an employee of our Group, respectively; (b) Changchun Rimag Medical Imaging Diagnosis Center Co., Ltd. (長春一脈陽光醫學影像診斷中心有限公司) held as to 85% and 15% by our Company and Zhang Chunyu (張春禹), respectively; (c) Wan'an Rimag Medical Imaging Diagnosis Center Co., Ltd. (萬安一脈陽光醫學影像診斷中心有限公司) held as to 76%, 20%, 3% and 1% by our Company, Jiangxi Tongxinyuan Medical Equipment Co., Ltd. (江西同心圓醫療器械有限公司), Liu Weisheng and You Qiangqiang, respectively; (d) Enshi Rimag Medical

Imaging Co., Ltd. (恩施市一脈陽光醫學影像有限公司) held as to 70% and 30% by our Company and Luo Zikang (駱子康), respectively; (e) Liaoning Rimag Medical Imaging Diagnosis Center Co., Ltd. (遼寧一脈陽光醫學影像診斷中心有限公司) ("**Liaoning Rimag Medical**") held as to 70%, 20%, 5% and 5% by our Company, Zhao Wenbing being one of our Pre-IPO Investors, Ning Ke (寧可) being a former Director and Xu Ke being our executive Director, respectively; (f) Shandong Rimag Medical Technology Co., Ltd. (山東一脈陽光醫療科技有限公司) held as to 70% and 30% by our Company and Yu Kaitao, respectively; (g) Xixian New District Rimag Medical Imaging Diagnosis Co., Ltd. (西咸新區一脈陽光醫學影像診斷有限公司) held as to 65%, 23% and 12% by our Company, Wang Zhe (王哲) and Shanghai Dohe Trading Co., Ltd. (上海多和貿易有限公司), each being a connected person of our Group at the subsidiary level respectively; (h) Shenyang Rimag Shennan Medical Imaging Diagnosis Co. Ltd. (瀋陽一脈陽光瀋南醫學影像診斷有限公司) held as to 65% and 35% by our Company and Zhao Wenbing, being one of our Pre-IPO Investors, respectively; (i) Gengma Rimag Medical Imaging Co., Ltd. (耿馬一脈陽光醫學影像有限公司) held as to 65%, 30% and 5% by our Company, Kunming Zixuan Yingjia Medical Service Co., Ltd. (昆明紫璇盈佳醫療服務有限公司) and Li Zhen (李振), respectively; (j) Chengdu Rimag Jiashi Medical Imaging Diagnosis Center Co., Ltd. (成都一脈佳士醫學影像診斷中心有限公司) held as to 61% and 39% by our Company and Jiashi Health Industry Group Co., Ltd. (佳士健康產業集團有限公司), respectively; (k) Zhengzhou Rimag Medical Imaging Diagnosis Center Co., Ltd. (鄭州一脈陽光醫學影像診斷中心有限公司) held as to 60% and 40% by our Company and Yikang (Shenzhen) Medical and Health Industry Co., Ltd. (醫康(深圳)醫療健康產業股份公司), respectively; (l) Yichang Rimag Medical Imaging Diagnosis Center Co., Ltd. (宜昌市一脈陽光醫學影像診斷中心有限公司) held as to 60% and 40% by our Company and Hubei Bangkang Investment Management Co., Ltd. (湖北邦康投資管理有限公司), respectively; (m) Qiqihar Rimag Medical Imaging Diagnosis Center Co., Ltd. (齊齊哈爾一脈陽光醫學影像診斷中心有限公司) held as to 73%, 12%, 11.25% and 3.75% by our Company, Li Jing (李競) and Wang Boliang (王伯良) (both third parties being connected persons of our Group at the subsidiary level) and Shen Jing Hua (沈景華) (an Independent Third Party); (n) Hunan Rimag Medical Imaging Diagnosis Center Co., Ltd. (湖南一脈陽光醫學影像診斷中心有限公司) held as to 55% and 45% by our Company and Changsha Chiyingbaotai Medical Technology Consulting Partnership (Limited Partnership) (長沙持盈保泰醫療科技諮詢合夥企業(有限合夥)), respectively; (o) Liaocheng Rimag Medical Imaging Diagnosis Co., Ltd. (聊城市一脈陽光醫學影像診斷有限公司) held as to 55% and 45% by our Company and Shandong Hezhong Yifang Investment Co., Ltd. (山東合眾易方投資有限公司), respectively; (p) Xiangtan Rimag Medical Imaging Diagnosis Co., Ltd. (湘潭一脈陽光醫學影像診斷有限公司) held as to 64%, 16%, 15% and 5% by our Company, Deng Xin (鄧欣), Yan Yangjun (晏陽俊) and Chen Yunling (陳運玲), each being a connected person of our Group at subsidiary level, respectively; (q) Fuzhou Rimag Medical Imaging Diagnosis Center Co., Ltd. (福州一脈陽光醫學影像診斷中心有限公司) held as to 51%, 34% and 15% by our Company, Fujian Kangda Medical Industry Development Co., Ltd. (福建康達醫療產業發展有限公司) and Fujian Tongdao Doctorhui Medical Investment Co., Ltd. (福建同道醫師匯醫療投資有限公司), respectively; (r) Hainan Rimag Medical Investment Management Co., Ltd. (海南一脈陽光醫療投資管理有限公司) ("**Hainan Rimag**") held as to 51% and 49% by our Company and Cai Lijian (蔡麗堅), respectively; (s) Zhaoqing Rimag District Medical Imaging Diagnosis Center Co., Ltd. (肇慶一脈陽光區域醫學影像診斷中心有限公司) wholly owned by Hainan Rimag; (t) Shehong Jiashi Rimag Medical Imaging Diagnosis Co., Ltd. (射洪佳士一脈醫學影像診斷有限公司) held as to 51% and 49% by our Company and Jiashi Health Industry Group Co., Ltd. (佳士健康產業集團有限公司), respectively; (u) Suihua Rimag Medical Imaging Center Co., Ltd. (綏化一脈陽光醫學影像中心有限公司) held as to 95% and 5% by our Company and Pan Yong (潘勇), a connected person at subsidiary level, respectively; (v) Anyang Rimag Medical Imaging Co., Ltd. (安陽一脈陽光醫學影像有限公司) held as to 85%, 8% and 7% by our Company, Li Qiuhong (李秋紅) and Zhang Xiaoyan (張曉燕), respectively; (w) Hubei Zhiying held as to 90% and 10% by our Company and Kaixian Capital Management Co., Ltd. (開弦資本管理有限公司), respectively. Kaixian Capital Management Co., Ltd. is a connected person of our Group at subsidiary level; (x) Jinan Rimag Xinglin Medical Imaging Diagnosis Co., Ltd. (濟南一脈陽光杏林醫學影像診斷有限公司) held as to 65%, 20%, 10% and 5% by our Company, Shandong National Medical Group Co., Ltd. (山東國醫醫療集團有限公司), Shandong Maishutong Medical Technology Co., Ltd. (山東脈數通醫療科技有限公司) and Jinan Huizhong Medical Equipment Co., Ltd. (濟南惠衆醫療設備有限公司) respectively; (y) Jiangxi Rimag Bohai Medical Imaging Co., Ltd. (江西一脈陽光博海醫學影像有限公司) held as to 60% and 40% by our Company and Jiangxi Bohai Chuangfu Medical Management Co., Ltd. (江西博海創富醫療管理有限公司), respectively; (z) Shenyang Rimag Comprehensive Clinic Co., Ltd. (瀋陽一脈陽光綜合門診部有限公司) which is wholly-owned by Liaoning Rimag

Medical; (aa) Shaanxi Rimag Yutai Medical Technology Co., Ltd. (陝西一脈裕泰醫療科技有限公司) held as to 51% by our Company and 49% by Xi'an Jinxi Xiangyuan Enterprise Management Service Co., Ltd. (西安錦希祥遠企業管理服務有限公司); (bb) Wenzhou Rimag Yiying Medical Imaging Diagnosis Co., Ltd. (溫州一脈頤影醫學影像診斷有限公司) held as to 60% by our Company and 40% by Wenzhou Yiying Health Clinic Hospital Co., Ltd. (溫州頤影健診醫院有限公司); (cc) Rimag Cloud Medical Technology (Beijing) Co., Ltd. (一脈雲醫學科技(北京)有限公司) held as to 60% by our Company and 40% by Shandong Juhua Enterprise Management Consulting Co., Ltd. (山東巨華企業管理諮詢有限公司); (dd) Weifang Rimag Medical Imaging Diagnosis Co., Ltd. (濰坊一脈陽光醫學影像診斷有限公司) held as to 70% by our Company and 30% by Weifang Siyue Enterprise Management Co., Ltd. (濰坊肆月企業管理有限公司); and (ee) our wholly-owned subsidiaries including Qiqihar Nianzishan Rimag Medical Imaging Diagnosis Center Co., Ltd. (齊齊哈爾市碾子山區一脈陽光醫學影像診斷中心有限公司) Yantai Rimag Medical Imaging Diagnosis Center Co., Ltd. (煙台一脈陽光醫學影像診斷中心有限公司), Shaoxing Keqiao Rimag Medical Imaging Hospital Co., Ltd. (紹興柯橋一脈陽光醫學影像醫院有限公司), Jiangxi Rimag Medical Technology Service Co., Ltd. (江西一脈陽光醫學科技服務有限公司), Xinyang Rimag Medical Imaging Diagnosis Center Co., Ltd. (信陽一脈陽光醫學影像診斷中心有限公司), Lianyungang Rimag Medical Imaging Co., Ltd. (連雲港一脈陽光醫學影像有限公司), Wenjiang Rimag Internet Hospital Co., Ltd. (成都溫江一脈陽光互聯網醫院有限公司), Enshizhou Jianshixian Rimag Medical Technology Co., Ltd. (恩施州建始縣一脈陽光醫療科技有限公司), Jiaozuo Rimag Medical Imaging Co., Ltd. (焦作一脈陽光醫學影像有限公司), Chibi Rimag Medical Technology Co., Ltd. (赤壁市一脈陽光醫療科技有限公司) Beijing Rimag Yuntai Medical Devices Co., Ltd. (北京一脈雲泰醫療器械有限公司) and Rimag Medical Imaging (Hong Kong) Co., Limited (一脈陽光醫學影像(香港)有限公司).

The following chart illustrate our corporate and shareholding structure immediately after the completion of the Global Offering and the Conversion of Unlisted Shares into H Shares:



Notes (1) to (4): Please refer to the shareholding and corporate structure immediately prior to the completion of the Global Offering.

Overview

We are a leading medical group specialized in medical imaging in China. According to Frost & Sullivan, the PRC third-party medical imaging center market is still at the ramp-up stage with a relatively late start in comparison with that in developed countries, and it accounted for approximately 1.1% of the PRC medical imaging service market in 2023. In 2023, we ranked first among all PRC third-party medical imaging center operators in terms of the number of medical imaging centers in the network, number of units of equipment, number of registrations by practicing radiologists who are registered with us as the primary workplace, average daily screening volume and fees paid by patients; and in terms of revenue generated from imaging center services in 2023, we ranked second among all PRC third-party medical imaging center operators, according to Frost & Sullivan. See "Industry Overview — Competitive Landscape." We mainly compete in the PRC third-party medical imaging center market, a fast-growing segment whose market size grew at a CAGR of 29.0% from 2018 to 2023 and is expected to grow with a CAGR of 33.5% from 2023 to 2026, far exceeding that of 12.9% and 14.3% of the PRC medical imaging service market during the same periods, respectively. We are also the only operator and manager of a medical imaging platform that provides diversified imaging services and value to the entire medical imaging industry chain in China, as the other four players among top five players (in terms of fees paid by patients) in the PRC third-party medical imaging center market do not concurrently provide solutions and services comparable to our imaging solution services and Rimag Cloud services, according to the same source.

We generate revenue mainly through the following medical imaging services and solutions:

- ***Imaging Center Services.*** We offer imaging examination and diagnostic services to patients and other healthcare consumers via our flagship imaging centers, such as MRI, CT, PET, X-ray, ultrasound and mammography. In addition, we provide medical institutions with services such as medical imaging service, equipment selection and configuration, infrastructure renovation services and operational management services based on their needs through our regional collaborative imaging centers, specialized medical consortium imaging centers and operational management imaging centers, and charge the medical institutions a service fee based on the content of the services provided.

- ***Imaging Solution Services.*** We commenced the provision of imaging solution services to customers in 2019. Our imaging solution services mainly help medical institution customers, such as hospitals, select and acquire appropriate imaging equipment that meets their development needs, and a series of accompanying modular solutions to maximize the utility value of imaging equipment. We are entitled to receive payment based on the medical imaging equipment and/or our modular services and solutions for factors including the market prices of imaging equipment we help select for customers, the content and number of service modules chosen by our customers, our costs in providing the relevant solutions and length of service term.

- ***Rimag Cloud Services.*** We have continually invested in and developed our Rimag Cloud platform to bolster the development of our imaging center services business, informatization management and data-driven operations. In 2018, as our products and services continued to mature, we commercialized our Rimag Cloud services and offered such services under our Rimag brand to the PRC medical imaging industry. We authorize customers to use our Rimag Cloud platform or some of its modules, and provide follow-up data storage, data analysis and other services and we charge customers service fees based on storage volume and number of usage instances, or fixed annual fees, among other things. Customers can also choose one-time purchases of software according to their resources and capacity, and we charge customers a one-time fee per software sale.

During the Track Record Period, we have generated the majority of our revenue from provision of imaging center services. We have taken an approach to establish and operate a medical imaging center network and explore service models under the hierarchical diagnosis and treatment system in China with the aim to promote the extension of quality medical resources to the primary healthcare system and balance the distribution of such resources in line with aforementioned favorable policies and industry trends since our inception in 2014. See " — Competitive Landscape." Covering 17 provinces, autonomous regions and municipalities and spanning first- and second-tier cities to 59 county-level divisions, our medical imaging center network consisted of 97 imaging centers, including: (i) nine flagship imaging centers; (ii) 24 regional collaborative imaging centers; (iii) 50 specialized medical consortium imaging centers; and (iv) 14 operational management imaging centers as of December 31, 2023. We uphold the concept of "clinically targeted imaging services" throughout the establishment, management and operation of our medical imaging center network with advanced imaging equipment, quality professional team, standard operating procedure ("**SOP**") system and personnel training system to ensure quality and consistent delivery of services.

Through operating imaging centers owned by us and providing operational management services to other imaging centers, we have accumulated and maintained solid service capabilities in medical imaging. After rapid business expansion, we have realized the scale advantage in operating imaging centers and established a leading position in the PRC third-party medical imaging center industry. Benefiting from the increasing demand from patients for medical imaging examination and diagnosis and favorable government policies, the PRC third-party medical imaging center market has been steadily developing in recent years and is expected to further expand. According to Frost & Sullivan, the size of this market by revenue grew from RMB0.8

billion in 2018 to RMB2.9 billion in 2023, at a CAGR of 29.0%, despite the impact of the COVID-19 pandemic during the Track Record Period and is expected to reach RMB18.6 billion in 2030, growing at a CAGR of 30.7% from 2023 to 2030. We believe we are well positioned to capture the market potentials based on our leading position in the PRC third-party medical imaging center industry.

We experienced significant growth in revenue and gross profit during the Track Record Period. Our total revenue increased by 32.5% from RMB592.0 million in 2021 to RMB784.4 million in 2022 and further increased by 18.4% to RMB928.9 million in 2023, representing a CAGR of 25.3% from 2021 to 2023. Our gross profit increased by 35.3% from RMB175.2 million in 2021 to RMB237.0 million in 2022 and further increased by 40.4% to RMB332.6 million in 2023, representing a CAGR of 37.8% from 2021 to 2023.

We set out below an overview of our major business lines:

Introduction of business lines	Commercial rationale
I. Imaging Center Services	Our imaging center service business model is designed to address the various pain points they face:
A. Flagship Imaging Centers (旗艦型影像中心)	• we provide diversified imaging examination and diagnostic services as large hospitals are usually overcrowded and small-to-medium sized hospitals sometimes lack imaging equipment. We believe such an arrangement enables us to take advantage of the different market demands for imaging services, as driven by the varied needs from patients and other healthcare consumers with relatively higher household purchasing power;
We usually set up imaging centers as independent legal entities with Medical Institution Practice Licenses in places where medical institutions are concentrated in first- and second-tier cities or provincial capitals/municipalities of China. These imaging centers have advanced imaging equipment, experienced professional teams, and a pleasant medical environment. They serve as exemplary centers for showcasing our medical services, expert competence, academic research, and corporate brand in the relevant regions and across the nation.	

Introduction of business lines	Commercial rationale
B. Regional Collaborative Imaging Centers (區域共享型影像中心) Our regional collaborative imaging centers are mainly located in the third-tier cities or below of China. Relying on one or more public/private medical institutions in the relevant regions, we build imaging centers as independent legal entities with Medical Institution Practice Licenses and in accordance with the Basic Standards for Medical Imaging Diagnostic Centers (Trial) issued by the NHFPC in 2016. These imaging centers integrate professional imaging resources within the relevant regions through distributed placement of imaging equipment, multi-site practice or recruitment of practitioners, so as to realize the sharing of data, equipment and professionals. Medical institutions in such regions can purchase medical imaging examination and diagnostic services, among other things, from these imaging centers.	• for city- and county-level hospitals facing pain points of lack of imaging equipment and deficient professional capabilities, we establish regional collaborative imaging centers equipped with advanced imaging equipment via cooperation with medical institutions in the region. The establishment of such imaging centers is expected to improve the capacity to offer professional imaging services in such regions, thereby allowing medical institutions in such regions to enjoy better quality medical imaging services while reducing relevant costs;
C. Specialized Medical Consortium Imaging Centers (專科醫聯體型影像中心) We form specialty imaging medical consortiums consisting of our medical imaging centers with practicing licenses of medical institutions and one or more medical institutions, as approved by local governments. Within such medical consortiums, we provide medical institutions with equipment deployment, infrastructure renovation, and diversified medical imaging operational management services, including professional skill improvement, operational management consulting, and informatization construction, among other things.	• for city- and county-level medical institutions facing pain points such as the inability to purchase imaging equipment and lack of skilled talents, we jointly establish specialized medical consortium imaging centers based on the pre-existing imaging departments of the relevant medical institutions, to facilitate the development of primary healthcare and better allocation of medical resources; and

Introduction of business lines	Commercial rationale
D. Operational Management Imaging Centers (運營管理型影像中心) We provide diversified operational management services to one or more medical institutions, including professional skill improvement, operational management consulting, and informatization construction, among other things, through our medical imaging service companies or imaging centers with practicing licenses of medical institutions. Such imaging centers are not involved with equipment deployment or infrastructure renovation services.	• for city- and county-level medical institutions with sufficient imaging equipment but lacking skilled radiologists, radiologic technologists and nurses, or professional operational management capabilities, we provide diversified services targeted at improvement of professional capabilities and operational management.
II. Imaging Solution Services We offer our imaging solution services to hospital customers that are in need of imaging equipment. We assist them in selecting and acquiring imaging equipment that suits their development needs, while offering accompanying modular solutions to maximize the utilization value of the imaging equipment, to ensure they can properly and effectively use the procured imaging equipment. Our imaging solution services mainly encompass equipment selection and configuration, infrastructure renovation, training services, repair and maintenance and Rimag Cloud platform services.	Our strong capabilities in operating and managing imaging centers in China has given us an advantage in accumulating professional proficiency and enhancing our operation management capabilities. We transform such capabilities into modular solutions, and offer them to help other medical institutions enhance their professional capabilities in equipment utilization. As we serve more customers, we have gradually developed the foregoing standardized solutions that are scalable and which can be customized to facilitate the operations of medical institutions. The customers of our imaging solution services can also be converted into customers of our operational management imaging center business through additional customer development.

Introduction of business lines

III. Rimag Cloud Services

We offer information services throughout the whole process of medical imaging based on our Rimag Cloud platform, which mainly include medical imaging workflow modules (such as remote diagnosis/consultation for complex cases, cloud storage and cloud film module, cloud radiology information system (RIS) services, cloud Picture Archive and Communication System (PACS) services, and imaging AI integration platform module) and operational management modules (such as refined operational management system and quality control system). We authorize medical institutions to use the Rimag Cloud services, and offer subsequent services, including operational maintenance and data analysis. Medical institutions can also purchase one or more modular services as needed.

Commercial rationale

Based on our understanding of the medical imaging services industry and rich knowledge and deep insights into the pain points of the entire service process, we have developed the Rimag Cloud platform to solve the major pain points of the various participants of the healthcare system:

- for patients: our cloud storage and cloud film module can provide patients with digital film for convenient access to images and reports; patients can also easily match with abundant medical resources on our platform.

- for clinicians: clinicians can accurately select suitable examination programs and obtain accurate diagnosis reports;

- for radiologic technologists: how to make the best use of imaging equipment and promptly complete scanning with assured quality;

- for radiologists: our imaging AI integration platform provides multiple AI tools with consolidated strengths to help radiologists to issue diagnosis reports with higher accuracy, thereby enabling them to increase their efficiencies and capabilities; and

- for hospital managers: Rimag Cloud Service provides visualized management tools for hospital management, as well as efficient and scientific management approaches for hospitals.

Our Strengths

We believe the following competitive strengths have contributed to our success and distinguished us from our competitors:

China's largest medical group specialized in medical imaging services, well-positioned in the rapidly evolving medical imaging industry in China to achieve fast growth

We were the largest medical group specialized in medical imaging in China, in terms of the number of imaging centers in the network, number of units of equipment, number of registrations by practicing radiologists who are registered with us as the primary workplace, average daily screening volume and fees paid by patients in 2023, according to Frost & Sullivan. In particular, as of December 31, 2023 among all PRC third-party medical imaging center operators:

- Our medical imaging center network covered the largest number of imaging centers in China, totaling 97 imaging centers in 17 provinces, autonomous regions and municipalities, and our imaging solution services served over 80 medical institutions;

- We were equipped with and managed the largest number of units of advanced imaging equipment in China at our flagship imaging centers and regional collaborative imaging centers, including PET, superconducting MRI and multi-slice spiral CT scanners, totaling more than 220 units;

- We had a total of over 230 registrations by practicing radiologists who are registered with us as the primary workplace; and

- The imaging centers operated by us conducted on average approximately 20,000 examinations per day in 2023, which was the highest in China.

In addition, in 2023, we ranked first among all PRC third-party medical imaging center operators in terms of fees paid by patients, according to the same source.

The value of medical imaging services is becoming increasingly prominent in medical practice as medical imaging technology continues to advance. Despite its rapid growth, the number of units of large medical imaging equipment such as MRI and CT scanners per capita and spending on medical imaging per capita in China are noticeably lower than in developed countries. According to Frost & Sullivan, the PRC third-party medical imaging center market is still at the ramp-up stage with a relatively late start in comparison with that in developed countries, and it accounted for approximately 1.1% of the PRC medical imaging service market in 2023.

Furthermore, high-quality medical imaging resources in China are predominantly concentrated in large-scale public hospitals, whereas the development of the primary healthcare system is lagging behind. In particular, there are insufficient radiologists and equipment in the primary healthcare system to meet the increasing imaging needs of patients. The penetration rate and market size of PRC third-party medical imaging centers are expected to further increase with favorable policies and regulations, including the hierarchical diagnosis and treatment initiative, encouraging private medical care, allowing multi-site practice of doctors, issuance of licenses for third-party medical imaging centers and lifting of licensing restraints for deploying large imaging equipment, coupled with the general public's increasing awareness of health management and in-depth physical check-ups. According to Frost & Sullivan, the penetration rate of third-party medical imaging centers is expected to reach 2.8% in 2030, and the size of this market is expected to reach RMB18.6 billion, growing at a CAGR of 30.7% from 2023 to 2030. As an industry leader, we are well-positioned to leverage the favorable policies and economies of scale to capture the sizable growth potential in the medical imaging services market in China with a proven track record of rapid business development behind our successful business model.

Efficient and standardized development and operational management systems that enable the rapid replication and expansion of imaging centers and revenue growth

We have adopted a top-down vertical management model to operate our imaging centers from our headquarters, to ensure the supervision and alignment of our execution of overall strategy and business plan as well as our implementation of intra-group policies and procedures. On this basis, we have devised a consistent imaging center development and operation approach, enabling us to achieve rapid replication of imaging centers and fast growth in revenue.

We have set up a strategic development system for imaging centers. We have a standardized management system that monitors the development progress of imaging center investment with respect to project initiation, assessment, commercial negotiations, site construction, and acquisition of relevant qualifications. After in-depth and multi-dimensional evaluations, we strategically establish projects at locations with undervalued potential. We minimize the costs of construction and equipment through large-scale procurement to ensure the return on investment in the imaging centers. The majority of regional collaborative imaging centers are expected to record a positive monthly net profit for the first time to reach the break-even point within the first year after opening.

We have established a multidimensional operational and management SOP system, covering key aspects of operating and managing imaging centers throughout various project stages before and after the commencement of operations, with support from the systems mentioned below to ensure the enhancement of the service capabilities and operational results at each imaging center:

- ***Quality control system.*** We have adopted an online and onsite dual-level quality control system. Online quality control consists of a cloud quality control system developed in-house by our medical imaging specialists, which randomly selects at least 1% of imaging scans and diagnostic reports on a double-blind basis for evaluation and scoring. This can effectively monitor the professional capabilities and work ethnics of the medical teams of each imaging center, and help promptly address weaknesses once discovered. Onsite quality control refers to periodic onsite inspections conducted by designated teams of specialists who visit each imaging center to evaluate the work performance and medical safety aspects of medical teams, and provide feedback and recommendations. This dual-level quality control system ensures quality consistency of medical services, controls medical risks and improves the overall professional capabilities of our medical teams.

- ***Training system.*** We regularly offer various forms of specialized training for diverse roles, in respect of diagnostic imaging, imaging technology and nursing, among other things. Our training programs are designed to enhance radiologists' specialized proficiency to better serve clinicians following the latest trend in China and overseas moving away from classifying imaging specialties by type of equipment (such as X-ray, CT and MR) towards classifying by part of the human body (such as head and neck, chest, abdomen and pelvis). We also have a dedicated mentor team which consists of experienced operational management personnel and medical specialists who are stationed at our imaging centers on a long-term basis to provide on-site guidance and facilitate the rapid advancement of the operational capabilities and professional proficiency of the imaging centers.

- ***Radiologist consultant team.*** We have engaged a team of leading experts from various specialties in the Chinese medical imaging field as our radiologist consultants. These experts provide academic guidance, participate in our training and coaching programs, and engage in consultations for challenging medical cases. Accordingly, we are able to share their expertise and enhance our brand influence, foster patient trust and attract more patients. Our radiologist consultant team consists of experts from reputable hospitals with remarkable academic reputations in the relevant specialties in China across 15 different fields covering cardiovascular, neurological, musculoskeletal, digestive and other specialties. Members of our radiologist consultant team have rich experience, and were at least attending physicians, 86.6% of whom were associate chief physicians or higher, as of December 31, 2023.

The number of medical imaging centers operated by us increased from 78 as of December 31, 2021 to 97 as of December 31, 2023, representing a CAGR of 11.5%. The revenue of our imaging center services also increased from RMB442.3 million in 2021 to RMB638.1 million in 2023, representing a CAGR of 20.1%.

Highly effective business model supported by our operational concept of "clinically targeted imaging services (影像服務臨床)" through maximizing the role and value of medical imaging in modern medical care

We are dedicated to continuously improving our expertise in medical imaging and promoting its use in medical practice. Unlike in European countries and the United States where medical imaging is highly valued in clinical practice, in China, the radiology department has long been labeled as "auxiliary." The selection and application of medical imaging procedures are often determined based on the needs of clinicians, which are largely limited by the clinicians' inadequate knowledge of the cutting-edge medical imaging technologies. Therefore, the potential of advanced imaging equipment may not be fully unleashed, while radiologists often lack knowledge about clinical specialties, which affects the comprehensiveness of their imaging diagnostic reports. Over time, the lack of interaction between clinicians and radiologists has become increasingly severe.

To address such pain point, we put forward the operational concept of "clinically targeted imaging services," based on which we have formed a highly effective business model to maximize the value of medical imaging and better serve clinicians.

In particular, we strive to enhance the interactions between radiologists and clinicians in addition to continually leveraging cutting-edge imaging technologies. We regularly organize discussions with radiologists and clinicians in forms such as academic conferences, doctor salon meetings, and multi-disciplinary consultations at each imaging center, to facilitate the mutual understanding of radiologists' and clinicians' respective needs. This helps promote the application of new medical imaging technologies in clinical practice, and also enables radiologists to provide more accurate and comprehensive imaging diagnostic reports for clinicians.

Meanwhile, we also track the workflow data of clinicians' selection of imaging examination procedures through a refined operational management system. By analyzing the relevant data, we evaluate the clinicians' grasp of imaging technologies and provide them with regular guidance. We believe that this approach can effectively improve the accuracy and adequacy of clinicians' selection of imaging examination methods based on their needs for disease diagnosis and treatment and enhance our imaging centers' capabilities to better serve clinicians by addressing their needs more precisely.

Based on the foregoing operational concept of "clinically targeted imaging services," we have developed an effective and competitive business model that has improved the capabilities and operational performance of our imaging centers. For example, at our flagship imaging centers, the available types of examination items of CT and MR expanded from 249 and 235, respectively, in 2021 to 256 and 244, respectively, in 2023, in line with the improvement in our professional proficiency. This has substantially enriched our service portfolio to satisfy more customers' needs. During the Track Record Period, we had experienced notable increases in revenue from our imaging center services.

First-mover advantage in participating in setting industry standards for medical imaging services as well as technology and data service capabilities as a result of continual R&D investment

Leveraging our strong technological capabilities, insights into the medical imaging industry and accumulation of knowledge in the process of operating imaging centers, we have become capable of setting standards relating to the construction, operation and management, ability assessment, and informatization of imaging centers, among other things. We also proactively participate in the formulation and promotion of several standards in the medical imaging services industry.

We believe that continual R&D investment sets the foundation for us to build strong technology capabilities. In 2021, 2022 and 2023, our research and development expenses were RMB11.9 million, RMB11.5 million and RMB12.8 million, respectively, representing 2.0%, 1.5% and 1.4% of our revenue, respectively. We have a highly experienced R&D team. As of December 31, 2023, the R&D team of our Rimag Cloud platform comprised 28 employees, with approximately 53.6% of the employees having a bachelor's degree or higher, and more than 50.0% with over ten years of work experience in the relevant fields. Our R&D team has rich knowledge in data analytics, AI, informatization, data middle platform, data security, as well as deep insights into the medical imaging service industry.

Leveraging the technology capabilities that we have accumulated, we are able to introduce a variety of products that serve the key participants in the medical imaging service value chain, such as the abovementioned refined operational management system as driven by the operating data of imaging centers, cloud-based workstations integrated with AI platforms for radiologists, and quality control platforms allowing real-time monitoring by managers. In particular, our integrated AI platform is capable of offering aiding tools to radiologists for diagnosis, effectively increasing their accuracy and efficiency in analyzing medical images. Our rich product portfolio enables us to expand our customers base and operate more imaging centers via chain operation. These imaging centers can connect to the cloud through our cloud service platform, laying the groundwork for imaging data collection. Moreover, we have set up a imaging data standardization system to ensure the quality of imaging data. Such massive and quality imaging data are the basis for the development of AI computing and AI algorithms. As of the Latest Practicable Date, we had entered into strategic cooperation agreements with five AI product providers.

Our rich data accumulated in the medical imaging field provide us with data insights that enable us to offer customers products and services that precisely satisfy their needs from health management to disease diagnosis and treatment. Based on the foregoing, we cooperate with participants along the industry value chain of imaging services, and in consideration of diversified needs from end users, including patients and healthcare consumers, we further utilize these accumulated multi-dimensional data to conduct more R&D activities such as automatic operation analysis focusing on the daily activities of imaging centers. We can also verify and optimize the performance of such analysis in the various settings of medical services, to further improve the efficiency of our services, thereby forming a virtuous circle.

Experienced management team and strong shareholder support

Our senior management team consists of members with rich management experience, from professional backgrounds across all aspects of our business, including clinical, medical services and informatization. The abilities and experience of our team members complement each other and provide all-round support for our development.

Our chairman of the Board, Dr. XU Ke, is a recognized professional with profound knowledge and rich experience in the medical imaging industry. He served as chief executive of the Radiology Branch of the Chinese Medical Association (14th Term) (中華醫學會放射學分會第十四屆主任委員), as president of the First Hospital of China Medical University.

Our CEO, Mr. CHEN Zhaoyang, is a professional manager with over 19 years of experience in the healthcare sector and a deep understanding of and insights into the third-party imaging center business. He previously served as general manager of Ping An International Financial Leasing Co., Ltd. (平安國際融資租賃有限公司). Mr. Chen graduated from the Health Science Center of Peking University, and has a thorough knowledge of the medical industry. For further details of our Directors and members of senior management, see "Directors, Supervisors and Senior Management."

Meanwhile, since our establishment, we have been backed by renowned investors, including Beijing GS, Baishan Investment, CICC Yingrun, PICC Beijing, JD Yingzheng and OrbiMed. In addition to their support financially, we benefit from their rich experience in the healthcare sector to drive our business expansion and formulate our development strategies. See "History and Corporate Structure."

Our Strategies

Our goal is to become the foremost medical group with a focus on imaging in China and worldwide. We aim to establish a dominant medical imaging solution service platform that can efficiently integrate resources across the industry value chain and promote a thriving entrepreneurial business network. To achieve this, we plan to implement the following strategies:

Further expand our medical imaging center network and enrich the offerings of our imaging solution services to strengthen our industry-leading position

We intend to strategically prioritize our resource integration and investments in regions with relatively uneven distribution of medical resources. In particular, we plan to establish or acquire regional collaborative imaging centers in regions where we have existing support from government policies and business partners and the potential of which has not yet been fully exploited, such as Jiangxi, Hubei, Fujian, and Henan provinces.

We plan to engage in further market development through expanding our service penetration to medical institutions in suburban and rural areas peripheral to where we have existing operations, such as village-and town-level medical institutions, and eventually achieve full regional coverage.

Meanwhile, based on our existing layout of the flagship imaging centers, we plan to establish or acquire more flagship imaging centers in high-tier cities with large populations, high levels of consumer spending, and highly differentiated demands.

We also aim to provide diversified medical imaging services, and strategically select regions with great potential for development. We intend to provide imaging solution services and Rimag Cloud services to potential customers to realize the rapid expansion of our business. In addition, we plan to grasp market opportunities with such customers and convert them to business partners of operational management imaging centers.

We estimated the total investments for expanding our medical imaging center network to be approximately HK$280.0 million. We expect to fund such expansion plans with cash generated from operations, funds raised in financing activities, and a portion of the net proceeds received from the Global Offering. In particular, we plan to use approximately 50.0% of the net proceeds from the Global Offering, or approximately HK$111.9 million, for expanding our medical imaging center network. See "Future Plans and Use of Proceeds."

Additionally, in the long run, we plan to enter overseas markets and establish or acquire imaging centers in certain countries that are undervalued and have medical needs and favorable policies.

We plan to use approximately 20.0% of the net proceeds from the Global Offering, or approximately HK$44.8 million, for extending our business to overseas countries and regions. See "Future Plans and Use of Proceeds." As of the Latest Practicable Date, we had not identified any potential investment or acquisition target or entered into any definite investment or acquisition agreement.

Continually invest in R&D to reinforce our Rimag Cloud service capabilities and further support the rapid and effective business expansion of our medical imaging centers and imaging solution services

As an essential tool that supports our operation and management of imaging centers and imaging solution services, the Rimag Cloud platform is also expected to be one of our future revenue growth drivers. We intend to continually invest in R&D, either through strengthening our in-house capabilities or cooperation with third parties. We expect to recruit personnel with rich experience in fields such as data analytics and information systems so as to develop platform products for the key participants in the medical imaging services industry, enrich our current cloud-based product portfolio, and continuously expand our service capabilities and offerings. In particular, we intend to increase our investment in the following aspects:

- We plan to continuously enhance our capabilities in data standardization. We intend to keep standardizing our existing medical imaging data to increase their value. Through data accumulation, we expect to form our data-driven competitiveness, for purposes of laying the foundation for subsequent workflow standardization, big data analysis and application, and cooperation with medical imaging AI service providers.

- We plan to continually invest in management systems facilitating the operation of imaging centers, such as smart SOP systems, refined operational management systems, and whole process quality control systems.

- We intend to continually invest in application platforms such as health management service platforms and remote consultation platforms that serve to enhance customer experience, broaden service settings, and diversify profit scenarios and models by leveraging leading technology advancements such as those in AI and deep learning.

- We plan to collaborate with third parties to formulate knowledge pool and knowledge graphs relating to medical imaging and clinical diseases. Moreover, through the continual development of our AI tools based on natural language processing and knowledge graphs, we plan to extend the application of AI technology to patient consultation, diagnostic imaging, quality control, business data analysis and other processes. For example, we intend to utilize AI technology to provide patients with smart consultation, medical guidance and report interpretation services.

We believe that the above-mentioned investments in R&D will help to strengthen our capabilities in operating and managing imaging centers and providing imaging solution services. This can further enhance our overall profitability, expand our business, and increase our brand influence.

Strengthen Rimag Imaging Academy, build an effective long-term talent cultivation system, and continue to nurture and attract skilled medical imaging and managerial talents

We expect to continually reinforce talent cultivation at our Rimag Imaging Academy and set up and maintain a talent cultivation system. By providing training and recruiting talented individuals, we aim to strengthen our team's capabilities to support our expanding business. We plan to continuously focus on the following aspects:

- We plan to continue investing in and upgrading our existing Radiology Management Business Administration (RMBA) training system, cultivating more versatile professionals with both medical background and business managerial skills. We believe that these trained imaging center management personnel will become the cornerstone of our business development;

- We expect to create a talent development path that integrates operations and market development, selecting individuals with experience in operating imaging centers to engage in market development work. We believe that this approach will be more conducive to the development of value-based investments; and

- We intend to continue collaborating with universities to jointly build medical imaging bootcamps, and set up specialized talent cultivation programs, thereby providing a long-term and stable talent pool for our business development.

By continual nurturing of various types of talents, setting up clear promotion career paths and competitive incentive mechanisms to clarify their career development path and motivate them, and strengthening employees' sense of belonging, we aim to provide strong support to the rapid expansion of imaging centers, professional quality assurance, and improvement in operational capabilities and operational performance.

Enhance strategic cooperation with industry upstream and downstream stakeholders to continuously enhance our capabilities to integrate the medical imaging industry and coordinate an business network

We plan to intensify our strategic partnerships with upstream and downstream companies, including equipment providers, equipment maintenance companies, medical imaging AI service providers, and industry associations, so as to enhance our capabilities to coordinate an business network and integrate resources along the industry value chain. This is expected to further help us improve operational capabilities and efficiency, and solidify our industry position.

Equipment providers. We plan to deepen our collaboration with equipment providers to utilize our experience and knowledge in equipment usage, convert it into our intellectual property, and cooperate with manufacturers to produce customized equipment.

Equipment maintenance companies. Based on our imaging center business across the country, and the large amount of equipment covering wide geographical regions varied by type and brand, we plan to form strategic cooperations with equipment maintenance companies, to formulate a maintenance system that can match our medical imaging center network and continually reduce our costs.

Medical imaging AI service providers. We plan to attract more medical imaging AI service providers to integrate their products into our AI integration platform, thereby enriching our AI offerings and enhancing our service capabilities. Furthermore, we plan to use our professional resources to collaborate with AI service providers to incorporate AI algorithms into doctors' daily medical practice to meet their demands while also helping such algorithms to learn and evolve by themselves.

Industry associations. We intend to strengthen our multidimensional professional capabilities by partnering with industry associations in fields including talent development, medical imaging professional capacity assessment, operation and management systems, and medical imaging data standards.

We are also actively monitoring acquisition or investment opportunities related to medical imaging services to continuously expand our service coverage, improve our service capabilities, and broaden our service scope.

We are interested in the following opportunities:

- Investing in or incubating health management companies to build a medical imaging service platform for commercial clients and individual customers, enriching our products and services and expanding our business outreach.

- Investing in or incubating companies that complement our existing business in areas of cloud services, AI, and big data applications.

- Investing in or incubating companies with advanced technology or R&D capabilities in medical imaging software, hardware or service development for commercialization.

We plan to use approximately 20.0% of the net proceeds from the Global Offering, or approximately HK$44.8 million, for pursuing strategic cooperation and mergers and acquisitions in the medical imaging field and seeking strategic partnerships and investment opportunities along the medical imaging service industry chain. See "Future Plans and Use of Proceeds." As of the Latest Practicable Date, we had not identified any potential investment or acquisition target or entered into any definite investment or acquisition agreement.

Our Business Network and Its Participants

We have gained solid experience and competitive advantages in the PRC third-party medical imaging center industry. With our operational, management and investment capabilities in medical imaging as a pillar of strength, we have been able to form a business network to meet the demands of different clients offering imaging center services, imaging solution services and Rimag Cloud services. In particular, under our imaging center services, we have established medical imaging centers across the PRC to address the different hospitals and medical institutions' varying demands for medical imaging diagnosis and operational management services. Leveraging our experiences and capabilities accumulated from operation of and investment in such medical imaging centers for almost a decade, we have developed a series of imaging solution services, ranging from equipment configuration, talent cultivation, management system and quality control, which enable us to provide customized and menu-based one-stop imaging solution services to hospitals, enabling them to maximize the value of purchased medical imaging equipment and increase efficacy and efficiency in their equipment utilization. Meanwhile, we have developed cloud-based solutions, Rimag Cloud services, to further support online and offline integrated management and operation of medical imaging services, which is both implemented internally to further strengthen our imaging center service capabilities and commercialized as an informatization solution for our hospital partners.

Since our inception in 2014, we have been proactively following the Chinese government's goals of establishing a hierarchical diagnosis and treatment system, promoting the extension of quality medical resources to the primary healthcare system and balancing the distribution of such resources. In line with favorable policies and industry trends, we took an approach by exploring operating and servicing models for imaging centers. In particular, we uphold the concept of "clinically targeted imaging services," and have equipped ourselves with advanced imaging equipment, attracted a quality professional team, and established a SOP system and a personnel training system, in our medical imaging center network. Through operating imaging centers owned by us and providing operational management services to other imaging centers, we have accumulated and maintained solid service capabilities in medical imaging. After rapid business expansion, we have realized the scale advantage in operating imaging centers and established a leading position in the PRC third-party medical imaging center industry.

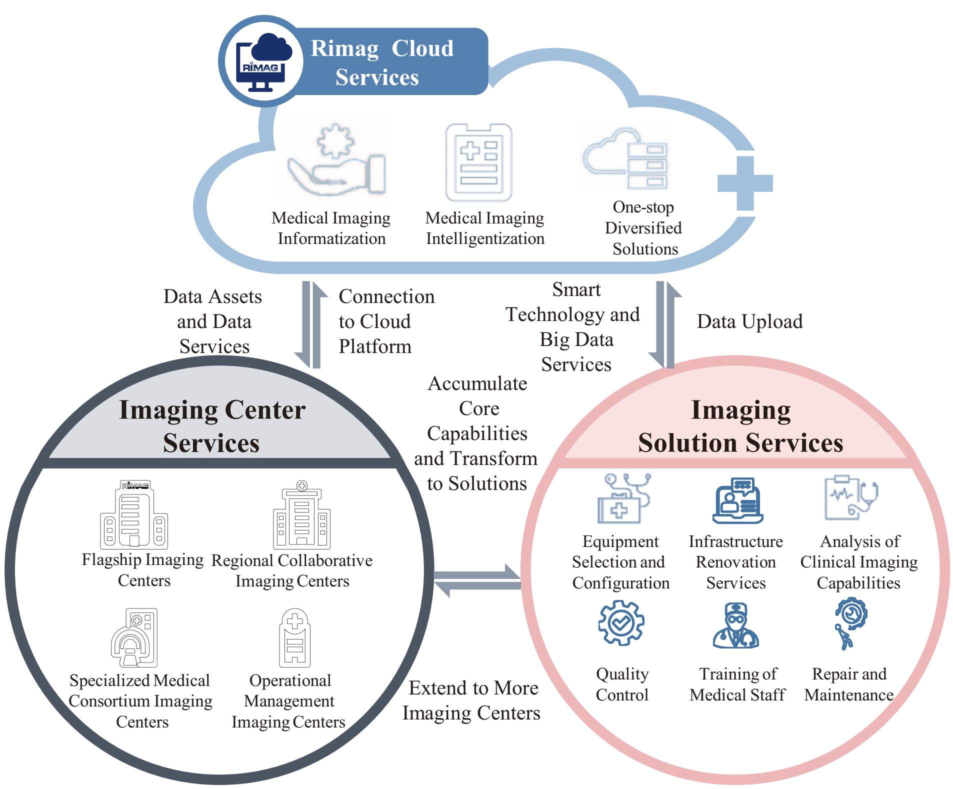
As we develop and operate our own imaging centers, we have continuously strengthened various capabilities and accumulated quality professional resources, including the establishment and operation of flagship imaging centers in key cities and regional collaborative imaging centers in collaboration with local medical institutions, and integrate such capabilities and resources to provide operational management services to specialized medical consortium imaging centers and operational management imaging centers. Accordingly, we have gradually formed two co-existing business models, namely the establishment and operation of our own imaging centers, and the provision of operation and management services to other medical institutions. Such diversified business models not only help to expand our business, but also provide more opportunities for verifying and optimizing our service capabilities in relation to medical imaging. Since 2019, we have commercialized and modularized the aforementioned capabilities and resources and offered them to medical institutions in need in the form of imaging solution services.

In order to better serve the operation of our sizeable chain of imaging centers, improve management capabilities and working efficiency, promote the sharing and interconnectivity of professional resources such as imaging equipment and doctors, and better enhance our various capabilities to external medical institutions, we have also developed the Rimag Cloud platform that focuses on medical imaging services. Through in-house R&D and integration, in addition to serving the imaging centers we operate, we provide informatization products or services to other medical institutions, so as to improve the informatization level and efficiency of their medical imaging services.

As of December 31, 2021, 2022 and 2023, we had established and managed 78, 86 and 97 imaging centers in the PRC, respectively. As our medical imaging center network continues to expand, we have accumulated a large amount of imaging data. In order to make effective use of such data, we improve data quality and transform them to big data assets through data standardization means such as data cleansing and analysis. This has built a solid foundation for us to carry out potential cooperation with upstream and downstream players along the industry value chain and participate in the reshaping of the industry value chain.

We have created a vibrant and integrated one-stop business network centered around our imaging center services, imaging solution services and Rimag Cloud services. Our business network connects, and provides value to, the different participants in such business network, including medical institutions, patients and other healthcare consumers, radiologists and other medical professionals, imaging equipment providers, AI service providers and other participants such as universities.

The following diagram illustrates the interaction among the participants within our business network:



Our business network has unique value propositions to each of the participants:

- **Patients and other healthcare consumers.** Patients and other healthcare consumers are able to enjoy quality imaging services we offer at our imaging centers that are more convenient and precise, with higher standards, in a comfortable and pleasant environment. They can also conveniently make appointments, and view and manage their medical imaging records at any time on our cloud service platform through portals including mobile phones, tablets and PCs, and use them for remote consultations and specialists' analysis within our online medical network, or consultations at offline medical institutions. This enables patients and other healthcare consumers to receive good imaging services while enjoying an enhanced experience, and to easily access post-check consultation services at reasonable costs and in a convenient manner in a wide range of fields.

- **Medical institutions.** We collaborate with medical institutions to allow them to leverage our professional imaging expertise and services. We serve medical institutions by offering their customers medical imaging services, to alleviate the disadvantages in service capabilities of medical institutions to provide quality medical imaging services. In addition, our imaging solution services assist hospitals in sourcing suitable imaging equipment and maximizing the utility value of such equipment, thereby enhancing their overall imaging capabilities and operational efficiency. Our Rimag Cloud services also offer positive assistance to hospitals to enhance their information infrastructure.

- **Radiologists and other medical professionals.** We offer efficient practice tools, professional training programs, quality control assistance, and research and academic support, among other things, to radiologists and other medical professionals (such as radiologic technologists and nurses), to help improve their working efficiency and capabilities, while providing such professionals with opportunities to gain professional experience, insights and cutting-edge knowledge. In addition, by adhering to our operational concept of "clinically targeted imaging services," we bring clinicians and radiologists together for communications and discussions in multiple forms to help understand each other's needs. This helps address the insufficient interaction between clinicians who lack expertise in cutting-edge imaging technology, and radiologists who have limited understanding of clinical requirements and expectations, thereby enhancing their interdisciplinary medical knowledge and skills.

- **Imaging equipment providers.** Leveraging our large-scale consolidated procurement advantage and influence in the industry, we have become strategic cooperative partners with a number of imaging equipment providers (who are our suppliers) (such as GE HealthCare, and Siemens Healthineers, among others), from which we procure suitable imaging equipment for our imaging centers or business partners by assessing both the performance and price of such equipment. We also collaborate with imaging equipment providers to optimize the functionalities of their imaging equipment and accordingly meet their downstream customers' customized needs, by integrating with software and hardware tools that we have developed in-house or through joint efforts. As the largest medical imaging service platform operator in China, we are able to offer these imaging equipment providers customized solutions to apply to more scenarios for their products than our competitors.

- **AI service providers.** We work with our medical imaging AI service providers to provide AI-enabled imaging analytic and diagnostic assistance tools to radiologists to improve their diagnostic accuracy and working efficiency. Meanwhile, medical imaging AI service providers can enjoy richer application scenarios and testing opportunities for their AI products for further enhancing such products' performance and increasing their brand influence in the healthcare industry.

- **Other participants.** Other participants in our business network include universities and research institutions and insurers. For example, we work with universities to nurture talents specialized in imaging and improve their research capabilities.

Our Business Model

We generated revenue primarily from the following business lines during the Track Record Period:

- **Imaging center services.** We provide imaging center services via (i) flagship imaging centers, (ii) regional collaborative imaging centers, (iii) specialized medical consortium imaging centers, and (iv) operational management imaging centers.

    - At our flagship imaging centers, we either provide imaging examination and diagnostic services directly to individual patients and other healthcare consumers such as physical examination and health screening customers and directly receive fees from them according to our pricing for the applicable services, or provide such services to hospitals and other medical institutions as well as corporations (including health management companies) to serve their customers, and generate service fees from them according to our contracts.

- ◦ At our regional collaborative imaging centers, we provide imaging examination and diagnostic services, among other things, to hospitals within a certain region. Patients can go to our regional collaborative imaging centers for imaging examination and diagnostic services either through orders by clinicians at hospital partners or directly. This business model integrates medical imaging resources within the region, and realizes the sharing of data, equipment and professionals, so as to more efficiently serve the medical institutions and patients within such region. We receive service fees from hospitals with reference to fees paid by patients according to our contracts with hospitals.

- ◦ For specialized medical consortium imaging centers, capitalizing on our industry expertise and resources, we provide equipment deployment, infrastructure renovation, and integrated operational management services including professional skill improvement, and operational management consulting to imaging centers within the formed medical consortium, and receive service fees from hospital customers either at an operational performance-based rate, or a combination of fixed payments and operational performance-based service fees.

- ◦ For operational management imaging centers, we provide operational management services to medical institutions that are already furnished with relevant equipment but lack capability to operate and manage imaging centers, and receive service fees from them either at an operational performance-based rate, or a combination of fixed payments and operational performance-based service fees.

- **Imaging solution services.** We transform our core capabilities accumulated through years of operating imaging centers into modular solutions, and offer them to help other medical institutions enhance their operations, service capabilities and professional expertise in relation to medical imaging. Our modular solutions mainly include equipment selection, infrastructure renovation, training, and repair and maintenance, and also cover certain modular services relating to Rimag Cloud services. We primarily receive fees from medical institutions to which we provide imaging solution services based on the service contents.

- **Rimag Cloud services.** To effectively buttress the operation of our nationwide network of imaging centers, and to foster business development, information management and data-driven operations, we have built a Rimag Cloud platform and accumulated valuable data assets and data service capabilities. As our products and services continued to mature, we introduced the Rimag cloud platform to the market and began to commercialize it, mainly by offering the relevant products and services to medical institutions in return for corresponding software sales income and service fees.

The following table sets forth a breakdown of our revenue by business line for the years indicated:

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	(RMB in thousand, except for percentages)					
Imaging center services	442,312	74.7	497,743	63.4	638,074	68.7
Imaging solution services	139,252	23.5	269,589	34.4	278,372	30.0
Rimag Cloud services	10,449	1.8	17,112	2.2	12,468	1.3
Total	**592,013**	**100.0**	**784,444**	**100.0**	**928,914**	**100.0**

The table below sets forth a breakdown of our revenue contribution by provincial-level division based on the location of business registration of our operating entities:

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	(RMB in thousand, except for percentages)					
Jiangxi	299,127	50.5	380,898	48.6	516,422	55.6
Beijing	114,540	19.3	180,180	23.0	107,193	11.5
Heilongjiang	41,897	7.1	74,735	9.5	126,435	13.6
Hubei	22,116	3.7	30,333	3.9	33,463	3.6
Liaoning	19,874	3.4	17,195	2.2	27,326	2.9
Shaanxi	19,317	3.3	21,864	2.8	27,571	3.0
Henan	9,778	1.7	18,870	2.4	21,625	2.3
Others(1)	65,364	11.0	60,369	7.6	68,879	7.5
Total	**592,013**	**100.0**	**784,444**	**100.0**	**928,914**	**100.0**

Note:

(1) Others include Sichuan, Fujian, Yunnan, Zhejiang, Jiangsu, Shandong, Jilin, Guangdong, Hunan.

Impact of COVID-19 Pandemic

The outbreaks of COVID-19 since the end of 2019 materially and adversely affected the global economy. Countries and regions across the world implemented measures to contain its spread and adjusted such measures in response to the changing landscape of the COVID-19 pandemic. During the pandemic, all of our imaging centers experienced fluctuation in the volume of examinations. Some of our flagship imaging centers closed or suspended operations because of the cautious approach taken by the public and relevant restriction measures adopted in response to the COVID-19 pandemic. As a result, our flagship imaging centers incurred gross loss of RMB3.4 million and RMB9.7 million in 2021 and 2022, respectively, being the only business line that incurred gross loss in the same years.

The table below sets forth the volume of examinations at our flagship imaging centers in each six-month period of the Track Record Period:

	Form January 1 to June 30	From July 1 to December 31
	(in thousand)	
2021	52.0	111.3
2022	71.4	119.4
2023	121.0	127.9

The table below sets forth the number of flagship imaging centers that closed or suspended operations and the duration of such closure or suspension:

	Year ended December 31,		
	2021	2022	2023
One to 15 days	2	2	N/A
16 to 30 days	N/A	1	N/A
31 to 73 days	N/A	2	N/A
Closed(1)	N/A	1	N/A
Total	**2**	**6**	**N/A**

Note:

(1) We disposed of Wuhan Rimag in September 2022. See "— Imaging Center Services — Overview — Our Imaging Center Scale Movements and Performance."

The other types of our imaging centers were also affected by the COVID-19 pandemic to some extent and the volume of examinations at those centers was lower than we expected. However, since these imaging centers generally operate with public medical institutions and their operations were not materially and adversely affected by the COVID-19 pandemic, their financial condition showed a stable and mild growing trend in general.

With the gradual phasing-out of the COVID-19 pandemic in early 2023, the relevant pandemic restrictions had been lifted on a nationwide basis in the PRC. Furthermore, the World Health Organization declared on May 5, 2023 that COVID-19 no longer constitutes a public health emergency of international concern.

The financial condition and business operations of our imaging centers had gradually returned to normal since the first quarter of 2023. Revenue generated from our imaging center services increased by 28.2% from RMB497.7 million in 2022 to RMB638.1 million in 2023. In particular, the revenue from flagship imaging centers increased from RMB103.0 million in 2022 to RMB133.5 million in 2023, and we recorded the gross profit of RMB15.1 million for flagship imaging centers in 2023. The volume of examinations at our flagship imaging centers increased significantly from approximately 190.8 thousand in 2022 to approximately 248.8 thousand in 2023 in light of the phasing-out of the COVID-19 pandemic.

Our imaging solution services were also affected by the COVID-19 pandemic to some extent. There were certain delays in relation to deliveries of imaging solution services and corresponding payments in 2021. For example, the delivery of one imaging solution project was delayed for 20 months, which generated revenue of RMB23.9 million (or 17.2% of our total revenue from imaging solution services in 2021), and the delivery of another imaging solution project was delayed for 12 months, which generated revenue of RMB24.8 million (or 17.8% of our total revenue from imaging solution services in 2021), both of which were expected to be completed within 2021 pursuant to the contracts but were delayed due to the global supply shortage. We generally recognize revenue under imaging solution services when we transfer control of services or products, and correspondingly, our revenue recognitions were delayed. Nevertheless, our revenue generated from imaging solution services increased significantly by 93.6% to RMB269.6 million in 2022 as compared to 2021, primarily due to (i) an increase in the market demand for our imaging solution services as well as our marketing efforts for this business line, resulting in an increase in the number of the imaging solution projects we served, and (ii) the global supply shortage of medical equipment in 2021, which was alleviated in 2022. Furthermore, our revenue generated from imaging solution services further increased by 3.3 % to RMB278.4 million in 2023 as compared to 2022.

Based on the above, our Directors are of the view that while the financial condition and business operations of our flagship imaging centers were adversely affected by the COVID-19 pandemic in 2021 and 2022, our overall financial condition and business operations in 2023 were not materially and adversely affected by the COVID-19 pandemic.

There remains risks that any natural disasters, health epidemics and other outbreaks may materially and adversely affect the operation of our Group in the future. See "Risk Factors — Risks Relating to Our Business and Industry — We face risks related to natural disasters, health epidemics and other outbreaks, which could significantly disrupt our operations." We shall continue to monitor any potential natural disasters, health epidemics and other outbreaks and assess our strategies accordingly to maintain normal business operations.

Business Sustainability

Certain statements in this sub-section, including in particular the expected financial performance in the future described below, constitute forward-looking statements. These forward-looking statements are not guarantees of future financial performance and our actual results could differ materially from those expressed or implied by these forward-looking statements as a result of many factors, including, but not limited to, those described under "Forward-Looking Statements" and "Risk Factors," respectively. Investors are strongly urged not to place undue reliance on any of the statements set forth below.

To pave the way for long-term success in the fast-growing market, we have been focusing on growing our customer base and improving market penetration by enhancing our service capabilities, expanding our business network and building up our brand image, enriching service offerings and promoting service innovation to satisfy evolving customer needs. Our revenue increased from RMB592.0 million in 2021 by 32.5% to RMB784.4 million in 2022, and further increased by 18.4% to RMB928.9 million in 2023. Although, in 2021 and 2022, we recorded loss for the year of RMB382.0 million and RMB15.1 million, respectively, we have recorded net profit of RMB36.6 million in 2023 attributable to the significant growth in revenue, and we expect to continue recording net profit in the future for the following reasons.

We have experienced robust business growth during the Track Record Period.

Our revenue increased by 32.5% from RMB592.0 million in 2021 to RMB784.4 million in 2022 and further increased by 18.4% to RMB928.9 million in 2023, representing a CAGR of 25.3% from 2021 to 2023. Such growth was attributable from the growth of both our imaging center services and imaging solution services. Moreover, our revenue generated from imaging center services increased stably by 12.5% from RMB442.3 million in 2021 to RMB497.7 million in 2022 and further increased by 28.2% to RMB638.1 million in 2023, and our revenue generated from imaging solution services also showed a growing trend from RMB139.3 million in 2021 to RMB278.4 million in 2023. We successfully managed to become profit-making in 2023, mainly because (i) we have generally achieved organic business growth at all types of imaging centers, (ii) leveraging our effective expansion strategies, we newly opened a number of imaging centers that contributed to our increasing patient visits in 2023, and (iii) our operations at the imaging centers have generally resumed to the normal level in light of the gradual phasing-out of the COVID-19 pandemic since early 2023 and the volume of examinations increased significantly in 2023.

Our net loss in 2021 and 2022 was mainly attributable to share-based payments expenses, interest expenses of financial instruments issued to investors and expenses in relation to the proposed Listing.

Despite our continuous growth in revenue, we recorded net loss for the year in 2021 and 2022 of RMB382.0 million and RMB15.1 million, respectively, mainly due to share-based payments expenses, interest expenses of financial instruments issued to investors and expenses in relation to the proposed Listing. In particular: (i) we recorded gross profit of RMB175.2 million, RMB237.0 million in 2021 and 2022, respectively; (ii) the selling expenses, administrative expenses, research and development expenses and net finance costs, in the aggregate of RMB538.7 million and RMB237.5 million in 2021 and 2022, respectively, were the main items contributing to our loss; and (iii) in 2021 and 2022, the aggregate of share-based payments expenses, interest expenses of financial instruments issued to investors and expenses in relation to the proposed Listing we incurred were RMB311.1 million and RMB9.6 million, respectively, representing 57.8% and 4.0% of the aggregate of the selling expenses, administrative expenses, research and development expenses and net finance costs. If excluding the impact of these items, our loss for year would decrease by 81.5% and 63.8%, respectively, to RMB70.8 million and RMB5.5 million in 2021 and 2022, respectively. After excluding the impact of these items, our adjusted EBITDA (non-IFRS measure) increased year by year from RMB148.5 million in 2021 to RMB212.7 million in 2022, and our adjusted net loss (non-IFRS measure) decreased significantly from RMB70.8 million in 2021 to RMB5.5 million in 2022.

Our business was impacted to a certain extent by COVID-19 in 2021 and 2022.

The financial condition and business operations of our flagship imaging centers were adversely affected by the COVID-19 pandemic in 2021 and 2022. Since the majority of our flagship imaging centers were initially opened during 2018 to 2021 and still at ramp-up stage of development with less mature operational models and less stable profits, they were more adversely affected by the COVID-19 pandemic as compared to the other types of imaging centers. In addition, we disposed of Wuhan Rimag in 2022 in Hubei province due to changes in our operational strategies in adaption to the local market condition. See "— Impact of COVID-19 Pandemic" and "— Imaging Center Services — Overview."

We expect to achieve scale of economies and improve our gross profit margin and obtain favorable resources for financing.

In 2021, 2022 and 2023, we had an overall gross profit margin of 29.6%, 30.2% and 35.8%, respectively. Such improvement was primarily attributable to increases in the gross margins of imaging center services, which was further attributable to: (i) our growth in revenue, which was driven by enhanced service capabilities (in terms of enriched range of medical imaging training programs, diversified medical imaging diagnostic services, improved efficiency in issuing diagnosis reports by process optimization and strengthened collaboration with other medical departments to engage in interdisciplinary challenging case discussions), accumulated operation experiences and increased brand recognition; (ii) the economies of scale we have achieved as our business continues to grow. Our fixed costs are becoming an increasingly smaller portion of our total costs for operating imaging centers, as the volume of examinations continues to grow; and (iii) our cost control efficiency that we have achieved primarily by replacing traditional films with digital films and adopting centralized procurement of raw materials. During the Track Record Period, the total amount of our selling expense, research and development expenses, and administrative expenses decreased as a percentage of our revenue from 80.7% in 2021 to 28.0% in 2023.

During the Track Record Period and up to the Latest Practicable Date, we had maintained a good relationship with financial institutions and were able to obtain bank and other borrowings as necessary. We will further enhance our relationship with financial institutions, helping us obtain sufficient and prompt bank and other borrowings with more favorable interest rates to fund our business growth, consistently improving our working capital sufficiency.

We have recorded record net profit in 2023 and expect to continually grow our business.

We experienced significant growth in revenue and gross profit in 2023 and recorded net profit of RMB36.6 million in the same year, primarily because (i) we have generally achieved economies of scale for our imaging center business due to our brand awareness, competitiveness achieved and chainstore-oriented development, (ii) with our continual marketing efforts and the gradual phasing-out of the COVID-19 pandemic since early 2023, the patient visits and examination volume have significantly increased at our imaging centers and (iii) our fixed costs for operating the imaging centers remain relatively stable. As of December 31, 2023, our imaging center network consisted of nine flagship imaging centers, 24 regional collaborative imaging centers, 50 specialized medical consortium imaging centers and 14 operational management imaging centers, of which 5, 24, 43 and 12 had achieved initial breakeven and nil, 11, 27 and 9 had achieved cash investment payback, respectively, and there were 12, 19 and 23 loss-making imaging centers (with gross loss) in 2021, 2022 and 2023, respectively. See "— Imaging Center Services — Initial Breakeven Period and Cash Investment Payback Period of Our Imaging Centers" and "— Imaging Center Services — Overview." We expect to achieve further increases in revenue, gross profit and gross profit margin in the future. We expect that our revenue will increase in the near future, primarily due to the expected revenue increase in our imaging center services. Our gross profit is expected to increase in the near future, mainly driven by the revenue growth of our imaging center services as the result of the improvement of economies of scale. We expect that our profitability will further improve along with our business expansion as a result of the economies of scale. Since our fixed costs per imaging center remain relatively constant, any additional revenue generated after reaching the break-even point is expected to lead to a higher level of profitability.

Imaging Center Services

Overview

Our imaging center services include: (i) imaging examination and diagnostic services offered at our own imaging centers, among other things; and (ii) operational management services offered to imaging centers of our business partners.

We provide the foregoing services through four types of imaging centers, namely: (i) flagship imaging centers; (ii) regional collaborative imaging centers; (iii) specialized medical consortium imaging centers; and (iv) operational management imaging centers.

Flagship imaging centers are the forefront and kernel for nurturing our professional capabilities, conducting technical R&D, and carrying out academic activities. They are also an outlet for showcasing our brand image and service capabilities, and our platform to attract and train quality talents. Through such imaging centers, we also provide diversified services to meet diverse needs from customer groups and raise our brand awareness. Regional collaborative imaging centers are the backbone to our business. Our longstanding participation in the regional markets of medical imaging services has enabled us to accumulate firsthand experience from providing services to address customer needs, achieve steady growth in performance, and solidify our position in the regional markets of medical imaging services leveraging cumulative advantages. In particular, we provide imaging examination and diagnostic services through our flagship and regional collaborative imaging centers (i) to hospitals and other medical institutions as well as corporations including health management companies to serve their customers, or (ii) directly to individual patients and other healthcare consumers. We offer a wide range of imaging service packages as well as standard imaging service options that customers can choose from, covering a majority of clinical specialties, especially important specialties such as cardiology, oncology, pulmonology, orthopedics, and neurology. The imaging examination and diagnostic services typically include magnetic resonance imaging (MRI), computed tomography (CT), positron emission tomography (PET), mammography, ultrasound, diagnostic radiology (X-ray), fluoroscopy and other related procedures. Our flagship imaging centers and regional collaborative imaging centers offer multi-modality imaging services.

Meanwhile, we capitalize on our industry resources, professional expertise and informatization capabilities to provide operational management services to specialized medical consortium imaging centers and operational management imaging centers, for purposes of improving their managerial efficiency and professional capabilities.

The following table sets forth some additional details of the imaging centers in our network:

Type of imaging centers	Introduction
Flagship imaging centers	We usually set up imaging centers as independent legal entities with Medical Institution Practice Licenses in places where medical institutions are concentrated in first- and second-tier cities or provincial capitals/municipalities of China. These imaging centers have advanced imaging equipment, experienced professional teams, and a pleasant medical environment. They serve as exemplary centers for showcasing our medical services, expert competence, academic research, and corporate brand in the relevant regions and across the nation.
Regional collaborative imaging centers. . .	Our regional collaborative imaging centers are mainly located in the third-tier cities or below of China. Relying on one or more public/private medical institutions in the relevant regions, we build imaging centers as independent legal entities with Medical Institution Practice Licenses and in accordance with the Basic Standards for Medical Imaging Diagnostic Centers (Trial) issued by the NHFPC in 2016. These imaging centers integrate professional imaging resources within the relevant regions through distributed placement of imaging equipment, multi-site practice or recruitment of practitioners, so as to realize the sharing of data, equipment and professionals. Medical institutions in such regions can purchase medical imaging examination and diagnostic services from these imaging centers.

Type of imaging centers	Introduction
Specialized medical consortium imaging centers	We form specialty imaging medical consortiums consisting of our medical imaging centers with practicing licenses of medical institutions and one or more medical institutions, as approved by local governments. Within such medical consortiums, we provide medical institutions with equipment deployment, infrastructure renovation, and diversified medical imaging operational management services, including professional skill improvement, operational management consulting, and informatization construction, among other things.
Operational management imaging centers .	We provide diversified operational management services to one or more medical institutions, including professional skill improvement, operational management consulting, and informatization construction, among other things, through our medical imaging service companies or imaging centers with practicing licenses of medical institutions. Such imaging centers are not involved with equipment deployment or infrastructure renovation services.

Our Imaging Center Scale Movements and Performance

As of December 31, 2023, we established and managed 97 imaging centers across China. The following table sets forth the number of imaging centers by type as of the dates indicated:

	As of December 31,		
	2021	2022	2023
Flagship imaging centers	8	7	9
Regional collaborative imaging centers	25	24	24
Specialized medical consortium imaging centers	38	42	50
Operational management imaging centers	7	13	14
Total	**78**	**86**	**97**

The table below sets out the total number of flagship imaging centers and their movements for the years indicated:

	Year ended December 31,		
	2021	2022	2023
Number of flagship imaging centers at the beginning of the year	6	8	7
Add: Number of newly established flagship imaging centers for the year	2	–	2
Less: Number of disposed flagship imaging centers for the year	–	(1)	–
Number of flagship imaging centers at the end of the year	8	7	9

Since the initial breakout of the COVID-19 pandemic in Wuhan, most of the hospitals in Wuhan had been gradually equipped with sufficient imaging equipment in responses to the emergency situation by then. As a result, leveraging their richer imaging equipment resources, the public and private medical institutions in Wuhan were able to handle most of the local demands for imaging examination and diagnostic services and the market for flagship imaging centers in Wuhan became limited. Meanwhile, we recognized an increasing demand for imaging centers other than flagship imaging centers in other cities and county-level divisions in Hubei province. In response to such market observation, we have strategically adjusted our network to save our investment and resources in the short term with the aim to deliver our services in more suitable forms and achieve market coverage more efficiently in the long term. In particular, we began focusing on developing other types of imaging centers in Hubei province, and disposed of Wuhan Rimag in September 2022. In 2021 and 2022, we commenced collaboration with medical institutions in Huanggang, Hubei province at in aggregate one regional collaborative imaging center, one specialized medical consortium imaging center, and three operational management imaging centers.

As a former flagship imaging center of our Group, Wuhan Rimag was established in 2019 mainly providing imaging examinations to individual patients and healthcare consumers in Wuhan, Hubei province. In 2021 and the nine months ended September 30, 2022 (prior to the September 2022 disposal), Wuhan Rimag was not subject to any material fines or administration penalties by competent governmental authorities in relation to any breach of applicable laws or regulations in the PRC that could have a material adverse effect on its business operations. Revenue generated by Wuhan Rimag was RMB8.4 million and RMB5.8 million, respectively, in 2021 and the nine months ended September 30, 2022; its gross loss was RMB12.8 million and RMB10.3 million, respectively, in 2021 and the nine months ended September 30, 2022; and the relevant gross loss margin was 152.7% and 176.1%, respectively, in 2021 and the nine months ended September 30, 2022. See "Financial Information — Description of Certain Components of Our Consolidated Statements of Financial Position — Financial assets at FVPL."

The table below sets out the total number of regional collaborative imaging centers and their movements for the years indicated:

	Year ended December 31,		
	2021	2022	2023
Number of regional collaborative imaging centers at the beginning of the year	22	25	24
Add: Number of newly established regional collaborative imaging centers for the year	3	–	1
Less: Number of regional collaborative imaging centers with operations terminated or disposed for the year	–	(1)[(1)]	(1)[(2)]
Number of regional collaborative imaging centers at the end of the year	25	24	24

Notes:

(1) We terminated operations of one regional collaborative imaging center in 2022 due to termination of the relevant contract upon mutual agreement without any disputes arising.

(2) We disposed of one regional collaborative imaging center in 2023 due to commercial consideration and no disputes arose from such disposal.

The table below sets out the total number of specialized medical consortium imaging centers and their movements for the years indicated:

	Year ended December 31,		
	2021	2022	2023
Number of specialized medical consortium imaging centers at the beginning of the year	38	38	42
Add: Number of newly served specialized medical consortium imaging centers for the year	2	5	9
Less: Number of specialized medical consortium imaging centers with services terminated for the year	(2)[(1)]	(1)[(2)]	(1)[(3)]
Number of specialized medical consortium imaging centers at the end of the year	38	42	50

Notes:

(1) We terminated services with two specialized medical consortium imaging centers in 2021, among which one was due to termination of the relevant contract upon mutual agreement without any disputes arising and the other one (i) was changed to be served with imaging solution services and then (ii) became an operational management imaging center under new contracts.

(2) We terminated services with one specialized medical consortium imaging center in 2022, which was changed to be served with imaging solution services under a new contract.

(3) We terminated services with one specialized medical consortium imaging centers in 2023 due to termination of the relevant contract upon mutual agreement without any disputes arising.

The table below sets out the total number of operational management imaging centers and their movements for the years indicated:

	Year ended December 31,		
	2021	2022	2023
Number of operational management imaging centers at the beginning of the year	3	7	13
Add: Number of newly served operational management imaging centers for the year	4	7	3
Less: Number of operational management imaging centers with services terminated for the year	–	(1)[1]	(2)[1]
Number of operational management imaging centers at the end of the year	7	13	14

Note:

(1) We terminated services with one and two operational management imaging center in 2022 and 2023, respectively, due to termination of the relevant contract upon mutual agreement without any disputes arising.

In deciding whether to open a new medical imaging center at a specific location, we consider a multitude of criteria, including but not limited to: (i) the geographical position of the target area, its population density and whether the geographical location facilitates support and management from our headquarters; (ii) specific needs and expectations of local patients; (iii) potential collaborations with local suppliers, hospitals, and other medical institutions; (iv) the local competitive landscape, encompassing both existing and potential competitors; and (v) shifts in local policy and regulatory environments. In addition, we also factor in particular market and financial metrics, such as (i) the evaluation of initial investment requirements and projected operational costs for the new imaging center; (ii) patient traffic analysis and expected volume of examinations; and (iii) anticipated return on investment. For instance, we will assess whether we can recover the cost of our investment in the imaging center to be established within five years after it comes into operation.

When deliberating on the potential closure of one of our imaging centers, the factors we consider include, but are not limited to: (i) whether the revenue and patient flow satisfy our expectation; (ii) whether long-term market projections in the area favor our business growth; (iii) whether the anticipated return on investment will continue to be unavailable within a specified future period; and (iv) change in our healthcare institution customers' business needs.

We use gross profit/(loss) as one of the measures to review the performance of our imaging centers. The table below sets forth the number of loss-making imaging centers which were still in operation as of December 31, 2023 with gross loss by type for the years indicated:

	Year ended December 31,		
	2021	2022	2023
Flagship imaging centers	2	3	4
Collaborative imaging centers	5	4	4
Specialized medical consortium imaging centers	5	11	14
Operational management imaging centers	—	1	1

The loss-making of the imaging centers above were mainly because: (i) at the end of each period, certain of such imaging centers had not yet been operated for long enough to make profit; (ii) some of them were newly opened in the same year, and as such, their financial performance was not as good as the financial performance for the full year; and (iii) the COVID-19 pandemic adversely affected the ability of certain imaging centers to serve customers. See "— Our Business Model — Impact of COVID-19 Pandemic." In 2023, the loss-making of flagship imaging centers was primarily because they were in ramp-up stage of development, and the loss-making of our regional collaborative imaging centers and specialized medical consortium imaging centers was primarily because the hospital partners with which they cooperated were under-performed.

As of December 31, 2023, our imaging centers cover 17 provinces and 59 county-level divisions in China. The following table sets forth the number of county-level divisions covered by our imaging centers in China by type as of the dates indicated:

	As of December 31,		
	2021	2022	2023
Flagship imaging centers	8	7	9
Regional collaborative imaging centers	22	21	21
Specialized medical consortium imaging centers	24	26	27
Operational management imaging centers	6	11	12

The illustration below sets forth the locations of imaging centers in our network as of December 31, 2023:

To enhance the business collaboration among imaging centers of different types and varying geographical locations, expanding our service coverage via imaging centers or medical institutions based on enhanced collaboration mechanisms and shared medical resources, we commenced the establishment of our internet hospital in 2021 and obtained practice licenses for medical institutions (醫療機構執業許可證) for internet hospital in 2022. We plan to promote our internet hospital services based on the patients accumulated from our imaging center services. In 2021, 2022 and 2023, the revenue generated from our internet hospital, namely Chengdu Wenjiang Rimag Sunshine Internet Hospital Co., Ltd. (成都溫江一脈陽光互聯網醫院有限公司), was nil, nil and RMB3.8 million, respectively, recorded under our Rimag Cloud services business line and representing nil, nil and 0.4% of our total revenue in the same years. Such revenue was generated mainly from medical imaging workflow modules under our Rimag Cloud services. See "— Rimag Cloud Services."

We use our internet hospital to cooperate with a few physical medical institutions to provide the Remote diagnosis and remote multi-disciplinary treatment service. Such services are offered to medical institutions based on imaging examination results uploaded by medical institutions to our internet hospital. Our medical imaging experts can review such imaging examination results and subsequently issue diagnostic reports. In instances of challenging cases, medical institutions can request multi-disciplinary treatment consultation services from our internet hospitals, which brings together our medical imaging experts and experts from other relevant departments to collaborate on consultation and recommendation of diagnosis and treatment plans for the reference of the medical institutions. Meanwhile, we are also planning to launch Chronic disease management services through our internet hospital to cover chronic diseases (such as hypertension and diabetes mellitus).

As a licensed medical institution, the operation of our internet hospital shall also comply with relevant regulations of medical institutions. See "Regulatory Overview — Regulations on the Management of Medical Institutions." Set forth below are the key terms of our agreements with physical medical institutions:

- ***Material rights and obligations.*** Medical institutions are required to provide necessary venues, network environments, terminal equipment, and system docking protocols for the selected service program and we provide hardware equipment and software systems accordingly. We offer selected services (primarily remote diagnosis and remote multi-disciplinary treatment consultation services) as requested by the medical institution.

- ***Service fee.*** Generally, we charge a fixed service fee or service fees based on the number of services we performed during the duration of the contract with a fixed unit price, to medical institutions, which varies depending on the type of service program.

- ***Settlement.*** Medical institutions usually settle the service fee with us on a monthly basis.

- ***Duration.*** The duration of the service period is contingent upon the specific needs of medical institutions, and can range from a few months to several years.

- ***Termination.*** Generally, neither party have the unilateral right to terminate the agreement.

The following table sets forth a breakdown of our revenue from imaging center services by type of imaging centers for the years indicated:

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	(RMB in thousand, except for percentages)					
Flagship imaging centers	103,037	23.3	102,968	20.7	133,454	20.9
Regional collaborative imaging centers	249,792	56.5	270,326	54.3	355,379	55.7
Specialized medical consortium imaging centers	76,715	17.3	89,300	17.9	109,638	17.2
Operational management imaging centers	12,768	2.9	35,149	7.1	39,603	6.2
Total	**442,312**	**100.0**	**497,743**	**100.0**	**638,074**	**100.0**

Our Imaging Modalities and Operational Capacity

The principal diagnostic imaging modalities we use at our imaging centers are:

- *MRI-based examinations.* MRI refers to a technology that uses a strong magnetic field in conjunction with low energy electromagnetic waves that are processed by a computer to produce good soft tissue contrast, and multi-angle and multi-layered images of body tissue, and there is no radiation in this modality. MRI is not only able to produce anatomical images like other modalities such as CT, but can also provide biochemical and physiological information of tissues, among other things. This can help to locate and qualitatively diagnose lesions, including tumors, earlier and with improved accuracy. We offer examinations based on MRI technologies for different body parts such as spine, heart and head.

- *CT-based examinations.* CT refers to the technology that makes use of computer-processed combinations of many X-ray images taken from different angles to produce cross-sectional tomographic images of specific areas of a scanned object, allowing the user to see inside the object without cutting. In particular, CT angiography ("**CTA**") uses an injection of contrast agents into blood vessels and CT scanning to help diagnose and evaluate blood vessel disease or related conditions, such as aneurysms or blockages. With the advancement of multi-slice spiral CT technology, the scanning speed and image resolutions have been significantly improved, which has greatly driven the widespread application of CTA imaging for cardiac coronary arteries and other parts. We offer examinations based on CT technologies for target body parts, such as head, neck, spine, and abdomen, and for target systems, such as the vascular system and urinary system.

- *PET-based examinations.* PET refers to the technology of administration of a radiopharmaceutical agent with a positron-emitting isotope and the measurement of the distribution of that isotope to create images for diagnostic purposes. PET scans provide the capability to determine how metabolic activity impacts other aspects of physiology in the disease process by correlating the reading for the PET with other modalities such as CT (or PET/CT). PET technology has been found highly effective and appropriate in certain clinical circumstances for the detection and assessment of tumors throughout the body, the evaluation of some cardiac conditions and the assessment of epilepsy seizure sites. We offer examinations based on PET technology such as the whole body PET examination and the partial PET examination, which focuses on a certain part of the body.

- *Mammography.* Mammography is a specialized form of radiology using low dosage X-rays to visualize breast tissue and is a crucial screening tool for breast cancer. Mammography procedures and related services assist in the diagnosis of and treatment planning for breast cancer.

- *Ultrasound.* Ultrasound refers to the technology that uses sound waves and their echoes to visualize and locate internal organs. Ultrasound is especially useful in conventional physical examinations and pregnancy to avoid X-ray exposure. We offer examinations based on ultrasound for a variety of conditions affecting the organs and soft tissues of the body, such as the heart and blood vessels, digestive system, urinary system and reproductive system.

- *X-ray.* X-ray refers to the technology that uses roentgen rays to penetrate the body and record images of organs and structures on film. We offer examinations based on X-rays for target body parts, such as spine, lung, and limbs and for target body systems, such as the urinary system.

- *Fluoroscopy.* Fluoroscopy uses ionizing radiation combined with a video viewing system for real-time monitoring of organs. We offer examinations based on fluoroscopy for chest, abdomen and gastrointestinal tract, among other things.

- *ECG system*. ECG is a technology that uses an electrocardiograph to record the changes in electrical activity generated by the heart in each cardiac cycle through electrodes placed on the body surface. The ECG system can reflect the electrical activity of the normal heart of the human body, and can also help diagnose arrhythmia and alert to lesions such as myocardial ischemia.

We assess and monitor the saturation level of our imaging centers based on operational metrics such as the average utilization rate of medical imaging equipment and waiting time situation for medical imaging modalities.

The average utilization rate of medical imaging equipment is defined as the percentage of the average number of actual examinations per working day per equipment during a fixed period to the maximum number[1] of examinations per working day achievable for the same equipment. The statistics on average number of actual examinations per working day per equipment were derived from historical figures on all existing imaging equipment as of December 31, 2023. The following table sets forth a breakdown of the average utilization rate of CT equipment and MRI equipment from our flagship imaging centers, regional collaborative imaging centers and specialized medical consortium imaging centers during the Track Record Period:

	Year ended December 31,		
	2021	**2022**	**2023**
		(%)	
Flagship imaging center			
CT	34.2	46.1	55.2
MRI	61.4	58.0	69.0
Regional collaborative imaging center			
CT	60.2	61.5	83.7
MRI	64.0	65.8	73.4
Specialized medical consortium imaging center			
CT	55.6	52.9[2]	59.0
MRI	52.5	54.7	64.3

Notes:

(1) The maximum number of examinations per working day achievable for the same medical imaging equipment under each type of imaging center varies depending on the layout of the equipment, the operating level of radiologists and radiologic technologists, and the complexity of the imaging examinations. The maximum number of examinations per working day achievable for CT and MRI in our flagship imaging centers, regional collaborative imaging centers and specialized medical consortium imaging centers are 80, 140 and 100 respectively, and 40, 60 and 50, respectively.

(2) The decrease in the average utilization rate of CT in specialized medical consortium imaging centers in 2022 was attributed to the significant increase in the number of CT equipment resulting from the expansion of our specialized medical consortium imaging center.

Waiting time refers to the duration a patient needs to wait between the appointment and the examination. The waiting time situation for major medical imaging modalities at each type of our imaging centers as of December 31, 2023 in general was as follows:

- **flagship imaging center.** Nearly all major medical imaging examination modalities at each imaging center can be scheduled and performed on the same day.

- **regional collaborative imaging centers.** Most of medical imaging examination modalities at each imaging center can be scheduled and performed on the same day; only a few imaging centers require a waiting period from one day to two days for MR examinations after scheduling an appointment.

- **specialized medical consortium imaging centers.** Generally, most of major medical imaging examination modalities at each imaging center can be scheduled and performed on the same day; only a few imaging centers require a waiting period of one day for MR examinations after scheduling an appointment.

- **operational management imaging centers.** Substantially all major medical imaging examination modalities at most of imaging centers can be scheduled and performed on the same day.

Flagship Imaging Centers

We establish and operate our flagship imaging centers primarily in first- and second-tier cities of China such as Beijing, Shenyang, Changchun, Fuzhou, Zhengzhou, Changsha, and Nanchang. As of December 31, 2023, our flagship imaging centers cover nine cities in China. These imaging centers are equipped with advanced models of imaging equipment, the functionalities of which are cutting-edge in China and can satisfy routine and advanced imaging examination needs, such as PET scanners, 3.0T superconducting MRI scanners, and multi-slice spiral CT scanners of 64-slice or higher, and our flagship imaging centers are also supported by a team of experienced radiologists, approximately 40% of whom were senior radiology specialists.

Benefitting from our advantages in imaging equipment and professionals, we are able to offer a wide spectrum of quality imaging services to serve various customer groups. These flagship imaging centers also collaborate with universities and research institutions in R&D projects of medical imaging, and provide guidance to radiologists and other professional medical staff in our medical imaging center network in respect of professional skills, talent cultivation, standardized examination processes, and sharing of best practices in daily operations.

Service Offerings

We have a diversified offering of imaging examination and diagnostic services at the flagship imaging centers to meet the varying needs of patients and other healthcare consumers, including MRI, CT, PET, X-ray, ultrasound, mammography, and other related modalities.

In particular, our flagship imaging centers provide various imaging service packages of high value that address the needs of individual healthcare consumers with greater health consciousness and financial strength, in addition to the standard imaging services regulated in accordance with the uniform medical insurance catalog of the PRC. These service packages are designed to detect abnormalities by body parts, and accompanied with detailed diagnostic reports by experienced doctors at our flagship imaging centers, including health risk assessment from an imaging perspective and corresponding advice for maintaining or optimizing a healthy lifestyle. For example, according to Frost & Sullivan, cardiovascular diseases and cancer have long been among the top causes of disease death and imaging plays a critical role in detection and risk assessment of such diseases. In response, we have designed a number of multi-modality cardiovascular imaging service packages and tumor imaging service packages, which cover main blood vessels and major organs of the human body and can effectively indicate corresponding potential risks. We also provide specialized advanced imaging examination services (such as epilepsy and Alzheimer's disease) that require advanced imaging equipment and high technical capabilities. The price of imaging services at our flagship imaging centers usually ranges from hundreds of Renminbi to tens of thousands of Renminbi, in particular depending on the type of imaging equipment involved in examination, technical requirements, comprehensiveness of the imaging examination, detailedness of the diagnostic reports and complexity of the cases. See "— Pricing and Payment." We strictly observe our data protection and privacy obligations in relation to the imaging data and other personal information of patients and other healthcare consumers at our flagship imaging centers. See "— Data Protection and Privacy."

The customers of our flagship imaging centers are primarily individual customers, who seek to receive diagnostic imaging reports for specific body parts or conduct health screenings. Our imaging services offered to individual customers are either at their own expense or paid by the public medical insurance programs. Meanwhile, we serve institutional clients such as health management companies, physical examination centers, clinics and insurance companies, who directly purchase imaging services from us that they may lack the capacity to directly provide to their own customers. At our flagship imaging centers, patients and other healthcare consumers are generally required to pay their medical bills before receiving the services. Substantially all of them settle at their own expense, and a small number of them settle through public medical insurance programs. The prices of such purchases typically depend on the particular demand of the clients, the type of imaging services purchased, the service volumes to be provided, requirements on the quality of imaging services and competitors' pricing terms. See "— Pricing and Payment." As of December 31, 2021, 2022 and 2023, we served 56, 62 and 74 institutional clients, respectively.

The following tables set forth the key operating data of our flagship imaging centers for the years indicated:

	Year ended December 31,		
	2021	**2022**	**2023**
Revenue of flagship imaging centers *(RMB in thousand)*	103,037	102,968	133,454
Volume of examinations *(in thousand)*	163.4	190.8	248.8
Average revenue per examination *(RMB)*	630.6	539.7	536.4

The volume of examinations at our flagship imaging centers has increased year by year during the Track Record Period, mainly because (i) we established two more flagship imaging centers in Xiangtan and Wenzhou in 2023, and (ii) more flagship imaging centers opened were in ramp up stage of development. Meanwhile, the average revenue per examination decreased in 2022 compared to 2021, mainly due to an increase in the proportion of chest CT examinations in the total examination volume during the COVID-19 pandemic, as well as a particularly higher volume of chest CT examinations in 2022 than in 2021, where such examinations are routine examination procedures, with relatively low prices, thereby affecting the average revenue per examination. The average revenue per examination remained relatively stable in 2022 and 2023, mainly because the volumes of both (i) routine examinations (including chest CT examinations) with relatively low prices, and (ii) MRI and PET examinations with relatively high prices increased in 2023, as we gradually transitioned from the acute phase of COVID-19 since early 2023.

List of Imaging Centers

The following table sets forth some details of our flagship imaging centers as of December 31, 2023:

	Imaging centers	Location	Commencement of operations	Saleable area (sq.m.)
1.	Liaoning Rimag Medical Imaging Center (遼寧一脈陽光醫學影像中心)	Shenyang, Liaoning province	July 2018	1,467.5
2.	Changchun Rimag Medical Imaging Center (長春一脈陽光醫學影像中心)	Changchun, Jilin province	August 2018	1,951.1
3.	Fuzhou Rimag Medical Imaging Center (福州一脈陽光醫學影像中心)	Fuzhou, Fujian province	January 2019	2,434.0
4.	Nanchang Rimag Medical Imaging Center (南昌一脈陽光醫學影像中心)	Nanchang, Jiangxi province	June 2019	1,331.5
5.	Beijing Rimag Medical Imaging Center (北京一脈陽光醫學影像中心)	Beijing	November 2019	4,268.1
6.	Zhengzhou Rimag Medical Imaging Center (鄭州一脈陽光醫學影像中心)	Zhengzhou, Henan province	January 2021	1,432.0
7.	Changsha Rimag Medical Imaging Center (長沙一脈陽光醫學影像中心)	Changsha, Hunan province	July 2021	1,457.0
8.	Xiangtan Rimag Medical Imaging Center (湘潭一脈陽光醫學影像診斷中心)	Xiangtan, Hunan province	April 2023	2,677.0
9.	Wenzhou Rimag Yiying Medical Imaging Diagnosis Center (溫州一脈頤影醫學影像診斷中心)	Wenzhou, Zhejiang Province	September 2023	2,580.5

We hold the relevant requisite licenses and permits for operating these flagship imaging centers. The radiologists and other medical staff at these centers are mostly our employees, while we also engage a number of experts for consultations for challenging medical cases pursuant to multi-site practicing filings. If any medical disputes arise from misdiagnosis or medical malpractice relating to our imaging examinations and diagnostic reports, we are responsible for resolving such disputes.

The following tables set forth the quantity of the principal imaging equipment of our flagship imaging centers as of the dates indicated and the volume of examinations by principal imaging equipment of our flagship imaging centers for the years indicated:

	As of December 31,		
	2021	2022	2023
MRI	15	13	15
CT	12	10	12
PET	6	4	5
Total	**33**	**27**	**32**

	Year ended December 31,		
	2021	2022	2023
		(in thousand)	
MRI	72.1	79.5	96.7
CT	71.7	98.2	125.2
PET	5.2	4.3	5.4

Our flagship imaging centers are equipped with advanced imaging equipment, such as PET scanners. Of the 15 MRI scanners we had as of December 31, 2023, nine were 3.0T superconducting MRI scanners. Of the 12 CT scanners we had as of the same date, nine of them were 64-slice and above multi-slice spiral CT scanners.

Collaborations with Universities and Research Institutions

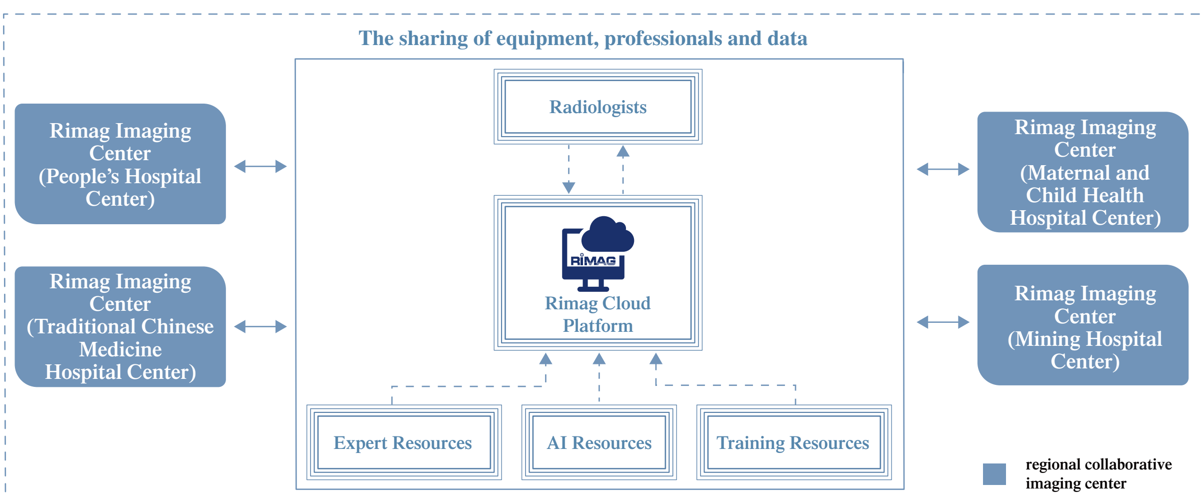
Capitalizing on the advanced imaging equipment and dedicated radiology professionals at our imaging centers, we collaborate with universities in a number of ways to jointly work on research projects in the medical imaging field, such as MRI research on brain functions and sports injuries. Meanwhile, we also provide medical imaging services to research institutions to assist with their research projects.

Moreover, these flagship imaging centers serve as crucial hubs for our improvement of operational management capabilities, talent cultivation, introduction of new technologies, and educational marketing campaigns. They also provide guidance to management and medical teams of other imaging centers within our medical imaging center network in respect of training programs, standardized examination processes, and sharing of best practices.

Regional Collaborative Imaging Centers

In response to the national policy of the hierarchical diagnosis and treatment initiative, through strategic cooperation with hospital partners mainly in third-tier cities or below of China, we establish and operate our regional collaborative imaging centers as independent legal entities with Medical Institution Practice Licenses and in accordance with the Basic Standards for Medical Imaging Diagnostic Centers (Trial) issued by the NHFPC in 2016, so as to improve the supply and professional capabilities of overall imaging services within the relevant regions. These hospital partners usually lack their own radiology departments and rely on our imaging services to serve their customers. As of December 31, 2023, we operated 24 regional collaborative imaging centers, located in 21 county-level divisions of eight provinces, autonomous regions and municipalities of China. We terminated operations of one regional collaborative imaging center since December 31, 2022 and up to the Latest Practicable Date, due to our strategic adjustment to re-allocate our investment and resources to other regions with greater market potentials.

The following diagram illustrates the collaborative relationships among our regional collaborative imaging centers:



Patients who visit any hospital partner in the region and sign up for imaging examinations can have the imaging examinations performed at any of the Rimag imaging centers in such region. Radiologists within the region will review the imaging results together and issue diagnostic reports, which will be recognized by all hospital partners within the region. Accordingly, the sharing of equipment, professionals and data is realized within this region.

Service Offerings

We offer multiple types of imaging examination and diagnostic services, among other things, at the regional collaborative imaging centers, including MRI, CT, PET, mammography, X-ray, ultrasound, fluoroscopy and other related modalities. Patients visit our regional collaborative imaging centers for imaging services mainly through orders by clinicians at our hospital partners. The imaging data and diagnostic reports of the patients will be ready within the time frame as agreed with the relevant hospital partners, subject to the severity and urgency of the cases, clinical needs and types of modalities, typically issued within 48 hours and mostly within 24 hours after the relevant examinations. They can be transmitted to the information systems of our hospital partners for clinicians to review and conduct subsequent consultations.

We enter into cooperation agreements with our hospital partners for purchases of our imaging services, which are typically public or private hospitals that lack the capabilities to provide such services. We establish our regional collaborative imaging centers typically within or in close proximity to such hospital partners. While integrating, operating and managing their existing imaging equipment resources, we source imaging equipment based on the specific needs for imaging services of that region, and retain the ownership of such imaging equipment. Patients that visit our hospital partners pay for the imaging services at the hospitals and then receive the relevant services at our imaging centers. The hospital partners settle the relevant fees with us based on the agreed payment cycles. See "— Pricing and Payment."

The following tables set forth the key operating data of our regional collaborative imaging centers for the years indicated:

	Year ended December 31,		
	2021	2022	2023
Revenue of regional collaborative imaging centers *(RMB in thousand)*	249,792	270,326	355,379
Volume of examinations *(in thousand)*	3,364.6	3,425.5	4,224.8
Average revenue per examination *(RMB)*	74.2	78.9	84.1

The volume of examinations at our regional collaborative imaging centers increased during the Track Record Period, mainly due to the increase of the number of newly established imaging centers. The average revenue per examination of our regional collaborative imaging centers increased during the Track Record Period, mainly due to the increase in the proportion of chest CT examinations in the total examination volume in 2021 and 2022 amid the COVID-19 pandemic, which are routine examination procedures with relatively low prices, thereby affecting the average revenue per examination; meanwhile, as we gradually transitioned from the acute phase of COVID-19 since early 2023, the proportion of chest CT examinations in the total examination volume became normalized, resulting in a slight increase in the average revenue per examination in 2023.

List of Imaging Centers

The following table sets forth some details of our regional collaborative imaging centers as of December 31, 2023:

	Imaging center	Location	Hospital partner	Initial commencement of collaboration	Term of collaboration
1.	Fengyi Rimag Medical Imaging Center (分宜一脈陽光醫學影像中心)	Fenyi county, Xinyu, Jiangxi province	Fenyi County People's Hospital, Jiangxi province (江西省分宜縣人民醫院)	June 2015	8 years
2.	Shicheng Rimag Medical Imaging Center (石城一脈陽光醫學影像中心)	Shicheng county, Ganzhou, Jiangxi province	Shicheng County People's Hospital (石城縣人民醫院)	January 2017	10 years
3.	Leping Rimag Medical Imaging Center (樂平一脈陽光醫學影像中心)	Leping, Jingdezhen, Jiangxi province	Leping People's Hospital (樂平市人民醫院)	January 2017	8 years and 3 months
4.	Xinyu Rimag Medical Imaging Center (Xinyu Maternal and Child Health Hospital) (新余一脈陽光醫學影像中心 — 新余市婦幼保健院)	Xinyu, Jiangxi province	Xinyu Maternal and Child Health Hospital (新余市婦幼保健院)	August 2017	10 years
5.	Xinyu Rimag Medical Imaging Center (Xinyu Traditional Chinese Medicine Hospital) (新余一脈陽光醫學影像中心 — 新余市中醫院)	Xinyu, Jiangxi province	Xinyu Traditional Chinese Medicine Hospital (新余市中醫院)	September 2017	10 years
6.	Xinyu Rimag Medical Imaging Center (Xinyu People's Hospital) (新余一脈陽光醫學影像中心 — 新余市人民醫院)	Xinyu, Jiangxi province	Xinyu People's Hospital (新余市人民醫院)	January 2018	10 years
7.	Fuzhou Rimag Medical Imaging Center (撫州一脈陽光醫學影像中心)	Fuzhou, Jiangxi province	The First People's Hospital of Fuzhou, Jiangxi province (江西省撫州市第一人民醫院)	March 2018	8 years

	Imaging center	Location	Hospital partner	Initial commencement of collaboration	Term of collaboration
8.	Xinyu Rimag Medical Imaging Center (Xinyu Mining Hospital) (新余一脈陽光醫學影像中心 — 新余礦業醫院)	Xinyu, Jiangxi province	Xinyu Mining Hospital (新余礦業醫院)	May 2018	7 years
9.	Enshi Rimag Medical Imaging Center (恩施一脈陽光醫學影像中心).	Enshi, Enshi Tujia and Miao autonomous prefecture, Hubei province	Enshi Hualong General Hospital Co., Ltd. (恩施華龍總醫院有限公司)	November 2018	15 years
10.	Zhaoqing Rimag Medical Imaging Center (肇慶一脈陽光醫學影像中心)	Zhaoqing, Guangdong province	People's Hospital of Gaoyao District, Zhaoqing City (肇慶市高要區人民醫院)	December 2018	20 years
11.	Qiqihar Rimag Medical Imaging Center (齊齊哈爾一脈陽光醫學影像中心)	Qiqihar, Heilongjiang province	Qiqihar First Hospital (齊齊哈爾市第一醫院)	January 2019	10 years
12.	Liaocheng Rimag Medical Imaging Center (聊城一脈陽光醫學影像中心)	Liaocheng, Shandong province	Liaocheng Dongchangfu People's Hospital (聊城市東昌府人民醫院)	May 2019	15 years
13.	Shennan Rimag Medical Imaging Center (瀋南一脈陽光醫學影像中心).	Shenyang, Liaoning province	Shenyang Second Maternity and Infant Hospital (瀋陽市第二婦嬰醫院)	June 2019	10 years
14.	Nianzishan Rimag Medical Imaging Center (齊齊哈爾碾子山區一脈陽光醫學影像中心.	Qiqihar, Heilongjiang province	People's Hospital of Nianzishan District, Qiqihar City (齊齊哈爾市碾子山區人民醫院)	June 2019	10 years
15.	Yichang Rimag Medical Imaging Center (宜昌一脈陽光醫學影像中心).	Yichang, Hubei province	Yichang Bangkang General Clinic Co., Ltd. (宜昌邦康綜合門診有限公司)	September 2019	5 years
16.	Wan'an Rimag Medical Imaging Center (萬安一脈陽光醫學影像中心).	Wan'an county, Ji'an, Jiangxi province	Wan'an County People's Hospital (萬安縣人民醫院)	June 2015	10 years

	Imaging center	Location	Hospital partner	Initial commencement of collaboration	Term of collaboration
17.	Fengcheng Rimag Medical Imaging Center (豐城一脈陽光醫學影像中心)	Fengcheng, Yichun, Jiangxi province	Fengcheng People's Hospital (豐城市人民醫院)	October 2019	10 years
18.	Anfu Rimag Medical Imaging Center (安福一脈陽光醫學影像中心)	Anfu county, Ji'an, Jiangxi province	Anfu County Hospital of Traditional Chinese Medicine (安福縣中醫院)	October 2019	10 years
19.	Xixian New Area Rimag Medical Imaging Center (西咸新區一脈陽光醫學影像中心)	Xianyang, Shaanxi province	The Second Affiliated Hospital of Shaanxi University of Traditional Chinese Medicine (陝西中醫藥大學第二附屬醫院)	January 2020	9 years and 5 months
20.	Yingtan Rimag Medical Imaging Center (鷹潭一脈陽光醫學影像中心)	Yingtan, Jiangxi province	Yingtan People's Hospital (鷹潭市人民醫院)	June 2020	10 years
21.	Fuliang Rimag Medical Imaging Center (浮梁一脈陽光醫學影像中心)	Fuliang county, Jingdezhen, Jiangxi province	Fuliang County People's Hospital (浮梁縣人民醫院)	February 2021	10 years
22.	Shehong Jiashi Rimag Medical Imaging Center (射洪佳士一脈醫學影像中心)	Shehong, Suining, Sichuan province	Shehong Hospital of Traditional Chinese Medicine (射洪市中醫院)	June 2021	8 years
23.	Huanggang Zhiying Medical Imaging Diagnosis Center (黃岡智影醫學影像診斷中心)	Huanggang, Hubei province	35 hospitals of the primary healthcare system primarily in Huanggang	October 2021	Typically 2 to 4 years
24.	Suihua Rimag Medical Imaging Center (綏化一脈陽光醫學影像中心)	Suihua, Heilongjiang Province	Suihua First Hospital (綏化市第一醫院)	May, 2023	3 years

We usually enter into long-term contracts with hospitals to set up regional collaborative imaging centers. In particular, a majority of the long-term contracts specify our priority right to renew under the same terms and conditions. We believe that through years of cooperation with us, these hospitals can truly feel the positive changes that our cooperation has brought to their professional capabilities and operational results, and such continual changes can strengthen these hospital partners' continuing demand for our services, thereby increasing the probability of successful renewal of our contracts with them upon expiry. For example, due to our rich professional resources and strong technical strength, we can continually keep abreast with and absorb the cutting-edge developments in medical imaging in a timely manner, and ensure the technological advancement of these imaging centers by incorporating such developments into our regional collaborative imaging centers, so that clinicians at our hospital partners can benefit from advanced imaging technologies. Our regional collaborative model helps to realize the maximum integration of medical imaging resources within regions, break down the barriers of personnel and equipment among medical institutions, and improve the utilization efficiency of medical resources. It ensures delivery of medical imaging services while reducing the costs of medical institutions and improving the convenience and experience of patients in medical treatment. Leveraging our accumulated expert resources and well-rounded training platform, we have established a long-term medical personnel training system that covers imaging professionals of different positions and qualifications, and can provide training in respect of professional capability, scientific research ability, and managerial capability, among other things, during the whole cycle of their medical practice, and continuously improve their knowledge structure and overall quality of the medical team.

We hold the requisite licenses and permits for operating these regional collaborative imaging centers. The radiologists at these centers are either our employees, or doctors through multi-site practice that practice at our imaging centers pursuant to multi-site practicing filings in compliance with relevant laws, and we pay fees to them for services rendered. All other medical and managerial staff at our regional collaborative imaging centers are employed by us. These imaging centers may also utilize our remote imaging service platform or internet hospital for assistance for excessive workload. Our regional collaborative imaging centers are furnished with equipment to meet the demands of our hospital partners and patients.

The following tables set forth the quantity of the principal imaging equipment available at our regional collaborative imaging centers as of the dates indicated and the volume of examinations by principal imaging equipment of our regional collaborative imaging centers for the years indicated:

	As of December 31,		
	2021	2022	2023
MRI	28	30	30
CT	39	41	44
PET	1	1	1
Mammography	9	9	9
Ultrasound	55	58	59
X-ray	36	38	40
Fluoroscopy	9	9	10
Total	**177**	**186**	**193**

	Year ended December 31,		
	2021	2022	2023
		(in thousand)	
MRI	314.5	358.6	398.8
CT	1,202.7	1,356.7	1,610.6

Collaboration with Hospital Customers

Pursuant to our cooperation agreements with hospital customers, clinicians at hospital customers are responsible for selecting imaging examination items for patients according to their disease conditions, and we provide the corresponding imaging services in accordance with such imaging examination orders and are responsible for the diagnostic imaging reports issued by us. If we identify any necessary revision of the imaging examinations ordered, we are not able to modify such examinations without the relevant clinicians' prior permission and updated imaging examination orders. If any medical disputes arise from misdiagnosis or medical malpractice relating to our imaging examinations and diagnostic reports, we are responsible for resolving such disputes. We have purchased professional medical liability insurance to cover our potential losses arising from medical claims in the imaging center services business. See "— Insurance." As of December 31, 2023, approximately half of our regional collaborative imaging centers cooperated with Class III hospitals. The majority of cooperation agreements between us and our hospital customers are on an exclusive basis. Set forth below are the key terms of our agreements with hospital customers:

- ***Patient referral.*** Our hospital partners are responsible for issuing orders for medical imaging examinations at regional collaborative imaging centers for patients.

- ***Material rights and obligations.*** We are generally responsible for (i) providing office facilities and medical equipment for the imaging center, (ii) maintaining and repairing medical equipment, (iii) procuring medical consumables and supplies, (iv) paying salaries to employees hired for the imaging center and remunerating medical professionals who are practicing through multi-site practice, and (v) providing premises and renovation; our hospital partners are generally responsible for (i) charging medical examination and diagnostic fees from patients, and (ii) paying service fees to us.

- ***Service fee.*** The service fee is calculated based on the quantity of medical imaging examinations and the unit price for each examination modalities which generally hinges on the annual revenue our hospital partners generate from provision of the imaging examinations and diagnostic services at the relevant regional collaborative imaging center according to the predetermined tiered-pricing structure.

- ***Settlement and credit term.*** Generally, we submit the examination data and settlement information of previous month to our hospital partners for verification on a monthly basis. Generally, after both parties confirm the settlement information, we require the hospital partners proceed to pay us the service fees on a monthly basis and then we issue invoices to them.

- ***Termination.*** Generally, neither party have the unilateral right to terminate the agreement.

Specialized Medical Consortium Imaging Centers

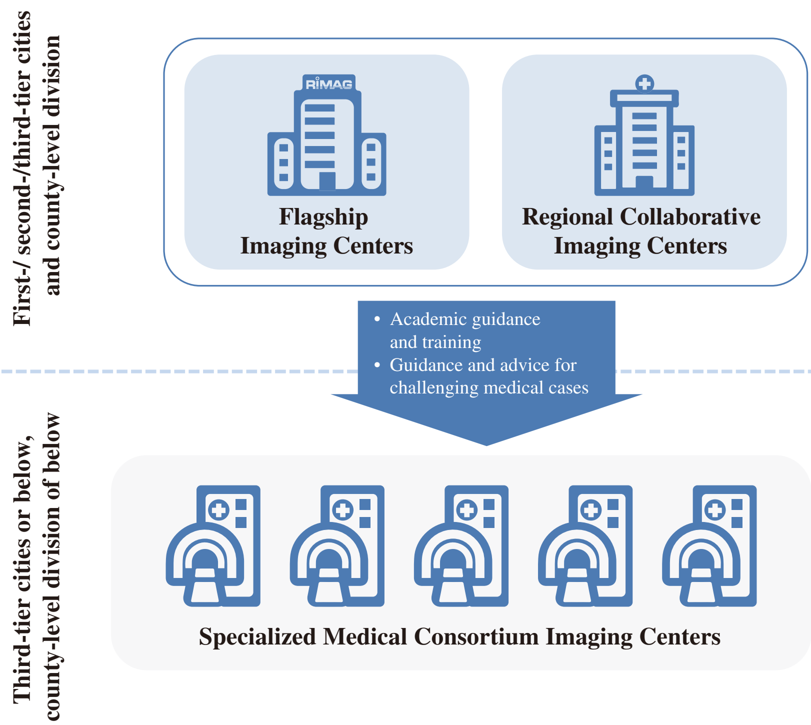
Leveraging our industry experience and professional capabilities, we cooperate with medical institutions such as hospitals and form specialty imaging medical consortiums as approved by local governments to provide services and advice on equipment deployment and infrastructure construction and renovation as well as other operational management services to imaging centers within such medical consortiums, i.e. specialized medical consortium imaging centers.

Our operational management services primarily include:

- advising on the establishment and implementation of standardized procedures and processes of imaging services;
- enabling tailored management services via our informatization management platform which supports quantified, visualized, and standard service quality assessment, thereby providing the basis for an informed management decision;
- advising on setting up proper compensation schemes and key performance indicator mechanisms for medical professionals;
- offering training to medical professionals in aspects including professional skills, research and academic support, and experience sharing;
- providing professional, prompt and quality equipment maintenance and repair services;
- offering digitized information system tools and related updates for implementation, such as radiology information system (RIS), Picture Archive and Communication System (PACS); and
- advising on the development of studies and research into the medical imaging specialty.

We manage these imaging centers through the foregoing to ensure the smooth operation of imaging equipment and improve their operational efficiency, technical competence and operational results. As of December 31, 2023, we served and managed 50 specialized medical consortium imaging centers in 27 county-level divisions in eight provinces, autonomous regions and municipalities of China. As of the Latest Practicable Date, we served and managed 53 specialized medical consortium imaging centers in 28 county-level divisions in eight provinces, autonomous regions and municipalities of China.

The following diagram illustrates the collaborative relationships of the specialized medical consortium imaging centers and our other types of imaging centers within our network:



The business partners of the specialized medical consortium imaging centers are mainly medical institutions of the primary healthcare system located in third-tier cities or below. They generally lack medical equipment or sufficient experience or capabilities to improve the professional skills, managerial abilities and financial outcomes in terms of medical imaging.

In general, we deploy management teams to the specialized medical consortium imaging centers to manage and oversee their operations. As of December 31, 2023, our management teams deployed to such imaging centers consist of 23 personnel, including provincial general managers and operational directors. Our service fees charged to hospital customers are either at an operational performance-based rate, or a combination of fixed payments and operational performance-based service fees. The amount of service fees is usually dependent on operational performance and the length of our collaboration. See "— Pricing and Payment."

List of Imaging Centers

The following table sets forth some additional details of our specialized medical consortium imaging centers as of December 31, 2023:

	Imaging center	Location	Initial commencement of collaboration	Term of services
1.	Rimag Specialized Medical Consortium of the Traditional Chinese Medicine Hospital in Shanggao county, Yichun, Jiangxi province (江西宜春上高縣中醫院一脈陽光專科醫聯體)	Shanggao county, Yichun, Jiangxi province	March 2016	10 years
2.	Rimag Specialized Medical Consortium with the Dongcun Clinic of Fenyi County in Xinyu, Jiangxi province (江西新余分宜縣洞村衛生院一脈陽光專科醫聯體)	Fenyi county, Xinyu, Jiangxi province	March 2016	8 years
3.	Rimag Specialized Medical Consortium with the Caochang Clinic of Fenyi County in Xinyu, Jiangxi province (江西新余分宜縣操場衛生院一脈陽光專科醫聯體)	Fenyi county, Xinyu, Jiangxi province	May 2016	8 years
4.	Rimag Specialized Medical Consortium with the Shuanglin Clinic of Fenyi County in Xinyu, Jiangxi province (江西新余分宜縣雙林衛生院一脈陽光專科醫聯體)	Fenyi county, Xinyu, Jiangxi province	May 2016	8 years
5.	Rimag Specialized Medical Consortium with Xingguo County People's Hospital in Ganzhou, Jiangxi province (江西贛州興國縣人民醫院一脈陽光專科醫聯體).	Xingguo county, Ganzhou, Jiangxi province	June 2016	10 years
6.	Rimag Specialized Medical Consortium with the Gaoxing Clinic of Xingguo County in Ganzhou, Jiangxi province (江西贛州興國縣高興衛生院一脈陽光專科醫聯體)	Xingguo county, Ganzhou, Jiangxi province	July 2016	10 years

	Imaging center	Location	Initial commencement of collaboration	Term of services
7.	Rimag Specialized Medical Consortium with the Liangcun Clinic of Xingguo County in Ganzhou, Jiangxi province (江西贛州興國縣良村衛生院一脈陽光專科醫聯體)	Xingguo county, Ganzhou, Jiangxi province	August 2016	10 years
8.	Rimag Specialized Medical Consortium with the Juncun Clinic of Xingguo County in Ganzhou, Jiangxi province (江西贛州興國縣均村衛生院一脈陽光專科醫聯體)	Xingguo county, Ganzhou, Jiangxi province	August 2016	10 years
9.	Rimag Specialized Medical Consortium with the Chongxian Clinic of Xingguo County in Ganzhou, Jiangxi province (江西贛州興國縣崇賢衛生院一脈陽光專科醫聯體)	Xingguo county, Ganzhou, Jiangxi province	September 2016	10 years
10.	Rimag Specialized Medical Consortium with the Jiangbei Clinic of Xingguo County in Ganzhou, Jiangxi province (江西贛州興國縣江背衛生院一脈陽光專科醫聯體)	Xingguo county, Ganzhou, Jiangxi province	September 2016	10 years
11.	Rimag Specialized Medical Consortium with the Yongfeng Clinic of Xingguo County in Ganzhou, Jiangxi province (江西贛州興國縣永豐衛生院一脈陽光專科醫聯體)	Xingguo county, Ganzhou, Jiangxi province	September 2016	10 years
12.	Rimag Specialized Medical Consortium with the Dinglong Clinic of Xingguo County in Ganzhou, Jiangxi province (江西贛州興國縣鼎龍衛生院一脈陽光專科醫聯體)	Xingguo county, Ganzhou, Jiangxi province	December 2016	10 years
13.	Rimag Specialized Medical Consortium with the Traditional Medicine Hospital in Xingguo county, Ganzhou, Jiangxi province (江西贛州興國縣中醫醫院一脈陽光專科醫聯體)	Xingguo county, Ganzhou, Jiangxi province	December 2016	10 years
14.	Rimag Specialized Medical Consortium with Harqin Banner Hospital in Chifeng, Inner Mongolia (內蒙古赤峰市喀喇沁旗醫院一脈陽光專科醫聯體) .	Harqin Banner, Chifeng, Inner Mongolia	April 2017	10 years

	Imaging center	Location	Initial commencement of collaboration	Term of services
15.	Rimag Specialized Medical Consortium with the Chenggang Clinic of Xingguo County in Ganzhou, Jiangxi province (江西贛州興國縣城崗衛生院一脈陽光專科醫聯體)	Xingguo county, Ganzhou, Jiangxi province	November 2017	10 years
16.	Rimag Specialized Medical Consortium with the Linchuan District People's Hospital in Fuzhou, Jiangxi province (江西撫州臨川區人民醫院一脈陽光專科醫聯體)	Fuzhou, Jiangxi province	December 2017	10 years
17.	Rimag Specialized Medical Consortium with the Jishui County Hospital of Traditional Chinese Medicine in Ji'an, Jiangxi province (江西吉安吉水縣中醫院一脈陽光專科醫聯體)	Jishui county, Ji'an, Jiangxi province	January 2018	10 years
18.	Rimag Specialized Medical Consortium with Xiang Ya Ping Mine Cooperative Hospital in Pingxiang, Jiangxi province (江西萍鄉湘雅萍礦合作醫院一脈陽光專科醫聯體)	Pingxiang, Jiangxi province	February 2018	10 years
19.	Rimag Specialized Medical Consortium with the Yanshan County People's Hospital in Shangrao, Jiangxi province (江西上饒鉛山縣人民醫院一脈陽光專科醫聯體)	Yanshan county, Shangrao, Jiangxi province	April 2018	10 years
20.	Rimag Specialized Medical Consortium with the Wanzai County Hospital of Traditional Chinese Medicine in Yichun, Jiangxi province (江西宜春萬載縣中醫院一脈陽光專科醫聯體)	Wanzai county, Yichun, Jiangxi province	August 2018	10 years
21.	Rimag Specialized Medical Consortium with the Renxin Health Examination Center in Ganzhou, Jiangxi province (江西贛州仁心健康體檢一脈陽光專科醫聯體)	Ganzhou, Jiangxi province	November 2018	6 years
22.	Rimag Specialized Medical Consortium with the Third People's Hospital in Xinyang, Henan province (河南信陽市第三人民醫院一脈陽光專科醫聯體)	Xinyang, Henan province	March 2019	8 years

	Imaging center	Location	Initial commencement of collaboration	Term of services
23.	Rimag Specialized Medical Consortium with the Lichuan County People's Hospital in Fuzhou, Jiangxi province (江西撫州黎川縣人民醫院一脈陽光專科醫聯體)	Lichuan county, Fuzhou, Jiangxi province	June 2019	10 years
24.	Rimag Specialized Medical Consortium with the Hospital of Traditional Chinese Medicine in Yingtan, Jiangxi province (江西鷹潭市中醫院一脈陽光專科醫聯體)	Yingtan, Jiangxi province	July 2019	10 years
25.	Rimag Specialized Medical Consortium with the Dai and Wa Autonomous County People's Hospital in Gengma county, Lincang, Yunnan province (雲南臨滄耿馬傣族佤族自治縣人民醫院一脈陽光專科醫聯體)	Gengma county, Lincang, Yunnan province	July 2019	10 years
26.	Rimag Specialized Medical Consortium with the Quannan County People's Hospital in Ganzhou, Jiangxi province (江西贛州全南縣全南縣人民醫院一脈陽光專科醫聯體)	Quannan county, Ganzhou, Jiangxi province	November 2019	10 years
27.	Rimag Specialized Medical Consortium with the Hospital of Traditional Chinese Medicine in Fengcheng, Yichun, Jiangxi province (江西宜春豐城市中醫院一脈陽光專科醫聯體)	Fengcheng, Yichun, Jiangxi province	January 2020	10 years
28.	Rimag Specialized Medical Consortium with the Xinqiao Center Clinic in Gaoyao county, Zhaoqing, Guangdong province (廣東肇慶高要新橋中心衛生院一脈陽光專科醫聯體)	Zhaoqing, Guangdong province	February 2020	10 years
29.	Rimag Specialized Medical Consortium with the Jindu Clinic in Gaoyao county, Zhaoqing, Guangdong province (廣東肇慶高要金渡衛生院一脈陽光專科醫聯體)	Zhaoqing, Guangdong province	March 2020	10 years

	Imaging center	Location	Initial commencement of collaboration	Term of services
30.	Rimag Specialized Medical Consortium with the Gaoyao Lecheng Central Clinic in Zhaoqing, Guangdong province (廣東肇慶高要樂城中心衛生院一脈陽光專科醫聯體)	Zhaoqing, Guangdong province	April 2020	10 years
31.	Rimag Specialized Medical Consortium with the Qiqihar Chest Hospital in Tiefeng district, Qiqihar, Heilongjiang province (黑龍江齊齊哈爾鐵鋒區齊齊哈爾市胸科醫院一脈陽光專科醫聯體)	Qiqihar, Heilongjiang province	April 2020	10 years
32.	Rimag Specialized Medical Consortium with the Central Clinic of Douhutun Town, Dongchangfu District in Liaocheng, Shandong province (山東聊城市東昌府區門虎屯鎮中心衛生院一脈陽光專科醫聯體)	Liaocheng, Shandong province	August 2020	15 years
33.	Rimag Specialized Medical Consortium with the Central Clinic of Tuochuan Town in Fengcheng, Yichun, Jiangxi province (江西宜春豐城拖船中心衛生院一脈陽光專科醫聯體)	Fengcheng, Yichun, Jiangxi province	October 2020	10 years
34.	Rimag Specialized Medical Consortium with the Dexing Hospital of Traditional Chinese Medicine in Shangrao, Jiangxi province (江西上饒德興中醫院一脈陽光專科醫聯體)	Dexing, Shangrao, Jiangxi province	October 2020	10 years
35.	Rimag Specialized Medical Consortium with the Hospital of Traditional Chinese Medicine in Yushan county, Shangrao, Jiangxi province (江西上饒玉山縣中醫院一脈陽光專科醫聯體)	Yushan county, Shangrao, Jiangxi province	August 2021	10 years
36.	Rimag Specialized Medical Consortium with the Huangzhou District Cerebrovascular Disease Hospital in Huanggang, Hubei province (湖北黃岡黃州區腦血管病醫院一脈陽光專科醫聯體) . .	Huanggang, Hubei province	October 2021	15 years

	Imaging center	Location	Initial commencement of collaboration	Term of services
37.	Rimag Specialized Medical Consortium with the Central Clinic of Rongtang Town in Fengcheng, Yichun, Jiangxi province (江西宜春豐城榮塘鎮中心衛生院一脈陽光專科醫聯體)	Fengcheng, Yichun, Jiangxi province	March 2022	10 years
38.	Rimag Specialized Medical Consortium with Nanle Zhongxing Hospital in Puyang, Henan province (河南濮陽南樂中興醫院一脈陽光專科醫聯體) . .	Nanle county, Puyang, Henan province	April 2022	10 years
39.	Rimag Specialized Medical Consortium with Pingyuan Hospital in Puyang, Henan province (河南濮陽平原醫院一脈陽光專科醫聯體)	Pingyuan county, Puyang, Henan province	April 2022	10 years
40.	Rimag Specialized Medical Consortium with the Fengcheng Maternal and Child Health Hospital in Yichun, Jiangxi province (江西宜春豐城市婦幼保健院一脈陽光專科醫聯體)	Fengcheng, Yichun, Jiangxi province	May 2022	10 years
41.	Rimag Specialized Medical Consortium with the Tandong Town Clinic of Rongjiang New District in Ganzhou, Jiangxi province (江西贛州蓉江新區潭東鎮衛生院專科醫聯體)	Ganzhou, Jiangxi province	November 2022	10 years
42.	Rimag Specialized Medical Consortium with the Zhongjing Zhang Hospital in Nanyang, Henan province (河南南陽臥龍區張仲景醫院一脈陽光專科醫聯體)	Nanyang, Henan province	May, 2023	12 years
43.	Rimag Specialized Medical Consortium with the Dongjiahe Town Clinic, Shihe District, Xinyang, Henan Province (河南信陽浉河區董家河鎮中心衛生院一脈陽光專科醫聯體)	Xinyang, Henan province	November, 2023	5 years
44.	Rimag Specialized Medical Consortium with the Duantan County Clinic in Fengcheng, Yichun, Jiangxi Province (江西宜春豐城市段潭鄉衛生院一脈陽光專科醫聯體)	Yichun, Jiangxi province	December, 2023	10 years

	Imaging center	Location	Initial commencement of collaboration	Term of services
45.	Rimag Specialized Medical Consortium with the Hospital of Traditional Chinese Medicine in Changjiang District, Jingdezhen, Jiangxi Province (江西景德鎮昌江區中醫院一脈陽光專科醫聯體) .	Jingdezhen, Jiangxi province	December, 2023	10 years
46.	Rimag Specialized Medical Consortium with the Huodao Town Clinic of Gaoyao District in Zhaoqing, Guangdong province (廣東肇慶高要活道鎮衛生院一脈陽光專科醫聯體)	Zhaoqing, Guangdong province	December, 2023	10 years
47.	Rimag Specialized Medical Consortium with the Jiaotang Town Clinic of Gaoyao District in Zhaoqing, Guangdong province (廣東肇慶高要蛟塘鎮衛生院一脈陽光專科醫聯體)	Zhaoqing, Guangdong province	December, 2023	10 years
48.	Rimag Specialized Medical Consortium with the Xiangang Town Clinic of Gaoyao District in Zhaoqing, Guangdong province (廣東肇慶高要蜆崗鎮衛生院一脈陽光專科醫聯體)	Zhaoqing, Guangdong province	December, 2023	10 years
49.	Rimag Specialized Medical Consortium with the Hetai Town Clinic of Gaoyao District in Zhaoqing, Guangdong province (廣東肇慶高要河台鎮衛生院一脈陽光專科醫聯體)	Zhaoqing, Guangdong province	December, 2023	10 years
50.	Rimag Specialized Medical Consortium with the Dawan Town Clinic of Gaoyao District in Zhaoqing, Guangdong province (廣東肇慶高要大灣鎮衛生院一脈陽光專科醫聯體)	Zhaoqing, Guangdong province	December, 2023	10 years

The establishment of a specialized medical consortium imaging center typically involves stages including market research on client needs, tender process, signing of agreement, as well as technical training. Our market development team is responsible for conducting market research on the target medical institutions and the medical imaging capabilities in their respective regions. This includes the understanding of the needs of the medical institutions, their existing medical imaging equipment and technology, and patient requirements. Following this, we present our service solutions to the medical institutions or participate in the tender process for potential clients with such requirement. Upon mutual agreement, we enter into a cooperation agreements with the medical institution customers and under such agreement, we also provide technical trainings for them to ensure their familiarity and capabilities with the equipment and technology. While each specialty imaging medical consortium may serve multiple medical institutions that each forms with us a specialized medical consortium imaging center, each specialized medical consortium imaging center was formed and operated with one medical institution customer.

We are not the holder of the requisite licenses and permits for operating these specialized medical consortium imaging centers. We provide services to hospital customers for the operation management of such imaging centers. The following table sets forth the key operating data of our specialized medical consortium imaging centers for the years indicated:

	Year ended December 31,		
	2021	**2022**	**2023**
Revenue of specialized medical consortium imaging centers *(RMB in thousand)*	76,715	89,300	109,638
Number of examinations *(in thousand)*	685.3	842.0	1,024.2
Average revenue per examination *(RMB)*	111.9	106.1	107.0

The average revenue per examination remained relatively stable at RMB111.9, RMB106.1 and RMB107.0 in 2021, 2022 and 2023, respectively.

The table below sets forth the volume of examinations by the principal imaging equipment of specialized medical consortium imaging centers for the years indicated:

	Year ended December 31,		
	2021	**2022**	**2023**
		(in thousand)	
MRI	109.1	133.3	148.6
CT	354.2	423.5	514.2

Cooperation with Hospital Customers

The majority of cooperation agreements between us and our hospital customers are on an exclusive basis. Set forth below are the key terms of our agreements with hospital customers:

- ***Material rights and obligations.*** We are generally responsible for providing medical equipment deployment service, infrastructure construction and renovation service, and other operational management services for the imaging center; the hospital partners are generally responsible for (i) applying for and obtaining the requisite licenses and permits, (ii) providing and charging patients for examination and diagnosis services; and (iii) paying service fees to us.

- ***Service fee.*** Service fee consists of both fixed service fee and operational performance-based service fee. The fixed service fee is calculated based on our services and support for professional skill improvement, operational management consulting, and informational technology infrastructure; and the operational performance-based service fee is calculated based on the scope and frequency of services provided which are calculated in accordance with the formula set forth in the agreements. The amount of fixed service fees is usually determined based on the investment amount and commercial negotiation and dependent on the length of collaboration, and the amount of operational performance service fee will usually be charged if the hospital partner's annual revenue generated from the specialized medical consortium imaging center exceeds a predetermined target. The amount of the operational performance-based service fee is usually calculated as a percentage of the difference between the hospital partner's annual revenue generated from the specialized medical consortium imaging center and the predetermined target.

- ***Settlement and credit term.*** We generally submit the examination data and settlement information of previous month to our hospital partners for verification on a monthly basis. Generally, after both parties confirm the settlement information, we require the hospital partners proceed to pay us the service fees on a monthly basis and then we issue invoices to them.

- ***Termination.*** Generally, neither party have the unilateral right to terminate the agreement.

For imaging equipment that we assist with selecting, we shall provide hospital customers with the right to use such equipment as specified in the relevant agreements, and will engage third parties for repair and maintenance, so as to ensure the normal operations of such equipment. In addition, as we are not the holder of the Medical Institution Practice License, our hospital customers are responsible for resolving disputes that arise from misdiagnosis or medical malpractice relating to imaging examinations and diagnostic reports, if any.

Our hospital customers are mainly medical institutions of the primary healthcare system. They have long faced challenges of weak technical skills, low operating efficiency, lack of training ability that have led to loss of personnel, limited external high-quality medical resources for assistance, relatively high costs for purchasing equipment maintenance services and carrying out informatization construction. Through the establishment of a specialized medical consortium, we provide a full range of services from equipment to management for the imaging centers in such medical consortium, allowing medical resources to fully flow and be effectively utilized within the medical consortium, thereby enhancing their service capabilities, and thus the long-term demand of hospital customers for our services and the probability of renewing contracts with us upon expiry.

Operational Management Imaging Centers

We provide diversified operational management services to medical institutions, including professional skill improvement, operational management consulting, and informatization construction. Such imaging centers are not involved with equipment deployment or infrastructure renovation services. We usually incur less up-front cost under such offerings as we do not need to select relevant medical imaging equipment for customers. Such business model helps us to promptly provide services, efficiently expand our network coverage, and increase our profitability. Our headquarters operation management center is responsible for designing, planning, managing, overseeing and reviewing our provision of operational management services. See "— Specialized Medical Consortium Imaging Centers."

List of Imaging Centers

The following table sets forth some details of our operational management imaging centers as of December 31, 2023:

	Imaging centers	Location	Initial commencement of collaboration	Term of collaboration
1.	Rimag Operational Management Imaging Center with Yulin Third People's Hospital in Yulin, Guangxi province (廣西玉林市第三人民醫院一脈陽光運營管理影像中心)	Yulin, Guangxi province	August 2019	15 years
2.	Rimag Operational Management Imaging Center with Chenzhou Hospital of Traditional Chinese Medicine in Chenzhou, Hunan province (湖南郴州市中醫醫院一脈陽光運營管理影像中心)	Chenzhou, Hunan province	May 2020	10 years
3.	Rimag Operational Management Imaging Center with Jinxi County Hospital of Traditional Chinese Medicine of Jiangxi province in Jinxi county, Fuzhou, Jiangxi province (江西撫州金溪縣中醫院一脈陽光運營管理影像中心).	Jinxi county, Fuzhou, Jiangxi province	June 2021	3 years
4.	Rimag Operational Management Imaging Center with Huanggang Hospital of Traditional Chinese Medicine in Huanggang, Hubei province (湖北黃岡市中醫院一脈陽光運營管理影像中心)	Huanggang, Hubei province	September 2021	5 years

	Imaging centers	Location	Initial commencement of collaboration	Term of collaboration
5.	Rimag Operational Management Imaging Center with Huangzhou District People's Hospital in Huangzhou District, Huanggang, Hubei province (湖北黃岡黃州區人民醫院一脈陽光運營管理影像中心)	Huanggang, Hubei province	October 2021	5 years
6.	Rimag Operational Management Imaging Center with Qixia Hospital of Traditional Chinese Medicine in Qixia, Yantai, Shandong province (山東煙台棲霞市中醫院一脈陽光運營管理影像中心)	Qixia, Yantai, Shandong province	January 2022	5 years
7.	Rimag Operational Management Imaging Center with Huanggang Central Hospital in Huanggang, Hubei province (湖北黃岡市中心醫院一脈陽光運營管理影像中心)	Huanggang, Hubei province	March 2022	3 years
8.	Rimag Operational Management Imaging Center with Nancheng County Hospital of Traditional Chinese Medicine in Nancheng county, Fuzhou, Jiangxi province (江西撫州南城縣中醫院一脈陽光運營管理影像中心) . .	Nancheng county, Fuzhou, Jiangxi province	May 2022	6 years
9.	Rimag Operational Management Imaging Center with Dongxiang District Hospital of Traditional Chinese Medicine in Dongxiang district, Dongxiang county, Fuzhou, Jiangxi province (江西撫州東鄉縣東鄉區中醫院一脈陽光運營管理影像中心)	Dongxiang county, Fuzhou, Jiangxi province	September 2022	6 years
10.	Rimag Operational Management Imaging Center with Quannan County Hospital of Integrated Traditional Chinese and Western Medicine in Quannan county, Ganzhou, Jiangxi province (江西贛州全南縣中西結合醫院一脈陽光運營管理影像中心)	Quannan county, Ganzhou, Jiangxi province	September 2022	10 years
11.	Rimag Operational Management Imaging Center with Shanggao County Maternal and Child Health Hospital in Shanggao county, Yichun, Jiangxi province (江西宜春上高縣婦幼保健院一脈陽光運營管理影像中心)	Shanggao county, Yichun, Jiangxi province	October 2022	6 years

	Imaging centers	Location	Initial commencement of collaboration	Term of collaboration
12.	Rimag Operational Management Imaging Center with Linyi Dongshan Hospital, Luozhuang District, Linyi, Shandong (山東臨沂羅莊區臨沂東山醫院一脈陽光營運管理影像中心)	Luozhuang District, Linyi, Shandong	November 2023	8 years
13.	Rimag Operational Management Imaging Center with Chongren County Traditional Chinese Medicine Hospital, Chongren County, Fuzhou, Jiangxi (江西撫州崇仁郡中醫院一脈陽光營運管理影像中心)	Chongren County, Fuzhou, Jiangxi province	November 2023	6 years
14.	Rimag Operational Management Imaging Center with Leling Traditional Chinese Medicine Hospital, Dezhou, Shandong (山東德州樂陵市中醫院一脈陽光營運管理影像中心).	Leling, Dezhou, Shandong Province	August 2023	1 year

Collaboration with Hospital Customers

Generally, our hospital customers have their own radiology department equipped with their own imaging equipment. In addition, as we are not the holder of the Medical Institution Practice License, our hospital customers are responsible for resolving disputes that arise from misdiagnosis or medical malpractice relating to imaging examinations and diagnostic reports, if any. For purposes of improving operating efficiency, these hospital customers purchase operational management services from us. According to the relevant service agreements, we provide operational management services that exclude equipment selection and configuration, but we can provide repair and maintenance services for hospital customers' existing imaging equipment to ensure the normal operation of these equipment. Operational management services generally include professional skill improvement services for radiologists, nurses and radiologic technologists, operational management consulting services for the set-up of the radiology department's management systems, compensation systems, and performance appraisals, and the staffing of the radiology department, and other services required for operation and management. The majority of service agreements between us and our hospital customers are on an exclusive basis. Set forth below are the key terms of our agreements with hospital customers:

- ***Material rights and obligations.*** We are responsible for providing operational management services and operation management supporting services, such as equipment repair and maintenance service and cloud platform service; the hospital partners are responsible for (i) providing premises, office facilities, and medical professionals, (ii) providing and charging patients for examination and diagnosis services; and (iii) paying service fees to us.

- ***Service fee.*** Service fee consists of both fixed service fee and operational performance-based service fee. The fixed service fee is calculated based on our services and support for professional skill improvement, operational management consulting, and informational technology infrastructure; the operational performance-based service fee is calculated based on the scope and frequency of services provided which are calculated in accordance with the formula set forth in the agreements. The amount of fixed fees is usually determined based on the service content and commercial negotiation and dependent on the length of collaboration, and the amount of operational performance service fee will usually be charged if the annual revenue from imaging services exceeds a predetermined target. The amount of the operational performance service fee is usually be calculated as a percentage of the difference between the hospital partner's annual revenue generated from the operational management imaging center and the predetermined target.

- ***Settlement and credit term.*** Generally, we submit the examination data and settlement information of previous month to our hospital partners for verification on a monthly basis. Generally, after both parties confirm the settlement information, we require the hospital partners proceed to pay us the service fees on a monthly basis and then we issue invoices to them.

- ***Termination.*** Generally, neither party have the unilateral right to terminate the agreement.

We provide various professional operational management services for the radiology departments of these hospital customers, so that they can obtain continuous support from medical resources and achieve long-term improvement in capabilities regarding talent nourishment, disciplinary development, and informatization construction. Such well-established cooperation mode has strengthened the hospitals' recognition of the value of, and the demand for, our services, and increased the probability of their renewal of the relevant contracts with us upon expiry.

Headquarters' Management of and Support to the Operations of Our Imaging Centers

We have adopted a top-down vertical management model to operate our imaging centers. We have set up an operation management center at our headquarters, responsible for (i) setting up and implementing our operations and management model for imaging centers, (ii) establishing our customer service system and procedures, (iii) organizing and carrying out training programs, and (iv) monitoring and reviewing the operational performance of our imaging centers.

In general, the operations and management of each of our imaging centers are headed by general managers with years of management experience in the healthcare industry. We have also optimized our operations and management model based on our long-term experience and designated key responsible personnel below the general managers (namely, the three key positions) in charge of medical services, internal management and marketing operations, respectively, at each of our imaging centers. These personnel oversee the provision of medical services, support from administrative departments, and the sales and marketing activities, respectively. Through such lean and transparent organizational structure, we are able to clearly delineate the responsibilities of each role, execute performance goals, improve the operational efficiency of imaging centers, and standardize the operation of imaging centers, thereby allowing the rapid replication of our operational management model to more imaging centers.

We have formulated consistent SOP for imaging centers based on rich experience in the operation and management of imaging centers accumulated throughout many years, and by integrating the industry guidelines of reputable professional associations such as the Chinese Medical Association (中華醫學會) and standards of large-scale medical institutions, including Class III Grade A hospitals, in our operations and management model and medical service standards, and optimized the SOP based on the different types of imaging centers. Such SOP features great replicability and applicability, and when we establish or manage new imaging centers, the implementation of such SOP can effectively ensure the standardization of management at these centers and improvement in efficiency within a short period of time. Part of the SOP has been recognized and promoted by the Chinese Non-Government Medical Institutions Association (中國非公立醫療機構協會) as its standards for independent imaging centers.

In addition, in order to realize the sharing of experience and capabilities within our Group, we have set up a team of mentors for the general managers of imaging centers and personnel of three key positions (in relation to medical services, internal management, and marketing operations). We select experienced imaging experts and managerial personnel within our Group as the foregoing persons' mentors. For new imaging centers and those whose operations and management need improvement, we arrange corresponding mentors to stay at the imaging centers for a long period of time and teach on-site to help them improve quickly.

Initial Breakeven Period and Cash Investment Payback Period of Our Imaging Centers

Initial breakeven period refers to the amount of time it takes to reach the first month for the imaging center level EBITDA (non-IFRS measure) (i.e. imaging center level earnings before interest, taxes, depreciation and amortization, which are equivalent to operating profit on a cash basis) of a newly opened imaging center to turn positive with its financial condition remaining relatively stable afterwards. Cash investment payback period for a new imaging center refers to the amount of time it takes for the cumulative imaging center level EBITDA (non-IFRS measure) of that imaging center to cover its capital expenditure. When calculating the capital expenditure of an imaging center, we take into account the construction and renovation costs, equipment and other fixed assets costs. Cash investment payback periods are generally longer than initial breakeven periods, because once an imaging center achieves initial breakeven, it must continue to generate imaging center level EBITDA (non-IFRS measure), until its cumulative imaging center level EBITDA (non-IFRS measure) exceeds its capital expenditure. In addition, the initial breakeven period and the cash investment payback period may also be affected by the specific factors associated with an imaging center, such as its size, location, service scope, local market competition and commercial terms agreed with the relevant hospital partners (where applicable).

The table below sets forth the number and the average initial breakeven period of our imaging centers which had achieved initial breakeven as of December 31, 2023 by type:

	Number	**Average Initial Breakeven Period**
		(months)
Flagship imaging centers	5	16.2
Regional collaborative imaging centers	24	4.9
Specialized medical consortium imaging centers	43	2.1
Operational management imaging centers	12	2.7

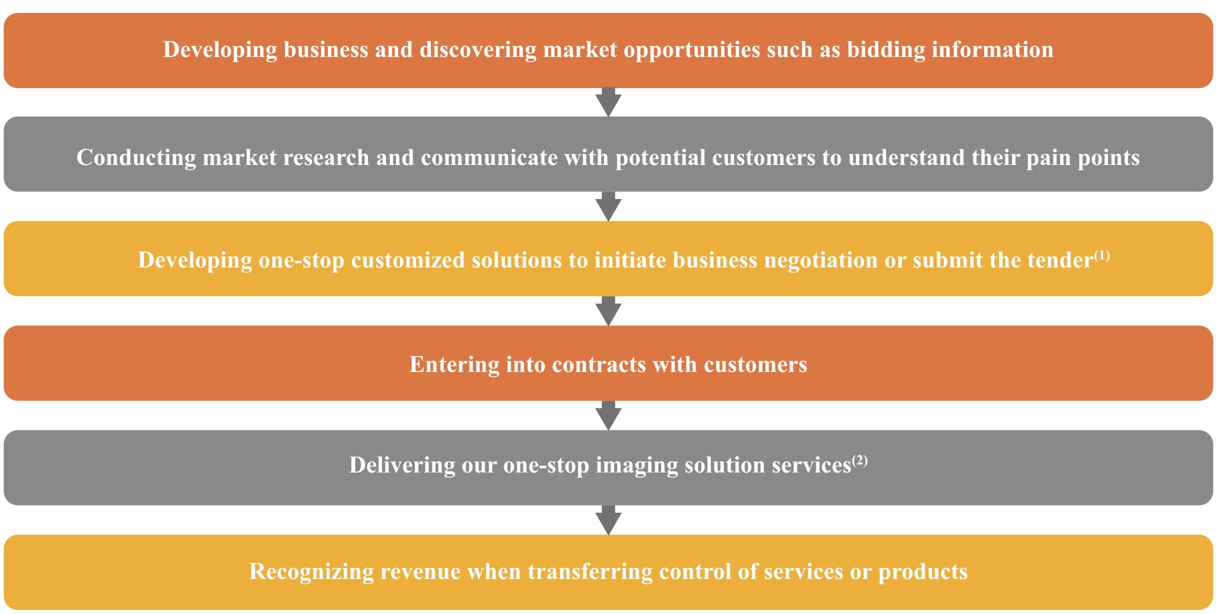
The table below sets forth the number and the average cash investment payback period of our imaging centers which had achieved cash investment payback as of December 31, 2023 by type:

	Number	**Average Cash Investment Payback Period**
		(months)
Flagship imaging centers	–	–
Regional collaborative imaging centers	11	47.5
Specialized medical consortium imaging centers	27	39.1
Operational management imaging centers	9	3.8

As of December 31, 2023, our imaging center network consisted of nine flagship imaging centers, 24 regional collaborative imaging centers, 50 specialized medical consortium imaging centers and 14 operational management imaging centers, of which 5, 24, 43 and 12 had achieved initial breakeven and nil, 11, 27 and 9 had achieved cash investment payback, respectively. The remaining imaging centers did not achieve initial breakeven or investment payback, primarily because they have not yet had sufficient time to do so, and in the case of regional collaborative imaging centers and specialized medical consortium imaging centers, the hospital partners with which they cooperated were under-performed. There were 12, 19 and 23 loss-making imaging centers (with gross loss) in 2021, 2022 and 2023, respectively. See "— Imaging Center Services — Overview."

Imaging Solution Services

We commenced the provision of imaging solution services to customers in 2019. Our imaging solution services mainly help medical institution customers such as hospitals select and procure appropriate imaging equipment that meets their development needs, and a series of accompanying modular solutions to maximize the utility value of imaging equipment. We create personalized and one-stop solutions based on customers' needs to ensure that they use imaging equipment correctly and effectively, thereby improving their medical skills and capabilities to serve patients. The table below sets forth the flow chart of the business process of our imaging solution services:



Notes:

(1) The direct procurement of imaging solution services by public hospital customers is typically subject to an invitation to tender process, and we directly participate in the tender process.

(2) One-stop imaging solution services include equipment selection and configuration, infrastructure renovation services and modular solutions generally consisting of onward training services, repair and maintenance services and Rimag Cloud platform-related services.

We strive to promote the idea that "maximizing the utility value of equipment is far more important than buying high-value equipment." Customers can choose one or more service modules according to their own needs. Different from our services provided through specialized medical consortium imaging centers and operational management imaging centers, we are only responsible for the delivery of equipment and service modules and not involved in the daily operation of our customers. We receive fees from customers based on the type and content of products and services provided. Our imaging solution services are centered around imaging equipment. During the Track Record Period, we provided imaging solution services to medical institution customers either directly or through intermediaries. See "— Sales and Marketing — Imaging Solution Services." During the Track Record Period, our imaging solution services served over 80 medical institutions.

Leveraging years of experience and capabilities, we have developed modular medical imaging solutions that facilitate medical institutions to enhance their professional proficiency, maximize the value of their equipment, optimize their SOP and strengthen their service capabilities. Our imaging solution services primarily include the following modular services:

Equipment selection and configuration. We capitalize on our selection expertise accumulated from using more than 400 units of mainstream imaging equipment of various brands in providing our imaging center services, and customization capabilities in imaging equipment including specialized medical examination equipment and specialized disease equipment (such as specialized equipment with optimized functions in terms of whole body vascular examination and tumor screening, among other things). Based on the differing features of clinical departments of medical institutions (such as key department or special department) and their development objectives, and by integrating the latest technological advancement in imaging, we provide highly compatible and suitable equipment selection solutions comprising both software and hardware to medical institutions.

Unlike conventional equipment sales, we not only help medical institutions choose the most suitable equipment, but also assist them in better utilizing the medical imaging equipment to maximize utilization efficiency and efficacy, through the following other service modules.

Infrastructure Renovation Services. We provide a site planning and design plan with an appropriate layout according to the needs of medical institutions for constructing their imaging departments, and on-site inspection and measurement. The plan includes layout plan, proposal plan, architectural drawing, construction drawings and detailed soft decoration design, among other things. We also take the working habits of local radiologists into account and optimize the configuration of workstations and software deployment of medical image viewing tools to optimize the working environment for radiologists. For example, the height of the standard workstation for reading medical images that we help select is adjustable electronically to meet the needs of standing or sitting. In addition, the background light of viewing the medical images is optimized to relieve visual fatigue and lumbar and cervical spine strain of radiologists, thereby improving their comfort and concentration at work.

Training Services. Our training services aim to improve the equipment operation capabilities of radiologic technologists, the diagnostic capabilities of doctors and the knowledge in medical imaging of clinical departments. We provide online training services through our in-house training platform. As of December 31, 2023, we had organized more than 800 professional courses via the online platform. In addition, our training platform provides resources such as a virtual reading room and anatomy learning slides, and has gathered and compiled a question bank of more than 17,000 questions regarding imaging diagnosis and technology, which can be used for assessing and evaluating radiologists and radiologic technologists.

In addition to the online training platform, we also offer offline training services through the Rimag Imaging Academy, and organize expert lecturers to guide and teach at medical institutions. See "— Medical Professionals — Rimag Imaging Academy."

Repair and Maintenance Services. Based on customers' needs, we provide periodic equipment maintenance, preservation and inspection services, including machine cleaning, performance testing and calibration, necessary mechanical or electrical inspections, non-emergency remedial repairs, and repair services ensuring that the imaging equipment system can run in accordance with the manufacturer's product specifications.

Rimag Cloud Platform-related Services. Our imaging solution services also integrate Rimag Cloud services, such as remote consultation and diagnostic report services, quality control services, and AI integration platform services, among other things. See "— Rimag Cloud Services."

Our imaging solution services are delivered on a project basis, and cater to the customized needs of different clients. We generally offer our service modules, primarily including: equipment selection and configuration services, infrastructure renovation services, and training services, as equipment-centered one-stop solution packages to our customers during the Track Record Period. Customers are also able to purchase separate service modules, such as repair and maintenance services, from us. In 2021, 2022 and 2023, we have entered into 22, 40 and 21 contracts of such equipment-centered one-stop solution packages, respectively.

The table below sets forth the contract sum range and total amount of contract sum from such equipment-centered one-stop solution packages during the years indicated:

	Year ended December 31,		
	2021	2022	2023
		(RMB in million)	
Contract sum range[1]	1.1-68.5	0.5-46.5	0.9-23.9
Total contract sum[1]	**242.3**	**361.3**	**155.5**

Note:

(1) The above information on contract sum (i) does not take into consideration contracts we have entered into for repair and maintenance services, which are usually provided independently from sales of equipment; and (ii) was based on dates of related contracts we entered into during the Track Record Period, which differs from the revenue generated by equipment-centered one-stop solution packages as we recognize revenue when transferring control of services or equipment to customers based on our accounting policies.

Rimag Cloud Services

In order to promote the sharing of resources and capabilities among the imaging centers we operate, based on our understanding of and insight into the medical imaging business, we have built a Rimag Cloud platform that supports the operation of our chain of imaging centers. The platform is designed with reference to the whole process and features step-by-step R&D in a modular manner. As of the Latest Practicable Date, we had obtained 92 software copyright certificates and two medical device registration certificates relating to the Rimag Cloud platform, and applied for four invention patents (which were under review).

In 2018, as our products and services continued to mature, we commercialized our Rimag Cloud services and offered such services under our Rimag brand to the PRC medical imaging industry, to satisfy the strong demand for digital and intelligent information transformation from traditional information infrastructure. Our customers, mainly medical institutions of all levels, can choose our overall platform products and services, or one or several module products and services, according to their needs. In particular:

- We mainly provide customers with technical platform services. We authorize customers to use our Rimag Cloud platform or some of its modules, and provide follow-up data storage, data analysis and other services. We charge customers service fees based on storage volume and number of usage instances, or fixed annual fees, among other things.

- Customers can also choose one-time purchases of software according to their resources and capacity. We deploy informatization products within medical institutions to replace their existing medical imaging business and management systems altogether, or we can sell modules to medical institutions according to their needs and integrate modules such as intelligent triage, refined operational management, and quality controls into the existing systems of the medical institutions. We charge customers a one-time fee per software sale.

Our Rimag Cloud services help medical institutions reduce labor costs, standardize workflow procedures, and realize data-driven management, thereby improving the service capabilities of these medical institutions and the medical experience of their patients. Our Rimag Cloud platform is composed of various modules. The following sets forth the relevant contents of the modules of our commercialized Rimag Cloud platform:

Medical Imaging Workflow Modules**.** These modules cover the full service process of medical imaging from making appointments, selecting imaging examination items, to issuing diagnosis reports. They are the core products and services of Rimag Cloud, aiming to improve the efficiency of medical imaging service processes and tackle the pain points of all participants. In addition to the basic modules such as appointment making and imaging examination selection, we can split and separately offer unique product modules including the cloud storage and cloud film module, remote diagnosis/consultation for complex cases, cloud RIS module, and imaging AI integration platform module, among other things.

- *Cloud storage and cloud film module.* This module provides medical institutions with a cloud film system and cloud film marketing and operation services, as well as cloud storage services for imaging data. Increasing the application of digital films can reduce the use of conventional films at medical institutions, and provides convenience to patients in accessing images and reports.

- *Remote diagnosis/consultation for complex cases.* We have hired more than 100 renowned experts in the PRC in various sub-specialties of medical imaging to provide diagnostic consultation services and multi-disciplinary team consultation services for complex cases over our remote consultation platform. This helps directly connect high-end and quality medical resources to doctors and patients within the primary healthcare system, and assist such doctors in correctly and reasonably ascertaining the treatment procedures for patients, and contribute to the execution of the hierarchical diagnosis and treatment initiative. Additionally, we provide remote medical diagnosis services to medical institutions that lack radiologists, have radiologists with insufficient capabilities, or intend to reduce costs while enhancing their imaging service capacity. The imaging experts on the remote consultation platform will issue imaging diagnostic and consultation reports for the medical institutions we cooperate with.

- *Cloud RIS module.* The major targets of our cloud RIS module services are the central hospitals within a particular region. By deploying remote information systems and servers at the central hospitals and lower-tier medical institutions within the same region respectively, the sharing of images and reports and interconnectivity can be realized.

- *Imaging AI integration platform module.* Our imaging AI integration platform integrates the products of mainstream AI service providers in the market on a one-stop platform with the same workspace and user interface and homogenizes imaging data standards and operating procedures. In particular, our imaging AI integration platform module can be integrated with PACS. Thus, when using AI tools, doctors only need to operate on our imaging AI integration platform instead of having to switch among different workspaces. Our imaging AI integration platform can help to facilitate usage by radiologists, improve their experience using AI tools, and improve the efficiency of imaging processing and diagnosis.

Operational management modules. These modules mainly provide information support and development momentum for data-driven medical imaging operations, including refined operation management modules, and quality control modules, among other things.

- *Refined operation management module.* Our refined operation management module aims to provide customers with analytical services in respect of the imaging service capability of radiology departments toward clinical departments, and the understanding and perception of the clinical departments toward imaging. This module mainly collects and standardizes information related to imaging examinations in the business systems of medical institutions, and delivers accurate analysis of business and financial indicators based on standardized data to managers, which greatly reduces the workload of manual data collection, entry and analysis, and efficiently evaluates the usage and penetration of various imaging examination procedures at clinical departments, and whether such use is reasonable.

- *Quality control module*. We provide quality control services through the quality control module. By sampling the images and diagnostic reports generated in daily operations, our quality control experts score according to quality control evaluation standards, and ultimately arrive at evaluation conclusions for radiologic technologists and radiologists. Since the quality control evaluation process is double-blind, the result of the evaluation is a fair, objective and scientific measurement of the actual ability and skillfulness of radiologic technologists and radiologists, and motivates these medical personnel to continually improve their professional capability and service quality while maintaining a rigorous working attitude. The results of these quality control evaluations can also be used as important references for human resource and performance appraisals.

The modules of our Rimag Cloud services business can also serve as one of the modular solutions of our imaging solution services, or they can be offered as standalone products and services. We have been continually developing our Rimag Cloud platform, and we plan to launch more commercial products in the future depending on the maturity of our products and services.

Imaging Equipment

Our principal imaging equipment units generally have useful lives of approximately eight to ten years. Based on our experience, such useful lives may be extended for longer period with appropriate repair and maintenance. In determining the useful life and residual value of our imaging equipment, we consider various factors, such as changes in market demand, imaging procedures and techniques, and expected usage of the imaging equipment. The estimation of the useful life of imaging equipment is generally based on our experience with similar imaging equipment that are used in a similar way.

Medical Professionals

The qualification and expertise of medical professionals practicing at our imaging centers are vital to the quality of imaging services rendered, which shapes our competitiveness and sets the foundation for our core competency. We primarily recruit medical professionals through an established process comprising written tests, interviews and background checks. A medical professional who registers her or his medical practice license at our imaging center can either enter into an employment contract or a service contract with us. As part of our recruitment and retention strategy, we have established comprehensive internal training programs grouped under various positions, covering topics such as medical imaging techniques and skills, medical imaging diagnostic skills, nursing skills, and medical safety and R&D capabilities.

Our medical professionals mainly comprise radiologists, radiologic technologists and nurses. There are generally two types of registrations by medical professionals at our own imaging centers (namely, the flagship imaging centers and regional collaborative imaging centers): (i) registrations by medical professionals who are registered with us as the primary workplace; and (ii) registrations by medical professionals who are registered with us through multi-site practice. The table below sets forth a breakdown of our medical professionals registration as of the dates indicated:

	As of December 31,					
	2021		2022		2023	
	Primary registration(1)	*Multi-site registration*(2)	*Primary registration*(1)	*Multi-site registration*(2)	*Primary registration*(1)	*Multi-site registration*(2)
Radiologists	109	183	223	206	232	266
Radiologic technologists	138	–	181	–	176	–
Nurses	94	–	134	–	119	–
Total	**341**	**183**	**538**	**206**	**527**	**266**

Notes:

(1) Refers to medical professionals who are registered with us as the primary workplace.

(2) Refers to medical professionals who are registered at our own imaging centers through multi-site practice.

Generally, we enter into employment contracts with those medical professional who are registered with us as the primary workplace and service contracts with those who are registered with us through multi-site practice. Set forth below are the key terms of the employment contracts or service contracts between medical professional and us:

- ***Material rights and obligations.*** We furnish medical professionals with the requisite office facilities, infrastructure, medical equipment, and office supplies to facilitate their work; medical professionals are required to follow our rules and regulations and medical equipment operating practices and procedures when providing services.

- ***Service Remuneration.*** The remuneration structure for medical professionals is predicated on factors such as actual hours worked, the volume of work undertaken, and the quality of performance delivered.

- ***Confidentiality.*** Medical professionals are obligated to uphold strict confidentiality regarding any work-related data and information they handle or come into contact in course of their service. They are expressly prohibited from disclosing, altering, damaging, or unlawfully accessing or processing said data, and from unlawfully disseminating or providing said data to third parties.

- ***Termination.*** We retain the unilateral right to terminate the employment contract or service contract if a medical professional is unable to fulfill their professional obligations, or engages in unlawful conduct or major medical malpractice.

Qualification of Medical Professionals

In the PRC, licensed physicians are subject to periodic assessment of their professional skills, achievements and professional ethics by institutions or organizations authorized by the Public Health Department of China. There are three professional ranks for physicians in the PRC: (i) junior qualification (初級職稱) for resident physicians who practice under the supervision of attending physicians or other supervisors. Resident physicians with junior qualifications usually undertake entry-level tasks such as preparing medical records for patients; (ii) mid-end qualification (中級職稱) for attending physicians who may supervise resident physicians. Attending physicians with mid-end qualifications usually undertake routine medical procedures, teaching and research; and (iii) senior qualification (高級職稱) for (a) associate-chief physicians who may supervise attending and resident physicians, direct research work within a specific field, and typically undertake complex medical procedures and (b) chief physicians who typically command the highest level of medical capability in a specific field and are generally the head of a medical department. Similarly, there are comparable professional ranks for radiologic technologists and nurses.

As of December 31, 2023, more than 120 of the medical professionals practicing at our imaging centers had five to ten years' experience, 111 had ten to 15 years' experience and 233 had more than 15 years' experience. As of the same date, we had 95 radiologists with senior qualifications, and 104 radiologists with mid-end qualifications; we had three radiologic technologists with senior qualifications, and 22 radiologic technologists with mid-end qualifications; and we had one nurse with senior qualifications, and 18 nurses with mid-end qualifications. Among them, one expert has served as chairman of the Chinese Society of Radiology (中華醫學會放射學分會); one expert has served as the deputy chairman of the Chinese Society of Nuclear Medicine (中華醫學會核醫學分會); and one expert has served as the committee member of the Chinese Society of Radiology. In addition, multiple experts in our team have taken on roles in provincial and prefectural medical industry committees. As the backbone of our talent team, these experts have played active roles in improving our medical skills, developing our research capabilities, ensuring our medical quality, and training our personnel. We also provide opportunities such as advanced studies programs and participation in academic conferences to our medical personnel.

Rimag Imaging Academy

Our Rimag Imaging Academy, which is primarily established as an internal organization for our talent cultivation and professional training designed for our hired medical professionals including radiologists, radiologic technologists and nurses, nurtures professionals in medical imaging to conduct examinations and diagnosis by using leading imaging equipment, as well as management talents for the operation of imaging centers. Accordingly, our Rimag Imaging Academy continually develops services such as continued educational training, customized training proposals, professional skill evaluations, and leadership training programs. Such services help cultivate suitable talents to optimize the workforce at medical institutions, while offering opportunities to these personnel to obtain exposure to practical experience and insights.

The Rimag Imaging Academy also plays a crucial role in our business extension and continual R&D activities. It is mainly responsible for developing and implementing technologies based on the functions of all kinds of leading imaging equipment, for purposes of enhancing our research and technical capabilities. It also provides professional medical support to our R&D activities such as medical data standardization and our integrated AI platform. Because the Rimag Imaging Academy is an internal training platform and not a licensed training school, it is not subject to PRC laws and regulations regarding educational training institutions and schools.

Pricing and Payment

Imaging Center Services

Flagship Imaging Centers

At our flagship imaging centers, patients or other healthcare consumers are generally required to pay their medical bills before receiving our services. Substantially all of them settle at their own expense. During the Track Record Period, one of our flagship imaging centers had adopted public medical insurance programs and part of its services were covered and could be settled directly with public medical insurance program. The specific percentage covered by different public medical insurance programs may vary based on criteria including types of insurance schemes, age of the patients and other healthcare consumers and types of healthcare services and products involved. A small number of patients and other healthcare consumers have settled through public medical insurance programs during the Track Record Period. As of the Latest Practicable Date, none of our flagship imaging centers adopted public medical insurance programs.

Pursuant to applicable PRC laws and regulations, we, as private for-profit imaging centers, are generally entitled to set the prices for services at our discretion. The price of such services typically depends on the particular demand of the clients, the type of imaging services purchased, the service volumes to be provided, requirements regarding the quality of imaging services and competitors' pricing terms. Some of our flagship imaging centers also offer high-value services including one-on-one consultations with experts for professional analysis of reports, and multi-disciplinary team consultations for a corresponding fee to patients and other healthcare consumers who are willing to pay higher prices for services of better quality, and such fees are determined by the individual flagship imaging centers.

Regional Collaborative Imaging Centers

For our regional collaborative imaging centers, it is mainly the hospital partners that purchase imaging services, among other things, from us, and the purchase price paid by our hospital partners generally depends on the type of imaging examinations and the service volumes to be provided, with reference to the prices pre-determined in the uniform medical insurance catalog. We receive service fees from hospitals with reference to fees paid by patients according to our contracts with hospitals.

Specialized Medical Consortium Imaging Centers

We generate revenue from providing equipment deployment and services including professional capability enhancement and operational management consultations. Our service fees charged to hospital customers are either at an operational performance-based rate, or a combination of fixed payments and operational performance-based service fees. The amount of service fees is usually dependent on operational performance and the length of our collaboration. Payments are made by our hospital customers to us monthly and subject to year-end settlement and adjustment.

Operational Management Imaging Centers

Based on the operational management services offered by us, our service fees charged to hospital customers are either at an operational performance-based rate, or a combination of fixed payments and operational performance-based service fees.

Imaging Solution Services

We price our imaging solution services for the medical imaging equipment and our services provided to meet our customers' demands. We are entitled to receive payment based on the medical imaging equipment and/or our modular services and solutions for factors including the market prices of imaging equipment we help select for customers, the content and number of service modules chosen by our customers, our costs in providing the relevant solutions and length of service term. Our customers pay fees to us in accordance with the relevant purchase or service agreements.

For a majority of clients, we require payment before delivery or grant credit term of one month after delivery of imaging solution services. For a minority of clients of imaging solution services, we allow long-term payment by instalment from around two to six years during the Track Record Period.

Rimag Cloud Services

We mainly take into account cost in R&D, cloud resource consumption, implementation and service provision, the customers' needs, and competitors' rates when setting the pricing for our Rimag Cloud services.

For system installation and subsequent maintenance projects with medical institutions, we typically charge fees based on one-time sales of software to be settled in a lump sum or by installment on a monthly, quarterly or annual basis. For purchases of medical services and data services by medical institutions, we typically charge service fees based on storage volume or service volume or annually, to be settled on a real-time basis or by installment on a monthly, quarterly or annual basis.

Our credit term granted to clients of Rimag Cloud services is generally within 12 months during the Track Record Period.

Our current pricing policies and frameworks have been carefully designed to align with market conditions and our business strategies. As such, we expect to continue to uphold these established pricing policies, with no significant adjustments in the foreseeable future, which ensures consistency and transparency for our clients, while allowing us to remain competitive within the industry.

Sales and Marketing

We believe the most effective way of marketing is to continually enhance our service capabilities to address unmet demands, and highlight the effectiveness of our solutions to enhance our brand recognition and conduct market education. With stronger service capabilities, we are also able to maintain and strengthen our relationships with existing customers to promote cross-sales.

Our sales and marketing strategy is mainly product- and service-driven. We have established sales and marketing teams at both the headquarters and local levels to enhance understanding of market demand, promote up-to-date solutions, and continuously optimize or tailor our products and services, thereby forming a virtuous circle. As of December 31, 2023, our sales and marketing team comprised 63 employees, over 69% of whom have sales and marketing experience in the healthcare industry of more than five years.

During the Track Record Period, all of our revenue was derived from sales in China. In 2021, 2022 and 2023, our selling expenses were RMB76.0 million, RMB48.7 million and RMB65.6 million, respectively, accounting for 12.8%, 6.2% and 7.1% of our revenue, respectively.

Our sales and marketing activities vary from business to business:

Imaging Center Services

In respect of development of new imaging centers and operations of existing imaging centers, we adopt a variety of activities to enhance our brand name and market awareness.

Regarding market development, we have established a market development team responsible for the establishment of new imaging centers in multiple regions and the search for potential hospital partners for cooperation. During such process, we communicate with local governments and health administrations and elaborate our value propositions in terms of reducing government fiscal expenditures, promoting the hierarchical diagnosis and treatment initiative, and contributing to healthcare system reform, and demonstrate our social responsibility, and strive to win their recognition and support. In the course of communications with hospitals and other medical institutions, we establish our professionalism through showcasing outstanding cases, so as to enable hospitals to fully comprehend and recognize our professional and operational capabilities, and notice our rich professional resources accumulated in personnel training and medical experts, among other things, which can lay the foundation for subsequent cooperation. In addition, we promote our cooperation model through academic conferences, industry associations and other public occasions and academic activities within regions.

Regarding marketing our imaging center services, we believe our brand awareness and customer base of our products and services grow primarily through close cooperation with public hospitals and corporate clients. We carry out communications and interactions in various forms with medical institutions of all levels, including academic lectures, doctor salons, and scientific research cooperation programs, among other things, to introduce to hospitals our advantages and progress made in terms of the introduction of advanced imaging equipment, as well as recently launched medical service projects, especially those relating to the development of new technologies in medical imaging. Such communications and interactions can promote the reasonable selection of suitable examination procedures in clinical diagnosis and treatment at hospitals, so as to maximize the efficiency and efficacy of imaging examinations. In addition, we listen to the opinions and suggestions of our hospital customers, fully understand their needs, optimize our own service capabilities, and establish a professional and efficient brand image. In 2021, 2022 and 2023, we held 82, 237 and 560 academic discussions and scientific research activities with other medical institutions, respectively. We may need to go through tender process before entering into cooperation agreements or service agreement with hospital customers. With respect to projects in which the hospital customers launch a tender and bidding process, the tender success rate of our imaging center services was 100% during the Track Record Period, even though there were other industry players competing with us in bidding the same projects during the same period. The tendering of imaging center services requires at least three bidders to participate in the bidding process according to the Bidding Law of the PRC (《中華人民共和國招標投標法》). We have seen a consistently high tender success rate during the Track Record Period, resulting from (i) our pre-market dialogue with medical institutions, enabling us to meet their specific needs; (ii) our technical support team's ability to provide prompt and effective solutions; (iii) our brand recognition, competitive pricing strategy, and expansive sales and service network; and (iv) our strategic market positioning, differentiated competition approach, and strict adherence to all relevant laws and procurement policies of medical institutions.

In terms of expanding our corporate and individual user base, our investment in brand name building and marketing efforts mainly include new media operations, and account opening and maintenance at commercial platforms, among other things, so as to increase public awareness of our medical imaging brands. In addition, we proactively focus on the development of corporate customers, and establish cooperative relationships with commercial institutions such as insurance companies, banks, physical examination centers and clinics to complement our business.

Imaging Solution Services

We have designated a business team for imaging solution services, mainly located in Jiangxi province and Hubei province, with a focus on the promotion of imaging solution services in these two provinces. Moreover, we have ten provincial-level teams responsible for developing our imaging center services business. In the course of their development of our imaging center services, they will also promote our imaging solution services in their respective regions. In addition, we actively search for business partners, who have rich resources, share similar visions with us, and are willing to collaborate with us over the long term, to jointly market imaging solution services in regional markets. Furthermore, we have also established strategic relationships with mainstream equipment providers to jointly promote imaging solution services. We typically promote our imaging solution services by: (i) inviting medical institutions or mainstream suppliers within the industry to co-host relevant seminars; (ii) publishing articles on online channels, including social media platforms, to enhance the exposure of our imaging solution services.

Our imaging solution services include multiple types of modular services that are centered around the imaging equipment we assist medical institutions to select and acquire. Such solutions are meant to maximize the utilization value of such equipment. Our modular services are all directly provided to medical institutions by us, except for certain sales of equipment that are conducted through intermediaries.

Sales through Intermediaries

During the Track Record Period, as part of our imaging solution services, we sold imaging equipment to a limited number of intermediaries who further sell them to medical institutions primarily under the circumstances where such medical institutions have relevant requirements or preferences for suppliers. These intermediaries usually have stable cooperation relationships with such medical institutions customers and generally engage in the distribution of medical equipment and pharmaceutical products in China. According to Frost & Sullivan, such intermediaries are primarily responsible for assisting with various processes associated with the admission of medical imaging equipment to medical institutions, or providing financing lease services to medical institutions to alleviate the initial capital pressure of purchasing large or expensive assets. Most of these intermediaries are local enterprises whose geographic scopes cover relevant medical institutions customers. Our sales to such intermediaries depend on relevant customers' demands for our services and their applicable purchasing requirement, as we generally do not actively approach or promote sales directly to such intermediaries. However, the revenue contribution from sales to the intermediaries may increase going forward as a result of any increase in such demand from medical institutions customers. Though the decision of whether to engage such intermediaries is mostly driven by medical institutions customers and generally beyond our control, sales through and collaboration with these intermediaries also enable us to expand our business reach leveraging their qualifications and experiences and provide us with opportunities to enhance our cooperation with such medical institutions customers. Our relationship with the intermediaries is one between buyer and seller. Our imaging solution services are usually charged at a higher price than those sold by traditional medical imaging equipment suppliers. The price difference represents the value of solutions-centric services (instead of equipment-centric services) provided by us. According to Frost & Sullivan, such pricing approach is in line with industry practice. The pricing and terms of transactions in respect of our sales to intermediaries are generally similar to those between us and our other customers. Among all projects involving the delivery of imaging equipment signed under our imaging solution services business during the Track Record Period, there was no downstream customers of our intermediaries who purchased medical equipment or imaging solution services both directly from us and through intermediaries.

We have limited control over the selection of an intermediary, which is primarily based on the preference of the relevant medical institutions. According to Frost & Sullivan, as a medical institution needs to acquire a wide range of medical equipment to provide comprehensive treatment options to all sorts of patients, some medical institutions may prefer to acquire from an intermediary that is able to provide a varied product mix of engaging separate medical equipment providers for each unit of medical equipment for simple administration during their procurement process. According to Frost & Sullivan, our sales of imaging equipment to medical institutions through intermediaries are in line with industry practice across different types of hospitals.

Under our arrangement with intermediaries, intermediaries are our direct customers with whom we typically enter into sales contracts. Such sales contracts normally specify the name, specifications, quantity and unit price of the product sold as well as the name of the medical institution to which we would deliver the product. We have no management control over the intermediaries. Intermediaries then directly sell the imaging equipment to medical institutions, who are our end customers. We remain responsible for the sales and marketing process including selection of imaging equipment, liaison with the medical institutions in relation to the imaging equipment we selected, and provision of modular services as chosen by the medical institutions within the offering of imaging solution services. The revenue from intermediaries is included in the revenue stream of imaging solution services, and the accounting treatment is consistent under the same revenue stream. We recognize revenue when our performance obligations are satisfied under our sales contract with intermediaries, meaning at the point when we transfer control of a product to the medical institution as specified in the agreement. We are considered to have transferred control of the imaging equipment upon acceptance by the medial institutions. The intermediaries do not obtain control of the products in the delivery process of sales arrangement under our sales contracts with intermediaries.

The salient terms of our sales contracts are set forth below:

- ***Duration.*** We generally do not specify a contract duration.

- ***Payment and credit term.*** We determine the credit term to be granted to the intermediaries on a case-by-case basis, and generally grant the intermediaries a credit term of no more than 15 working days after the date of the contract.

- ***Sales and pricing policy.*** We generally sell products to intermediaries at an agreed quantity and price as specified in the contract. We generally do not set any minimum purchase amount or minimum sales target for the intermediaries. We generally do not mandate the price at which the intermediaries sell the product.

- ***Delivery.*** We are generally responsible for arranging delivery of the equipment to the place designated by the hospital. We generally bear the costs and risk of loss of delivery.

- ***Product return.*** We generally do not accept product return or refund.

- ***Technical support and training.*** We are generally responsible for providing operating manuals, care manuals, maintenance manuals and training on the operation of the equipment.

- ***Quality assurance.*** We are generally responsible for the repair and maintenance of the equipment. We generally offer a 12-month warranty period.

In 2021, 2022 and 2023, we cooperated with six, 21 and 15 intermediaries. The revenue generated from sales to intermediaries is recognized on gross basis. Generally, we maintain the ownership of the equipment before the equipment is delivered to the hospitals. In 2021, 2022 and 2023, revenue from sales of imaging equipment through intermediaries was RMB34.5 million, RMB151.4 million and RMB139.8 million, respectively, representing approximately 5.8%, 19.3% and 15.1%, respectively, of our total revenue, and 24.8%, 56.2% and 50.2% respectively, of our revenue from imaging solution services. We had no carrying amount of products that remained unsold remained at the hands of the intermediaries at the end of each year in the Track Record Period and as of the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, all of our intermediaries were Independent Third Parties, among which four intermediaries' shareholders were employees or shareholders of our subsidiaries. Our revenue generated from these four intermediaries in 2021, 2022 and 2023, was nil, RMB27.1 million and RMB3.7 million, respectively.

According to our PRC Legal Advisor, sales of the medical equipment to hospitals through intermediaries do not violate the mandatory provisions of the PRC laws and regulations in terms of the two invoice policies or any other PRC laws and regulations in any material aspect.

Rimag Cloud Services

We conduct channel marketing through our in-house sales team, while pursuing cross-selling opportunities with existing clients of our other business lines (such as hospital customers). We take advantage of our well-established relationships with hospital customers in our businesses of imaging center services and imaging solution services, and explore their needs for informatization and intelligence transformation to realize cross-selling. For channel marketing, we have established a specialized marketing team to cultivate key provinces and regions such as Jiangxi province and Hubei province, and promote the sales of Rimag Cloud services to medical institutions in the relevant regions jointly with regional partners through mutually beneficial cooperation.

Our Customers

Our customers primarily include public and private medical institutions and healthcare companies. The following table sets forth our major types of customers by business line:

Business line	Major types of customers
Imaging center services	Public and private medical institutions, and individual customers
Imaging solution services	Public and private medical institutions, and intermediaries
Rimag Cloud services	Public and private medical institutions, and healthcare companies

In each year of the Track Record Period, our five largest customers accounted for 22.4%, 25.2% and 29.2% of our total revenue, respectively. Our largest customer contributed 6.5%, 9.0% and 8.8% of our total revenue, respectively, in each year of the Track Record Period.

None of our Directors and, to the knowledge of our Directors, their respective close associates or any Shareholders holding more than 5% of our issued share capital had any interests in any of our five largest customers as of the Latest Practicable Date.

The table below sets forth our revenue breakdown by customer type for the years indicated.

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	(RMB in thousand, except for percentages)					
Public medical institutions[1]	434,060	73.4	444,805	56.7	615,791	66.2
Non-public medical institutions[2]	28,414	4.8	103,272	13.2	64,719	7.0
Individual customers	84,175	14.2	74,098	9.4	102,531	11.0
Intermediaries	34,496	5.8	151,373	19.3	139,824	15.1
Others[3]	10,868	1.8	10,896	1.4	6,049	0.7
Total	**592,013**	**100.0**	**784,444**	**100.0**	**928,914**	**100.0**

Notes:

(1) Public medical institutions refer to medical institutions that are economically categorized as state-owned and collectively operated (including government-operated medical institutions).

(2) Non-public medical institutions refer to medical institutions other than public medical institutions, including joint ventures, shareholder cooperatives, privately-owned medical institutions and medical institutions funded by investment from Taiwan, Hong Kong, Macau, and foreign investment medical institutions.

(3) Others mainly include corporation customers, such as health management companies.

Customer Support and Services

We continually strive to improve our customers' level of satisfaction by offering quality customer services. We arrange follow-up interviews with patients and other healthcare consumers of our imaging centers to assess the quality of the imaging services provided, and to seek their suggestions and advice.

Patients and other healthcare consumers can submit complaints verbally or in writing at our imaging centers or via our designated email address or hotlines. We regularly sample complaint records. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any material complaints or claims in relation to our imaging services.

Our Suppliers

The following table sets forth our major types of suppliers by business line:

Business line	Major types of suppliers
Imaging center services	Imaging equipment providers, and equipment import/export trading agents
Imaging solution services	Imaging equipment providers
Rimag Cloud services	Software and data storage service suppliers

In selection our suppliers, we take into consideration the customer demands for specific equipment and relevant specification, functionality or modality, among other things, to ascertain the scope of suppliers with the capabilities to meet such demands. In addition, leveraging our rich experience in the medical imaging industry and deep understanding of various types of medical imaging equipment, we have established sound supply chain management capabilities to select the most suitable supplier with strong service capabilities, solid track record and favorable cooperation terms to ensure the quality and stability of products and services we provide.

In each year of the Track Record Period, our five largest suppliers accounted for 41.4%, 48.7% and 53.0% of our total purchases, respectively. Our largest supplier contributed 17.3%, 28.4% and 27.1% of our total purchases, respectively, in each year of the Track Record Period.

The following table sets forth certain details of our top five suppliers during the Track Record Period:

Suppliers	Purchase amount	% of purchase amount	Principal business	Products/services procured by us	Year of commencement of business relationship	Place of registration	Registered capital
	(RMB in million)	*(%)*					
Year ended December 31, 2021							
Supplier A	76.4	17.3	Sales and supporting services in relation to electronic and industrial equipment, medical equipment	Medical equipment	2015	Shanghai	USD88.1 million
Supplier F	46.5	10.5	Sales and maintenance of medical equipment and electronic equipment	Medical equipment	2020	Wuhan	RMB5.0 million
Wuhan Rong Commune Medical Equipment Co., Ltd. (武漢融公社醫療器械有限公司)	25.5	5.8	Wholesale, retail and maintenance of medical equipment	Medical equipment	2020	Wuhan	RMB10.0 million
Supplier E	18.9	4.3	Sales, leasing, maintenance and technical consulting services in relation to medical equipment	Medical equipment	2020	Nanchang	RMB10.0 million
Supplier G	15.7	3.5	Medical market promoting services, including academic conference hosting, self media promotion, and other services	Marketing services	2020	Beijing	RMB4.0 million
Total	**183.0**	**41.4**					

Suppliers	Purchase amount	% of purchase amount	Principal business	Products/services procured by us	Year of commencement of business relationship	Place of registration	Registered capital
	(RMB in million)	*(%)*					
Year ended December 31, 2022							
Supplier A	137.7	28.4	Sales and supporting services in relation to electronic and industrial equipment and medical equipment	Medical equipment	2015	Shanghai	USD88.1 million
Wuhan Rong Commune Medical Equipment Co., Ltd. (武漢融公社醫療器械有限公司)	43.2	8.9	Wholesale, retail and maintenance of medical equipment	Medical equipment	2020	Wuhan	RMB10.0 million
Supplier E	19.7	4.1	Sales, leasing, maintenance and technical consulting services for medical equipment	Medical equipment	2020	Nanchang	RMB10.0 million
Supplier H	17.7	3.7	Sales of medical equipment, import and export of medicines	Medical equipment	2022	Beijing	RMB50.0 million
Supplier I	17.6	3.6	Medical equipment operation, professional construction operations and engineering construction	Medical equipment	2021	Chengdu	RMB13.8 million
Total	**235.9**	**48.7**					

Suppliers	Purchase amount	% of purchase amount	Principal business	Products/services procured by us	Year of commencement of business relationship	Place of registration	Registered capital
	(RMB in million)	*(%)*					
Year ended December 31, 2023							
Supplier A.	138.1	27.1	Sales and supporting services in relation to electronic and industrial equipment, medical equipment	Medical equipment	2015	Shanghai	USD88.1 million
Supplier J	57.6	11.3	Sales of medical equipment, import and export of medicines	Medical equipment	2022	Shanghai	RMB10.0 million
Supplier H.	29.3	5.8	Sales of medical equipment, import and export of medicines	Medical equipment	2022	Beijing	RMB50.0 million
Supplier K.	24.4	4.8	Sales of medical equipment, import and export of medicines	Medical equipment	2023	Nanchang	RMB1.0 million
Supplier E.	20.5	4.0	Sales, leasing, maintenance and technical consulting services in relation to medical equipment	Medical equipment	2020	Nanchang	RMB10.0 million
Total	**269.9**	**53.0**					

As of the Latest Practicable Date, Mr. CHEN Zhaoyang, an executive Director, indirectly held an approximately 34.1% equity interest in Wuhan Rong Commune Medical Equipment Co., Ltd. (武漢融公社醫療器械有限公司), which was one of our five largest suppliers during the Track Record Period. To our knowledge, Wuhan Rong Commune Medical Equipment Co., Ltd. was not designated by any of our customers as supplier of the relevant medical equipment. Our purchases from Wuhan Rong Commune Medical Equipment Co. Ltd. increased during the Track Record Period primarily due to our enhanced needs for procurement with suitable cooperation terms such as credit policy along with our expanded business scale. Our purchases from Wuhan Rong Commune Medical Equipment Co., Ltd. during the Track Record Period were conducted in the ordinary course of business under normal commercial terms and procurement prices generally similar to those between our Group and other Independent Third Party suppliers on an arm's length basis after due and careful consideration. We have no further business interaction with Wuhan Rong Commune Medical Equipment Co., Ltd. since January 1, 2023 as we had expanded our supplier network and secured more suppliers with comparable service capabilities and favorable terms, and thus we do not expect to have any business relationship with Wuhan Rong Commune Medical Equipment Co., Ltd. after the Listing. Save as disclosed above, none of our Directors and, to the knowledge of our Directors, their respective close associates or any Shareholders holding more than 5% of our issued share capital had any interests in any of our five largest suppliers as of the Latest Practicable Date.

Procurement

We primarily procure imaging equipment and auxiliary devices, software, medical consumables and pharmaceuticals for business operations. We conduct procurement via our consolidated procurement team at the headquarters level. Our consolidated procurement team will review the procurement needs submitted by our imaging centers, approve procurement quantities, prices and supply channels, and conduct the tender offer process. We typically enter into standard procurement agreements with our suppliers. For the purchase of medical equipment, we typically enter into separate contracts with suppliers for each batch of medical equipment, rather than establishing framework agreements. Generally, we are required to pay 90% or more of the medical equipment fee before the delivery and the supplier is required to deliver the equipment to the end customer.

Based on the scale advantages of consolidated procurement and the continual expansion of the medical imaging center network, our business model and brand influence have been recognized by major equipment providers, and we have become a preferred partner of these equipment providers in their development of sales to private customers, enabling us to obtain favorable pricing terms with such equipment providers.

We select our suppliers by considering their product quality, after-sale services, delivery time frame and customer service responsiveness, among other factors. We have maintained stable business relationships with our major suppliers. During the Track Record Period, we did not experience any material disputes with our suppliers, difficulties in the procurement of supplies, interruptions in our operations due to a shortage or delay of supplies or significant fluctuations in their prices. We believe that we would be able to find alternative suppliers if required, given the relatively homogeneous nature of our suppliers, our procurement capabilities, and the relatively large supplier base in the market.

Information Technology and R&D

Our core experience and capabilities accumulated through years of operating imaging centers have enabled us to establish and optimize a series of medical imaging platforms and systems that serve our own business, and which constitute our Rimag Cloud platform. Additionally, we have commercialized some modules of the Rimag Cloud platform, which has resulted in our Rimag

Cloud services, which can also be sold as one of our modular solutions of our imaging solution services. For details of our imaging solution services and Rimag Cloud services, see "— Imaging Solution Services" and "— Rimag Cloud Services."

In addition to the imaging solution services and Rimag Cloud services that we have put into commercial operation, our information technology systems also include the following:

- **Standardized Project Development and Operation System.** We have developed a project development and operation system for imaging center projects, which includes modules for each of the eight stages of project development, and SOP modules for operating imaging centers. The system provides uniform guidance for the development and operation of imaging centers, and standardizes the routine steps for our development and operation personnel that carry out the imaging center projects. It is also convenient for us to keep abreast of each project's progress and relevant key business and financial indicators to evaluate the feasibility and profitability of each project.

- **Procurement, Sales and Inventory Management System.** We have developed a procurement, sales and inventory management system for managing imaging center consumables, which monitors and manages the procurement, storage, delivery and accounting of such consumables on a real-time basis.

- **Data Middle Office and Report Analysis System.** Our data middle office system sets up a management system for our major data and standardizes data of different systems on the one hand, and compiles a database from each business system on the premise of standardized data for subsequent analysis of operational management on the other hand. Our report analysis system is based on the data middle office system, and based on the operational analytical charts developed in response to requirements of operational management of imaging centers and intra-group management, and provides convenient access to operational status to managers at all levels, thereby offering a basis for the decision-making process.

- **Medical Imaging Data Standardization Management System.** Through unified naming and standardized scanning, we can facilitate consistent data recognition and communication based on one standard, which plays a fundamental role in aspects of standardization of ordering imaging examinations by clinicians and scanning images by radiographic technologists, rationalized workload recording, and precise AI applications. This further enables medical institutions to effectively carry out, among other things, consistent quality evaluations, performance appraisals, refined operations and resource sharing.

R&D

We continually invest resources in R&D on: (i) improvement of examination and diagnostic techniques based on medical imaging; (ii) establishment and implementation of a smart system and digital platform for examination and diagnosis; and (iii) development and implementation of a management system and software for our imaging center operations. In addition, based on the massive data processed in the operations of our imaging centers and in our provision of services to hospitals and other medical institutions, we are able to enhance the AI capabilities of our cloud platform.

In 2021, 2022 and 2023, our research and development expenses were RMB11.9 million, RMB11.5 million and RMB12.8 million, respectively, accounting for 2.0%, 1.5% and 1.4% of our total revenue, respectively. Our research and development expenses primarily consist of R&D employees' costs, transportation expenses and cloud service expenses. We plan to increase our expenditure in R&D activities over time to further enhance the breadth and depth of our service offerings and reinforce our information infrastructure.

Our R&D team primarily comprises the R&D team for the Rimag Cloud platform. This team is mainly responsible for handing techniques such as cloud storage and cloud computing to build up product lines, including (i) the remote consultation system for imaging, (ii) the cloud-based RIS/PACS system, (iii) workstation tools for radiologists, (iv) the service system for patients and other healthcare consumers, and (v) the medical imaging quality control system, among other things. Products developed by the R&D team of our Rimag Cloud platform can be used in our imaging centers and medical institutions. As of December 31, 2023, the R&D team of our Rimag Cloud platform comprised 28 employees, with approximately 53.6% of the employees having a bachelor's degree or higher, and more than 50% with over ten years of work experience in the relevant fields.

Our R&D is not possible without the technical support and guidance by our support teams, including our product committee and Rimag Imaging Academy. Our product committee can be divided into the group informatization strategic planning team and the data team. The informatization strategic planning team members are key personnel in charge of various departments of our Group, and are mainly responsible for the overall planning of our Group's informatization and digitalization, project evaluation, R&D progress review, system inspection, and approval release, among other things. The data team is mainly responsible for data-related work such as the construction of our Group's data center, formulation of data standards, and data security management and control. For more information about the Rimag Imaging Academy, see "— Medical Professionals — Rimag Imaging Academy."

Data Protection and Privacy

We are committed to protecting data of our partners, patients and other healthcare consumers, medical professionals, as well as other participants in our business network. Our data compliance and security management committee is responsible for data security, comprising 20 members of our management in charge of operations and data protection as of December 31, 2023. Our data compliance officer is head of the data compliance and security management committee, and the members of this committee are the responsible persons of all first-level departments of our Group. We have also set up a management team composed of the responsible persons of legal compliance and security compliance, and designated key responsible persons at each imaging center for implementing our relevant data protection policies and management of data security in daily business operations. We also conduct training on data protection and privacy for all employees.

We have accordingly established a comprehensive data security system to provide security protection in terms of management governance, technology support and business operations with clear accountability mechanisms.

Data Protection Management

The types of data of our patients and healthcare consumers we collect and process generally include: (i) data arising from our provision of wechat mini program service for online reservation of our physical check-up service, such as basic registration information (nickname, profile photo, contact number, etc), which are disclosed in the privacy policies of the relevant wechat mini programs; (ii) data arising from our provision of diagnosis/consultation services, such as basic personal identity information (such as name, ID, appointment registration records) and health and physiological information (such as symptoms, medication history, past medical history, allergy history, and diagnosis), which are necessary for providing diagnosis/consultation services; and (iii) data arising from our provision of physical imaging examination and diagnosis services, such as imaging (cloud) films, diagnosis imaging reports. We also collect and process the personal information of our medical professionals, including radiologists, radiologic technologists and nurses, which generally include: name, contact number, workplace, title, areas of expertise. As of the Latest Practicable Date we possessed more than one million individuals' personal information.

We have adopted strict policies to ensure that our collection and use of data complies with applicable laws and regulations. We only collect personal information of customers where we have obtained customers' prior consent, where the collection of such information is permitted and necessary under our contracts with customers as parties of interest, or where we are required to collect such personal information for the performance of statutory duties or obligations. We protect patients' personal data and diagnostic reports and ensure the security of data stored in our cloud platform and servers throughout its life cycle, through access control, encrypted data transmission, encrypted storage, de-identification of personal information and backup recovery. We also ensure that data operations are properly recorded and comply with national data security standards through logging and monitoring, and regular security audits.

We store data on both private servers and public cloud servers located in mainland China. We store data on public cloud servers to provide services including remote consultations, and cloud storage. User data collected and generated in the course of our business operations in mainland China is only stored in mainland China, and our daily business operations do not involve any cross-border transmission of identified core data, important data or large amounts of personal information. The data collected and generated from our different businesses is stored separately and sensitive personal information is encrypted. We have formulated and implemented rules for data storage. The data storage period depends on the specific data type, business circumstances and the time required to achieve the purpose of processing such data, which shall comply with relevant laws and regulations or industry practices.

To ensure the security and confidentiality of our data, we have designated different data security categories on the basis of the nature of the data and take differentiated data security measures accordingly. For information in different security categories, we implement graded protection measures for user information, and apply privacy policies including access authorization, encrypted storage, and encrypted transmission to prevent the loss or leakage of personal privacy information. In addition, we have established a complete privacy management mechanism to provide comprehensive personal privacy information protection in different settings, ranging from clinical use (which is subject to relatively fewer restrictions on de-identification and encryption as physicians need real world patient information for diagnosis, treatment and consultation) to AI collaborations (which are subject to complete cleansing, anonymity, structuring and standardization, before allowing AI service providers to develop and train relevant models or solutions based on such data stored on our own servers).

In terms of access control, we have formulated and implemented the policies on the system user authority management and access control, namely "the *Data Security Management Code*" and "the *Access Control Management Regulations*", to strengthen the security management in relation to data access control, including access by employees, hospital partners, customers, and other third parties, and to prevent improper use of data by these parties. The measures and procedures follow the principle of "minimum necessary" data access authority for different users of the system through user identity verification and role access control. There are staff permission settings between different systems. Access to a system must be authorized, and no one is allowed to run unapproved procedures in a system without approval. The administrator user assigns accounts and permissions by using the bastion hosts. The cloud console has set up users of different roles including administrators, operators and auditors according to the actual requirements of our business operations and the principle of authority separation. The authorized administrator configures the access control policy, which specifies the access rules of the subject to the object.

We share data to the extent permitted by laws and regulations or with the prior express consent of the user, to the extent permitted or authorized, and to the extent compliant, justifiable and necessary. We have established a deletion mechanism for stored information and data. Personal information will be deleted in the following circumstances: (i) the storage period as agreed with the individual users or specified by applicable laws and regulations has expired; (ii) the relevant individual has cancelled his or her account; (iii) the relevant individual has withdrawn his or her consent to our collection and use of data; (iv) the purpose of processing the data has been achieved or become moot or there is no need to process such data; and (v) other circumstances as specified by applicable laws and regulations.

Cybersecurity Protection

Our information architecture has been granted the National Information System Security Level III Protection Certification (國家信息系統安全等級保護第三級備案證明). In addition, our information system has been certified by ISO 27001 and ISO 27018.

Data at each imaging center or business partners such as hospitals is stored and processed locally on their respective private server subject to heightened data protection mechanisms, particularly including:

- ***Infrastructure stability and security.*** We take comprehensive security precautions to ensure the stability and security of our infrastructure and data. We back up all our operating data on a regular basis online to minimize the risk of data loss. We have a detailed protocol for operation and maintenance management, monitor and alert mechanisms, network security management and disaster recovery. We have established a business continuity mechanism in case of any major catastrophic event, including natural or unnatural disasters that could lead to various business interruptions, such as power failure, network failure, or server power outages.

- ***Data security architecture and protective measures.*** We have implemented advanced logging and monitoring, data encryption, regular security audits and other mechanisms to ensure proper recording of data operation and compliance with national data security standards. We create a closed platform environment for our customers that is disconnected from the external internet by using firewall and whitelist to manage entry into and exit from the platform. This ensures the security of files and traffic used by our customers on the private cloud by filtering out malicious file requests and behavior. Further, authorization is required for users to access data on the platform.

- ***Application security.*** We apply server alarm policies to check for malfunction of each server and fix malfunctions in a timely manner. In addition, multi-factor user password policies and role-based access control were adopted to secure user login and user access. Moreover, practices such as access authorization and time policies applied by us enable us to ensure the security of user privacy. We have also deployed Web Application Firewall and Distributed Denial of Service attack protection to protect our business systems from internal and external attacks.

- ***Cybersecurity management system.*** We have built a unified monitoring system to oversee the operating status of the host and systems and arrange personnel to conduct system inspection, upgrade system patches, and perform virus and vulnerability scans on a regular basis.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material data leakage incidents nor had we been or were involved in any non-compliance incidents related to cybersecurity, data security and personal information protection which, individually or in the aggregate, have had or are reasonably likely to have a material and adverse impact on our business, financial condition, and results of operations, and we had complied with the currently effective PRC laws and regulations on cybersecurity, data security and personal information protection in all material aspects as of the Latest Practicable Date.

We have taken appropriate and comprehensive technical and organizational measures and set up overall cybersecurity and data protection policies to protect data from unauthorized access, disclosure, theft, tampering, destruction, loss, illegal use, or other serious incidents and breaches. Our core system has already met the security protection requirements of Multi-Layer Protection Scheme ("**MLPS**") and held MLPS Level III Certification. We have categorized and graded our data according to the importance of data, data types and data confidentiality requirements, on the basis of which data security protection strategies are formulated and corresponding security measures are taken to ensure the data and personal information. We have established and implemented a series of data security management policies that comply with the requirements of laws and regulations in terms of cybersecurity and protection of the data life cycle (for data collection, transmission, storage, use, deletion, etc.) and internal organization and management. We have also set up network security measures and system security measures to ensure the continuous and effective operational capability of our network and business systems and emergency response, and protect our server room, accounts and operating network from internal and external threats, prevent security incidents and minimize the impact of security incidents.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any administrative penalties, sanctions, warning or any other material adverse investigations, inquiries and notices in relation to cybersecurity or data privacy or cybersecurity review from the CAC, the CSRC or other relevant government authority.

Regulatory Applicability and Compliance

(a). Regulatory Applicability — Cybersecurity Review Measures

On December 28, 2021, the CAC and other twelve PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the "**Cybersecurity Review Measures**"), which came into effect on February 15, 2022. According to Article 2 of the Cybersecurity Review Measures, critical information infrastructure operators ("**CIIO**") purchasing network products and services, and network platform operators carrying out data processing activities which affect or may affect national security, are subject to cybersecurity review. Specifically, voluntary application for cybersecurity review is required under two circumstances: (i) if a CIIO anticipates that its procurement of network products and services affect or may affect national security after the network products and services are put into use; and (ii) if a network platform operator possessing personal information of more than one million users seeks for listing in a foreign country. See "Regulatory Overview — Regulations on Internet Security."

As advised by our Data Compliance Advisor, our Directors are of the view that the obligations to apply for cybersecurity review under the Cybersecurity Review Measures are not applicable to us on the basis that:

(i) according to the Regulations of Security Protection for Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》(the "**CII Protection Regulations**"), which became effective on September 1, 2021, critical information infrastructure refers to important industries and sectors such as public communications and information services, energy, transportation, water conservancy, finance, public services, e-government, and defense technology industries, as well as other major network facilities and information systems that once are damaged or lose their functions or data, may seriously endanger national security, national economy, the people's livelihood, and public interests. Moreover, the competent departments and supervision and management departments of important industries and sectors (the "**Protection Work Departments**") are responsible for the formulation of critical information infrastructure identification rules, identifying the critical information infrastructure in their respective industries and notifying the operators of the identification result who are identified as CIIO on timely basis. As of the Latest Practicable Date, none of our domestic entities had been identified as a CIIO by the Protection Work Departments according to the CII Protection Regulations;

(ii) although certain of our domestic entities may be deemed as network platform operators in light of our Rimag Cloud Platform and we possess personal information of more than one million users, as advised by our Data Compliance Advisor, "listing in Hong Kong" does not fall into the scope of "listing in a foreign country"; and

(iii) on June 26, 2023, our Data Compliance Advisor conducted a real-name consultation with the China Cybersecurity Review Technology and Certification Center (中國網絡安全審查技術與認證中心) (the "**CCRC**"), which is authorized by the Cybersecurity Review Office[1] of the CAC for receiving and accepting submissions of cybersecurity reviews and answering public inquiries relating to cybersecurity reviews. Detailed description of our business model and our proposed listing in Hong Kong was communicated to the CAC officer during the consultation. According to the officer consulted with during the consultation: (i) we are not required to apply for cybersecurity review in connection with our proposed Listing in Hong Kong under the Cybersecurity Review Measures as "listing in Hong Kong" does not fall into the scope of "listing in a foreign country"; and (ii) we are not required to apply for cybersecurity review unless we have been identified by National Health Commission (the competent industry authority that responsible for identifying critical information infrastructure in medical and health industry i.e. the Protection Work Departments) as a CIIO. As advised by our Data Compliance Advisor, according to Article 10 of CII Protection Regulations, the Protection Work Departments are responsible for organizing the identification of CII within their industries and sectors, notifying operators about the identification results, and reporting the same to the public security department under the State Council. As of the Latest Practicable Date, none of our domestic entities had received any notification from National Health Commission regarding our identification as CIIO according to the CII Protection Regulations. Therefore, we and our Data Compliance Advisor are of the view that, we had not been identified as CIIO by National Health Commission as of the Latest Practicable Date.

Note:

(1) http://www.cac.gov.cn/2022-01/04/c_1642894602460572.htm

Based on the foregoing facts and analysis and the view of the Data Compliance Advisor, the independent due diligence work conducted by the Sole Sponsor and the information currently available to the Sole Sponsor, nothing has come to the Sole Sponsor's attention as of the date of this prospectus that would cause it to cast doubt on the reasonableness of the Directors' view that the obligations to apply for cybersecurity review under the Cybersecurity Review Measures are not applicable to the Company.

Notwithstanding the above, regulatory authorities can initiate cybersecurity review if they determine that our network products and services or data processing activities affect or may affect national security. As advised by our Data Compliance Advisor, there are still substantial uncertainties as to the interpretation, application and enforcement of the Cybersecurity Review Measures, especially the criteria for determining "affect or may affect national security." As such, our Directors are of the view that the possibility cannot be precluded that our network products and services or data processing activities may be deemed as "affect or may affect national security" under the Cybersecurity Review Measures, and that the regulatory authorities may initiate cybersecurity review on us. As advised by our Data Compliance Advisor, the likelihood of our business operations and data processing activities being classified as one that "affects or may affect national security" under the Cybersecurity Review Measures is relatively low, nevertheless, it is ultimately subject to the review by regulatory authorities on a case-by-case basis. Furthermore, we have undertaken comprehensive measures and internal control policies to mitigate the risks of our business operations and data processing activities being identified as "affect or may affect national security".

(b). Regulatory Applicability — Draft Regulations on Network Data Security Management

On November 14, 2021, the CAC has publicly solicited opinions on the Regulations on Network Data Security Management (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the "**Draft Regulations on Network Data Security Management**"). The Draft Regulations on Network Data Security Management apply to the activities relating to the use of networks to carry out data processing activities within the territory of the PRC. See "Regulatory Overview — Regulations on Personal Information or Data Protection."

As advised by our Data Compliance Advisor, as of the Latest Practicable Date, the Draft Regulations on Network Data Security Management had not taken effect, and we were not required to apply for cybersecurity review pursuant to the Draft Regulations on Network Data Security Management since such regulations have not become effective yet. On June 26, 2023, our Data Compliance Advisor, conducted a real-name consultation with the CCRC. Detailed description of our business model and our proposed listing in Hong Kong was communicated to the CAC officer during the consultation. According to the officer consulted with during the consultation, we are not required to apply for cybersecurity review under Draft Regulations on Network Data Security

Management given that they are in draft form and have not taken effect. Based on the above, our Directors are of the view that we are not required to apply for cybersecurity review pursuant to the Draft Regulations on Network Data Security Management. Based on the foregoing facts and analysis and the view of the Data Compliance Advisor, the independent due diligence work conducted by the Sole Sponsor and the information currently available to the Sole Sponsor, nothing has come to the Sole Sponsor's attention as of the date of this prospectus that would cause it to cast doubt on the reasonableness of the Directors' view that the Company is not required to apply for cybersecurity review pursuant to the Draft Regulations on Network Data Security Management.

If the Draft Regulations on Network Data Security Management become effective in its current form, it may be applicable to certain of our domestic entities for the following reasons:

(i) According to the Draft Regulations on Network Data Security Management, "internet platform operators" are data processors that provide users with information distribution, social, transaction, payment, audio-visual and other internet platform services. As such, we may be deemed as internet platform operator under the Draft Regulations on Network Data Security Management in light of our business operation of Rimag Cloud platform.

(ii) Article 13 of the Draft Regulations on Network Data Security Management stipulates that data processors shall, in accordance with relevant state provisions, apply for cybersecurity review when carrying out the following activities: (i) the merger, reorganization or separation of internet platform operators that have acquired a large number of data resources related to national security, economic development or public interests, which affects or may affect national security; (ii) data processors that handle the personal information of more than one million individuals intend to be listed abroad; (iii) data processors seeking to be listed in Hong Kong that affects or may affect national security; and (iv) other data processing activities that affect or may affect national security. With respect to the applicability of Article 13 of the Draft Regulations on Network Data Security Management, as advised by our Data Compliance Advisor, our Directors are of the view that scenarios (i) and (ii) do not apply to us; as to scenarios (iii) and (iv), given the criteria for the determination of "affect or may affect national security" as stipulated in this Article are still uncertain and subject to further elaboration by the CAC, government authorities may have discretion in the interpretation for "affect or may affect national security". If relevant regulatory authorities determine that our proposed listing in Hong Kong or data processing activities affect or may affect national security, we may be subject to cybersecurity review.

As advised by our Data Compliance Advisor, the likelihood of our business operations and data processing activities being classified as one that "affects or may affect national security" under the Draft Regulations on Network Data Security Management is relatively low, nevertheless, it is ultimately subject to the review by regulatory authorities on a case-by-case basis. Furthermore, we have undertaken comprehensive measures and internal control policies to mitigate the risks of our business operations and data processing activities being identified as "affect or may affect national security".

(c). Compliance with Cybersecurity Review Measures and Draft Regulations on Network Data Security Management

Our Directors are of the view that we do not foresee any material impediments for us to comply with the Cybersecurity Review Measures and the Draft Regulations on Network Data Security Management (assuming the Draft Regulations on Network Data Security Management is implemented in its current form) (together, the "**Cybersecurity Regulations**") in all material respects as advised by our Data Compliance Advisor, on the basis that:

(i) we have implemented a comprehensive set of internal policies and measures to ensure its compliance practice;

(ii) during the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material administrative penalties, investigations, inquiries, notices, warnings or sanctions in relation to cybersecurity, data privacy or cybersecurity review from the CAC or any other relevant government authorities;

(iii) during the Track Record Period and up to the Latest Practicable Date, there had been no material cybersecurity and data protection incidents or infringement upon any third parties, or other legal proceedings, administrative or governmental proceedings, pending or, to the best of the knowledge of us, threatened against or relating to us; and

(iv) we have established a committee in charge of the cybersecurity and data compliance matters and confirms that it will closely monitor the legislative and regulatory development in cybersecurity and data protection, including the Cybersecurity Regulations, and we will adjust and continually improve its data compliance practices to ensure compliance with the Cybersecurity Review Measures and the Draft Regulations on Network Data Security Management (if Draft Regulations on Network Data Security Management come into effect).

Our Directors are of the view that we had not engaged in any data processing activities that affect or may affect national security, and the Cybersecurity Regulations (assuming the Draft Regulations on Network Data Security Management implemented in their current form) would not have an adverse and material impact on our business operations or our proposed Listing. Such view was formed based on:

(i) the facts as described above that we do not foresee any material impediments for us to comply with the Cybersecurity Regulations (assuming the Draft Regulations on Network Data Security Management implemented in their current form) in all material respects; and

(ii) the fact that we have not received any objection to the proposed Listing from relevant regulatory authorities, nor have been involved in any investigation, official inquiry, examination, warning, or similar notice in such respect as of the date of this Prospectus.

Based on the foregoing facts and analysis and the view of the Data Compliance Advisor, the independent due diligence work conducted by the Sole Sponsor and the information currently available to the Sole Sponsor, nothing has come to the Sole Sponsor's attention as of the date of this prospectus that would cause it to cast doubt on the reasonableness of the Directors' view that (i) the Group had not engaged in any data processing activities that affect or may affect national security, (ii) the Group does not foresee any material impediments for the Group to comply with the Cybersecurity Regulations in all material aspects (assuming the Draft Regulations on Network Data Security Management are implemented in their current form) and (iii) the Cybersecurity Regulations (assuming the Draft Regulations on Network Data Security Management are implemented in their current form) would not have material adverse impact on the Group's business operations and the Company's proposed Listing.

However, as advised by our Data Compliance Advisor, the interpretation and implementation of the Cybersecurity Regulations is still subject to further elaboration, and the final content and enactment of the Draft Regulations on Network Data Security Management is still subject to uncertainty. We and our Data Compliance Advisor cannot preclude the possibility that potential changes in laws and regulations in such respects would impose additional compliance requirements on us in the future. See "Risk Factors — We could be exposed to risk related to our dealing with patients' and other healthcare consumers' personal and medical information. Data protection, cybersecurity, privacy and similar laws in China and other jurisdictions restrict the collection, use and disclosure of involved information and data, and failure to comply with or adapt to changes in these laws could materially and adversely harm our business."

Competitive Landscape

Medical imaging services are common and crucial methods and tools for clinicians to formulate a diagnosis, recommend treatment, and assess health status during physical check-ups. The efficacy and value of such services depend on a variety of factors throughout the process of medical imaging, including the performance of equipment, the proficiency of radiologic technologists, the diagnostic capabilities of radiologists, and the ability of clinicians to select accurate imaging examination procedures. Currently, in China, the role and value of medical imaging in the course of medical diagnosis and treatment have not been fully recognized, especially in the primary healthcare system. This is mainly due to the lack and uneven distribution of quality medical imaging resources (which are mainly concentrated in large public hospitals), insufficient service capabilities of imaging professionals at medical institutions of the primary healthcare system, and insufficient interaction between radiologists and clinicians.

Since 2013, the Chinese government has implemented a series of policies to encourage the development of third-party medical imaging centers through large-scale chain operation, especially through establishing third-party regional collaborative imaging centers in county-level divisions. Such initiatives have been introduced and implemented against the backdrop of the establishment of hierarchical diagnosis and treatment system to promote the extension of quality medical resources to the primary healthcare system and balancing the distribution of such resources. Such favorable policies have driven the growth of the third-party medical imaging center market in the PRC.

Our primary competitors consist of operators of third-party medical imaging centers and companies engaged in R&D of medical imaging informatization. We predict that the following sectors in China, namely, the medical imaging industry, the medical imaging service market, the third-party medical imaging center market, the medical imaging equipment solutions market, and the medical cloud imaging service market, will continue to expand in response to technological advancements, increasing health awareness, changing industry standards, and shifting consumer preferences. Therefore, we must continuously innovate to remain competitive. See "Industry Overview."

Awards and Recognitions

During the past few years, we have received numerous awards and recognitions for the quality of our services and solutions. Representative awards and recognitions are set forth below:

Award/Recognition	Award year	Awarding Institution/Authority
Model precedent of 2023 Listed Company ESG Pioneer Practitioner (2023上市公司ESG先鋒實踐者案例)	2023	Securities Daily, Guoxin Consulting (證券日報社、國新諮詢)
The Innovative Small and Medium-sized Enterprises in Jiangxi Province (江西省創新型中小企業稱號)	2023	Department of Industry and Information Technology of Jiangxi Province (江西省工業和信息化廳)
Rimag cloud services was listed on the List of the fifth batch of digital technology products in Jiangxi Province (江西省第五批數字科技產品清單)	2023	Development and Reform Commission of Jiangxi Province (江西省發展與改革委員會)
Rimag cloud services was listed on the List of technology-based small and medium-sized enterprises in 2023 (2023年科技型中小企業名單) . .	2023	Science and Technology Department of Jiangxi Province (江西省科技廳)
Big Data Model Enterprise of Jiangxi Province (江西省大數據示範企業).	2022	Department of Industry and Information Technology of Jiangxi Province (江西省工業和信息化廳)
Typical case of national governance and innovation experience (國家治理創新經驗典型案例)	2022	The People's Daily (人民日報)/The People's Forum (人民論壇)
2022 Preferred Solution for High-quality Professional Development Promotion Project of PRC hospitals (中國醫院高質量發展專業促進工程2022優選解決方案).	2022	CN-HEALTHCARE (健康界)/China Medical Innovation Alliance Hainan Boao Medical Innovation Institute (中國醫學創新聯盟海南博鰲醫學創新研究院)
Science and Technology Enterprise (科技型企業). . . .	2021	Department of Science and Technology of Jiangxi Province (江西省科學技術廳)
Service Agency on the Sunshine Platform of the National Private Medical Institutions (全國社會辦醫陽光平台服務機構).	2021	Chinese Non-government Medical Institutions Association (中國非公立醫療機構協會)

Intellectual Property

We rely on a combination of patent, copyright, trademark and trade secret laws and restrictions on disclosure to protect our intellectual property rights. As of the Latest Practicable Date, we had applied for four patents (which were under review). As of the same date, we had registered 118 software copyrights, 30 trademarks and four domain names in use in the PRC. See "Appendix VI — Statutory and General Information — C. Further Information about Our Business — 2. Intellectual Property Rights."

We were not subject to any material infringement of our intellectual property rights or allegations of infringement by third parties during the Track Record Period.

Employees

As of December 31, 2023, we had 1,006 employees and medical professionals across all cities where we operate imaging centers. The following table sets forth a breakdown of our employees and medical professionals by business function as of December 31, 2023:

Business function	Number
R&D	40
Sales and marketing	73
Business operations	216
Managerial and support	232
Medical professionals	445[(1)]
Total	**1,006**

Note:

(1) The number of medical professionals refers to the number of medical professionals who have entered into employment contracts with us instead of the number of medical professionals registered in the medical imaging centers we operate.

As of December 31, 2023, 529 employees and medical professionals had bachelor's degrees or above, accounting for 52.6% of our total employees and medical professionals.

We are committed to establishing competitive and fair remuneration. In order to effectively motivate our employees, we continually refine our remuneration and incentive policies through market research. We conduct performance evaluation of our employees semiannually to provide feedback on their performance. Compensation for our employees typically consists of basic salary and a performance-based bonus.

We provide social insurance plans and housing provident funds in accordance with applicable PRC laws and regulations to our employees. We pay great attention to our employees' welfare, and continually improve our welfare system. We offer employees additional benefits such as annual leave, stipend, supplementary medical insurance, annuity, health examinations and medical insurance for family members, among other things.

During the Track Record Period, we did not have any strikes, protests or other material labor conflicts that may materially impair our business and image.

Insurance

We purchase insurance in accordance with PRC legal and regulatory requirements as well as our overall assessment of operational needs and industry management. We are bound by the social insurance system in the PRC and pay five types of insurance for our employees, including basic pension, basic medical care, unemployment, work-related injury and maternity insurances. We also purchase professional liability insurance for our imaging center services provided at our flagship imaging centers and regional collaborative imaging centers, including liability coverage for personnel at the imaging centers. During the policy period, the maximum amount of the coverage of our medical liability insurance is RMB10 million; the maximum amount of the coverage per claim is RMB5 million; and the maximum amount of coverage per medical professional per claim is RMB500,000. We did not receive any medical claims or complaints relating to material misdiagnosis or medical malpractice incidents claims during the Track Record Period and up to the Latest Practicable Date. The insurance coverage of the same nature for specialized medical consortium imaging centers and operational management imaging centers is purchased by our hospital partners instead of us. In addition, we typically purchase property insurance for the medical equipment we own for providing imaging center services. We believe our medical liability coverage is adequate and in line with industry practice taking into consideration the nature of our business, the maximum amount of our insurance coverage, and liability exposure measured in estimates of damages a party is required to pay if found liable for medical malpractice or misdiagnosis (usually including incurred expenses, and other damages subject to statutory limits calculated based on factors such as average disposable per capita or personal expenses of local residents). However, we cannot assure you that we will have sufficient insurance coverage for all liabilities, losses or damages that may arise in our business operations. See "Risk Factors — Risks Relating to Our Business and Industry — There can be no assurance that the insurance coverage is sufficient."

We do not maintain any business interruption insurance or product liability insurance, which are not mandatory under PRC laws. We do not maintain keyman life insurance, insurance policies covering damages to our network infrastructures or information technology systems or any insurance policies for our properties. During the Track Record Period and up to the Latest

Practicable Date, we did not make any material insurance claims in relation to our business. Our Directors are of the view that our existing insurance coverage is in line with industry practice and adequate for the business.

Properties

Our corporate headquarters is located at Nanchang, Jiangxi province, China. As of the Latest Practicable Date, we did not have any owned properties, and we leased 58 properties in the PRC, with an aggregate gross floor area of 64,186.6 sq.m., in relation to our current business operations, which were primarily used as offices, imaging centers, and accommodation for employees.

As of December 31, 2023, none of the properties held or leased by us had a carrying amount of 15% or more of our consolidated total assets. According to Chapter 5 of the Hong Kong Listing Rules and section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this prospectus is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

Leased Properties

As of the Latest Practicable Date, we leased 58 properties in the PRC, with an aggregate gross floor area of approximately 64,186.6 sq.m., in relation to our current business operations, which were primarily used as offices, imaging centers, and accommodation for employees. The relevant lease agreements have lease expiration dates ranging from 2024 to 2034. For risks relating to our leased properties, see "Risk Factors — Risks Relating to Laws and Regulations — Failure to comply with laws and regulations regarding certain of our leased properties may adversely affect our business, financial condition and results of operations.".

Non-registration of Lease Agreements in the PRC

As of the Latest Practicable Date, 56 of our lease agreements had not been registered with the relevant PRC authorities. As advised by our PRC Legal Advisor, failure to register an executed lease agreement will not affect its validity. However, we may be subject to a fine of no less than RMB1,000 and not exceeding RMB10,000 for each unregistered lease agreement if the relevant competent authorities require us to rectify and we fail to do so within the prescribed period. We estimate that the maximum penalty we may be subject to for these unregistered lease agreements will be approximately RMB560,000, an amount which we believe is immaterial. During the Track Record Period and up to the Latest Practicable Date, we had not been ordered by any competent authority to register the unregistered lease agreements; nor had we received any administrative penalties by the relevant competent authorities, and the amount of potential penalties accounts for a minimal portion of our total revenue during the Track Record Period. Therefore, we believe that the failure to register these lease agreements will not have any material adverse effect on our business, financial condition and results of operations.

The reasons behind the failure to register the above lease agreements are beyond our control because, among other things, the lessors' willingness to cooperate in the registration process and provision of relevant documents for registration is necessary. To minimize the potential negative impact of the above lack of registration of lease agreements, we have continued to maintain regular communications with such lessors seeking their cooperation to complete a late registration of the relevant leases. In addition, we have established internal guidelines and enhanced our internal control procedures requiring us to seek the landlord's agreement to register a lease agreement before signing in order to ensure compliance with applicable PRC laws and regulations. We will actively liaise with the respective lessors to complete the registration of all such lease agreements, if possible.

Title Defects in Relation to Leased Properties in the PRC

— *Defects in Relation to Title Certificates*

As of the Latest Practicable Date, the lessors of two of our leased properties did not provide us with the relevant title certificates. If the relevant competent authorities take enforcement against our lessors, we may be subject to the risk of cessation of use.

The reasons behind the lessors' failure to provide us with the relevant title certificates of the leased properties are beyond our control. Our PRC Legal Advisor is of the view that the risk that we may be subject to administrative penalties imposed by competent authorities because of the foregoing title defect of our leased properties is remote, on the basis that: (i) the lessor of one leased property which is used as one of our imaging centers is not able to apply for the relevant title certificate due to historical reasons, but has provided a land use right certificate, and we have agreed with the lessor that the lessor will bear all economic and legal liabilities as a result of any disputes arising from such defects of the leased property; and (ii) the leases of the two leased properties commenced from 2015 and 2019, respectively, and as of the Latest Practicable Date, we had not been subject to any administrative penalties imposed by the competent authorities, nor had we received any penalties or investigation notices from the competent authorities for such defects.

Furthermore, one of the two leased properties is used as offices, with a relatively small gross floor area. If the above defect of this leased property prevents us from continuing the lease so that we are required to move to another location, we can relocate to other comparable alternative premises in the relevant region without any material adverse effect on our business, financial condition and results of operations, given the abundant supply of leased properties for office use.

Based on the foregoing, our Directors are of the view that the aforementioned defects in relation to the two leased properties and the potential risk will not have a material adverse impact on our business, financial condition and results of operations.

— *Defects in Relation to Documents Evidencing Rights to Lease*

As of the Latest Practicable Date, the lessors of nine of our leased properties did not provide us with the documents evidencing the completion of legal procedures relating to allocated land in the PRC, respectively. As advised by our PRC Legal Advisor, we are not subject to the administrative penalties by the governmental authorities due to such defects. However, if the relevant competent authorities take enforcement against our lessors, we may be subject to the risk of cessation of use.

The reasons behind the lessors' failure to provide us with the documents evidencing their rights to lease the leased properties are beyond our control. Our PRC Legal Advisor is of the view that the risk that we may be subject to the cessation of use because of the foregoing title defect of our leased properties is remote, on the basis that: (i) the relevant competent authorities of these nine leased properties confirmed in interviews with our PRC Legal Advisor that we would not be penalized or required to relocate from our leased properties due to such defects; and (ii) as of the Latest Practicable Date, we had not been subject to any administrative penalties imposed by the competent authorities, nor had we received any penalties or investigation notices from the competent authorities for such defects.

Given: (i) the foregoing view of our PRC Legal Advisor; (ii) that the lessors of seven of the nine leased properties have agreed with us that the lessors will bear all economic and legal liabilities as a result of any disputes arising from such defects of the leased properties, and the signing of the lease agreements of the remaining two leased properties was consented by the relevant competent governmental authority; and (iii) the public interest value of imaging centers, we believe it is unlikely that the above nine leased properties will be taken by the competent authorities and thereby materially and adversely affect our business, financial condition and results of operations. According to Frost & Sullivan, the available relocation premises of similar size at location satisfactory to meet our demands are generally available in the market. In addition, we are generally able to remove and relocate the equipment and facilities from our existing imaging centers to the new leased properties. Furthermore, the properties we lease for our imaging centers generally do not need major construction before commencement of business, and we are equipped with strong in-house capabilities for required construction, renovation and setting for medical imaging centers without the need to engage third-parties or incur relevant costs. For example, for centers where radioactive isotopes and radiation devices are stored and used, to comply with the design standard of the Radiation Protection Regulations, we take measures including (i) equipping the centers with safety and protection facilities and other necessary protective safety interlocks, alarm devices, or work signals in accordance with relevant national safety and protection standards; (ii) taking safety measures to prevent the workers from misoperation of radiation devices or accidental exposure; and (iii) dividing radiation workplaces into control areas and supervision areas for the convenience of radiation protection management and occupational exposure control. It generally takes us about one month to complete the nuclear magnetic shielding, and about ten days to complete the CT and DR radiation protection without incurring material additional costs. We also take the costs in relation to compliance with relevant laws and regulations into consideration during our site selection for operating medical imaging centers to minimize the need for additional construction and renovation. Based on the foregoing, our Directors are of the view that, in the unlikely event that we are required to relocate from relevant properties, it is not difficult for us to identify suitable relocation properties and the relocation cost is expected to be immaterial.

To minimize the potential negative impact of the above two types of title defects on our operations, we have maintained regular communications with such lessors regarding the progress of their rectification of the title defects to the extent feasible. In addition, we have established internal guidelines and enhanced our internal control procedures to improve our evaluation of new leased properties from a compliance perspective. We will also consult our external legal advisors for reviewing the title certificates and other documents of our new leased properties in order to ensure compliance with applicable PRC laws and regulations.

Inconsistent Use with Permitted Usage

As of the Latest Practicable Date, the usage of 14 of our leased properties was inconsistent with their permitted usage, respectively. We currently use such leased properties as medical imaging centers and offices, and their permitted usage under the relevant title certificates is for parks, wholesale and retail, catering and industrial purposes, respectively. We are not subject to administrative penalties by the governmental authorities as the lessee due to such defects according to the relevant laws and regulations. However, if the relevant PRC regulatory authorities take enforcement against our lessors, we may be subject to the risk of cessation of use.

There were only four out of these 14 leased properties having recorded revenue during the Track Record Period. The table below sets forth details of the inconsistent use and revenue of these four leased properties during the Track Record Period according to its management account.

Lessees	Project	Permitted usage	Practical Usage	Year ended December 31, 2021	2022	2023
					(RMB in million)	
Xinyu Imaging (新余一脈陽光醫學影像有限公司).	Xinyu Rimag Medical Imaging Center (Xinyu People's Hospital) (新余一脈陽光醫學影像中心 — 新余市人民醫院)	Wholesale and retail	Medical imaging centers and offices	26.3	24.5	26.4
Beijing Imaging (北京一脈陽光醫學影像診斷中心有限公司).	Beijing Rimag Medical Imaging Center (北京一脈陽光醫學影像中心)	Park	Medical imaging centers and offices	40.3	41.5	61.9
Enshi Imaging (恩施市一脈陽光醫學影像有限公司)	Enshi Rimag Medical Imaging Center (恩施一脈陽光醫學影像中心)	Catering	Medical imaging centers	6.3	4.0	3.6
Zhiying Medical Technology (湖北智影一脈陽光醫療科技有限公司)	Huanggang Zhiying Medical Imaging Diagnosis Center (黄岡智影醫學影像診斷中心)	Industrial	Offices	1.4	2.6	3.0
Total				**74.2**	**72.6**	**94.9**

Note:

(1) The revenue in the above table refers to the revenue generated from the project corresponding to the property.

The reasons behind the lessors' failure to lease the relevant properties to us in accordance with the permitted usage are beyond our control. For so long as we occupy these properties, we will urge the relevant lessors from time to time to apply for a change of permitted usage of such properties to include the current usage. We have established internal guidelines and enhanced our internal control procedures to improve our evaluation of new leased properties from a compliance perspective. We will also consult our external legal advisors in relation to reviewing the title certificates and other documents of our new leased properties to ensure compliance with applicable PRC laws and regulations.

Our PRC Legal Advisor is of the view that the risk that we may be subject to cessation of use because of the foregoing inconsistent use with permitted usage of our leased properties is remote, on the basis that: (i) the relevant competent authorities of these 14 leased properties confirmed in interviews with our PRC Legal Advisor that we would not be penalized or required to relocate from our leased properties due to such defects; and (ii) as of the Latest Practicable Date, we had not been subject to any administrative penalties imposed by the competent authorities, nor had we received any penalties or investigation notices from the competent authorities for such defects.

Given: (i) the foregoing view of our PRC Legal Advisor; (ii) that in respect of two of the 14 leased properties used as imaging centers, the lessors have agreed with us that they will bear all economic and legal liabilities as a result of any disputes arising from such defects of the leased properties; and (iii) that in respect of the other 12 leased properties used as offices, if the above defects of our leased properties prevent us from continuing the leases so that we are required to move to another location, we can relocate to other comparable alternative premises in the relevant regions without any material adverse effect on our business, financial condition and results of operations, given the abundant supply of leased properties for office use, our Directors are of the view that the aforementioned defects in relation to our leased properties will not have a material adverse impact on our business, financial condition and results of operations.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

We consistently prioritize the monitoring of environmental, social, and corporate governance ("**ESG**") practices and strive to incorporate them into our day-to-day operations. We recognize our obligations towards environmental preservation and social responsibility, firmly believing that the integration of ESG principles is vital for our long-term business growth.

ESG Governance

ESG Policy

We have established an ESG policy, which encompasses the following elements: (i) effective risk governance pertaining to ESG matters, including environmental, social, and climate-related risks; (ii) identification of key stakeholders and the establishment of communication channels to engage with them; (iii) a well-defined ESG governance structure; (iv) procedures for formulating our ESG strategy; (v) ESG risk management and monitoring protocols; and (vi) identification of key performance indicators (KPIs), along with relevant measurements and mitigation measures. Our Board will have the overall responsibility for reviewing, approving, and adopting the ESG Policy, as well as the targets and strategies of our Group. Furthermore, they will provide oversight for the implementation of the ESG Policy, make necessary revisions to the overall ESG strategies as deemed appropriate, and effectively manage other significant ESG-related matters.

We firmly believe that the integration of social values into our business is fundamental to our future growth. We are deeply committed to addressing the environmental, health and safety, employment, and community concerns arising from our operations. Furthermore, we actively collaborate with our stakeholders to foster sustainable development within the industry in which we operate. We undertake all reasonable to ensure strict compliance with all relevant national and local regulations pertaining to safety, health, labor, and the environment.

In particular, we are committed to implementing the following measures as integral components of our environmental policies: (i) consistently devising and implementing impactful and measurable resource management initiatives; (ii) actively promoting recycling programs, exploring alternative waste disposal methods to minimize environmental impact, and maximizing material reuse whenever feasible; and (iii) continuously evaluating and enhancing our environmental management practices, among other initiatives, to ensure ongoing improvement.

We have outlined the following measures to be implemented as part of our social policies: (i) ensuring equal opportunity in all aspects of employment, regardless of gender, race, nationality, marital status, disability, religious belief, sexual orientation, or any other protected characteristic under the law; (ii) encouraging our employees to continuously enhance their skills, abilities, and competencies through participation in both internal and external training programs; (iii) providing promotional and job opportunities to both existing employees and qualified candidates based on merit, qualifications, abilities, and suitability for the position, as assessed by their work performance; (iv) safeguarding and respecting intellectual property rights; (v) strictly prohibiting all employees from offering or accepting corrupt payments and other advantages from private individuals or entities; and (vi) strictly prohibiting all employees from offering, promising, authorizing, or providing anything of value to any government official in order to secure or retain business, obtain improper advantages, or unduly influence the actions of government officials.

Our Board of Directors, as the responsibility and decision-making body for ESG issues, supervises ESG matters and is responsible for ESG strategy and reporting, with the following key responsibilities:

(i) supervising and reviewing our ESG strategy and annual planning, including assessing, prioritizing and managing significant ESG-related issues (including relevant risks to our business);

(ii) regularly reviewing the progress of achieving our ESG targets from a business perspective;

(iii) approving and monitoring the precise and continuous implementation of our ESG policy;

(iv) reviewing and assessing the results of our ESG-related risk and opportunity;

(v) reviewing the annual ESG report;

(vi) reviewing the Board Statement in the ESG Report.

Our imaging hospital, as the executive body for ESG efforts, is led by the head of the imaging hospital who is responsible for coordinating the implementation of our ESG policy. The Imaging Hospital is primarily responsible for the following:

(i) formulating the our ESG strategies and targets and submitting them to the Board of Directors for review;

(ii) formulating annual plan related to ESG matter for each department, summarizing the operation of the ESG system and the completion of milestones for each ESG matter, and reporting to the Board of Directors on a regular basis;

(iii) organizing the setting of ESG targets for each departments, and monitoring and tracking the progress of targets and material initiatives;

(iv) promoting the implementation of our ESG work system, improving our existing ESG-related management system, and formulating ESG-related management rules and measures when necessary;

(v) organizing the identification and assessment of ESG risks and opportunities, and developing and summarizing countermeasures;

(vi) organizing stakeholder communication and establishing external communication workflow;

(vii) directing the collection of annual ESG report information.

To ensure compliance with applicable laws and regulations, our human resources department would, if necessary and after consultation with our legal advisors, adjust our human resources policies to accommodate material changes to relevant labor and safety laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material fines or other penalties due to non-compliance with health, safety or environmental regulations.

Social Responsibilities

We attach great importance to our social responsibilities as a medical enterprise, and practice and implement such social responsibilities in all aspects of our Group's activities to manage our participation in social activities.

In consideration of both economic and social benefits, we have specified rules in relation to our social responsibility practice for each department (for example, the departments of human resources, administration, market development, legal affairs, corporate publicity, imaging centers), and have established relevant work procedures covering environmental protection, labor protection, culture building, scientific R&D, and ethical practice.

Environmental Protection

Our business operations are subject to the relevant environmental protection laws and regulations promulgated by the PRC government, a summary of which is set out in the section headed "Regulatory Overview — Regulations on Environmental Protection Related to Medical Institutions" in this prospectus. Given the nature of our business, we believe that our operational activities do not significantly pose negative impact to the environment and we are not aware of any material environmental liability risk or compliance costs during the Track Record Period. During the Track Record Period and up to the Latest Practicable Date, we did not incur material cost of compliance with relevant environmental protection laws and regulations. In 2021, 2022 and 2023, we spent approximately RMB0.2 million, less than RMB0.1 million and RMB0.1 million, respectively, with respect to environmental protection. Furthermore, we do not expect to incur significant costs for the compliance with applicable environmental protection rules and regulations in the future.

Waste Disposal

In accordance with the Regulations on the Administration of Medical Waste (《醫療廢物管理條例》) and in light of our actual situation, we strictly manage medical waste in the course of our operations. The leader group headed by the general manager of each imaging center as the first line of responsibility is responsible for: (i) clarifying the system of collection, transportation and disposal of medical waste; (ii) establishing emergency plans, working protocols and requirements for management of medical waste accidents; and (iii) setting up and continuously upgrading the responsibility system of medical waste management, assigning specific personnel to collect medical waste and manage the temporary storage of medical waste in the warehouse, and supervising the whole process of storage, transfer, collection and transportation.

We classify and dispose of medical waste generated in our business operations based on its characteristics and the degree of its impact on the environment and human health. The classification covers a range of waste types, namely infectious waste, pathological waste, sharps waste, pharmaceutical waste and chemical waste. To ensure proper containment, each type of waste is assigned to dedicated containers. In line with our commitment to responsible waste management, we have established efficient protocols for the transportation of medical waste. Sealed garbage transfer vehicles have been deployed to handle the safe and secure transportation of these materials. In addition, we appropriately engage in the recycling of chemical or pharmaceutical waste, aligning with our sustainability objectives.

We have engaged third-party qualified companies for the disposal of medical waste to reduce the impact on the environment, which in line with our commitment to environmental protection. Meanwhile, we use ultraviolet light and 1000mg/L chlorine-containing disinfectants to disinfect the temporary storage of medical waste every day. In 2021, 2022 and 2023, our flagship imaging centers have disposed of 3.9 tons, 5.2 tons and 5.5 tons medical waste, with an average of 0.5 tons, 0.7 tons and 0.6 tons of medical waste disposed per flagship imaging center, respectively. Over the next five years, we plan to manage the growth of the volume of medical waste disposed by our flagship imaging centers at a level lower than that of the revenue of our flagship imaging centers during the same year.

Sewage Disposal

Only imaging centers equipping with PET scanners may produce liquid radioactive waste. As of December 31, 2023, we had three flagship imaging centers and one regional collaborative imaging center equipping with PET scanner, and all such imaging centers had gone through environmental impact assessment by competent authorities and had acquired the relevant license accordingly before operation. Where the PET scanners are under operation, we normally discharge sewage into the comprehensive sewer after it remains in decay tank located in the examination room for about 30 days and satisfies water quality tests, which complies with the relevant laws and regulations. With regard to specialized medical consortium imaging centers and operational management imaging centers, our medical institution partners are responsible for obtaining the relevant licenses or permits relating to sewage disposal and the implementation of sewage disposal. As of the Latest Practicable Date, we did not appoint any independent qualified company in relevant sewage discharge. Such decay tanks are set up according to the regulations of the competent authority of the various competent environmental departments.

Radiation Safety

In accordance with applicable laws and regulations and the requirements of the environmental protection and health administration in relation to radiation safety protection management, we carefully organize all imaging centers to conduct self-inspection regularly to improve our radiation safety level and reduce hidden dangers.

Radioactive pollution is generated from radiation devices. Such devices produce radiation when they are active which then disappears when the devices are no longer active. We are able to avoid harm to the environment as the radiation distance is short, the radiation dose is safe, and a special room has been designated that meets the design standard of the regulations and standards for radiation protection. In addition, the imaging centers have strengthened the safety and security of radioactive sources. In particular, we have assigned special personnel to secure and manage the storage, placement and operation sites of radioactive sources, and both our Group and each imaging center have made efforts to improve the safety and security measures with regard to radioactive sources.

We have established the following requirements for the operation of radioactive equipment:

- operators must prioritize the concepts of sterility, contamination prevention, safety, and cleanliness during operations;
- operators should wear personal protective equipment when operating the equipment;
- assign a dedicated person to be responsible for the receipt, check, placement and registration of radioactive sources;
- prepare radioactive sources according to the preparation requirements, strictly comply with the operating procedures, and keep records of quality control inspection;
- check the drug, expiration date, and deliquescence and check the examination program with the patient before marking and injecting, and keep records of injection registration;
- strict adherence to aseptic techniques is essential, ensuring rigorous control of contamination and prompt remedial measures; and
- daily management of radioactive pollutants, including proper storage and disposal, should be diligently carried out.

In terms of management procedures, we require that (i) the procurement or replacement of radioactive sources must comply with environmental assessment procedures and obtain the necessary licenses and registrations as required by laws and regulations; (ii) establishing management files for radioactive sources, to record and regularly update essential information, inspection records and corrective actions, and other relevant details; (iii) conducting regular inspections of radioactive sources; (iv) setting restricted placement time for different types of radioactive sources before they are discarded for recycling; (v) for decommissioned radioactive sources, radioactive source recovery agreements are signed with the suppliers of radioactive sources, and all decommissioned radioactive sources shall be recovered by the source suppliers accordingly; (vi) in the event of abnormal conditions or radiation incidents involving radioactive sources, immediate activation of emergency response plans and reporting is required.

We have established an emergency response and reporting system for radioactive sources. According to this system, in the event of a radioactive incident or discovery thereof, business activities that pose radiation hazards shall be temporarily suspended, and an immediate report must be submitted to the relevant environmental regulatory authority. If necessary, medical examinations or receive treatment arrangements shall be made promptly for affected individuals. In the event of a radioactive isotope contamination incident in the workplace, the following measures shall be implemented: (i) implementing immediate evacuation of personnel involved and site lockdown to prevent potential contamination spread; (ii) adopting immediate isolation and providing first aid measures for individuals who may have been injured; (iii) remaining the lockdown of site until it reaches a safe level; (iv) active cooperating with the relevant regulatory authorities in the investigation of the incident. During the Track Record Period and as of the Latest Practicable Date, we had not incurred any material work safety incident and leakage of radioactive substance.

Sustainable Development and Resource Conservation

Sustainable Development

We have actively promoted the adoption of digital film technology to achieve our ESG targets. In 2021, 2022 and 2023, our usage of digital film has consistently increased, reaching 299 thousand cases, 440 thousand cases and 755 thousand cases, respectively. This initiative has not only brought positive impacts in terms of ESG aspects but has also provided enhanced medical services and experiences for healthcare institutions and patients.

In terms of the environment, our digital film technology reduces the use of traditional film, resulting in a decreased demand for and emissions of harmful chemicals, as well as a reduction in waste generation and disposal costs. Additionally, by storing imaging data in the cloud, we further reduce the need for physical storage space, leading to decreased energy consumption and carbon footprint.

In the social aspect, our digital film technology provides efficient support for medical imaging services. During the Track Record Period, we have actively promoted digital access and data sharing, enabling healthcare institutions to deliver faster and more accurate diagnoses and treatments. This contributes to improving patients' medical experiences, reducing waiting times, and fostering better collaboration and knowledge sharing. Our digital film technology also facilitates remote healthcare and consultations, providing convenient medical services for patients in remote or underserved areas.

Regarding governance, we are committed to ensuring the security and privacy protection of digital film technology. We consistently adhere to data protection regulations and medical confidentiality requirements, and implement necessary security measures to safeguard patients' personal information and medical data. We have established strict access controls and data encryption mechanisms to ensure that only authorized personnel can access and utilize this data.

By promoting and implementing digital film technology, we actively fulfill our corporate ESG responsibilities, implement sustainable measures, and enhance medical services and experiences for healthcare institutions and patients. The continuous growth in our usage of digital film during the Track Record Period reflects our commitment to sustainable development.

Resource Saving

Our energy consumption is used mainly for operating imaging equipment. The table below set forth the resource consumption by flagship imaging centers during the Track Record Period.

	Year ended December 31,		
	2021	2022	2023
		(in thousand)	
Electricity consumption (KWh)	4,486.6	4,640.9	6,334.2
Water consumption (cubic meters)	10.1	4.7	11.5

Because some of our regional collaborative imaging centers are established in cooperation with medical institutions, we do not have accurate information for the energy consumption of these regional collaborative imaging centers. In addition, because we provide operational management services, we do not have the energy consumption data of the specialized medical consortium imaging centers and operational management imaging centers. In the future, we plan to continue to enhance the utilization rate of imaging equipment through streamlining workflow, and improving proficiency of radiologic technologists. Meanwhile, in the next five years, based on the ratio of the water and electricity consumption of the flagship imaging centers to the total revenue in 2023, we plan to reduce such ratio by 0.3 basis points.

We are committed to the effective use of resources to minimize waste emissions. In the course of our daily operation, we also actively advocate the importance of energy saving to employees, such as:

- The temperature of the air conditioners shall be lower than 22℃ in winter and higher than 26℃ in summer. We require our employees to turn off the air conditioners when no one is present at the premises, and assign special personnel to check that all of the air conditioners are turned off before leaving work. The running time of central air conditioners at work should be adjusted according to the season;

- Office equipment should be set to sleep mode or turned off when such equipment is not in use. We encourage employees to pay attention to whether office equipment has been in idle mode for a long time; and

- The daily maintenance and management of water supply equipment has been strengthened in each office. We regularly check the status of such equipment and repair it as soon as possible, if needed, to prevent any leakage.

Industrial Structure Upgrading

As green and sustainable growth has become the development trend of the global economy, we have made strategic planning and adjustment as a whole, increased investment in R&D of new technology products, and added them to our core products. For example, the application of cloud service data allows doctors and patients at our imaging centers and medical institutions in cooperation to flexibly use digital imaging data instead of conventional physical films, which reduces the cost of consumables. The adoption of the radiologist workstation for digital imaging transfers the doctor's work from offline to online, realizing a paperless and mobile working environment, through unified data identification, centralized data processing and centralized business processing.

In the process of our development, we actively adjust the industrial structure to focus on both investment and construction, and solution services, so as to transform our core business to platform-based, expand the production capacity and extend our reach to the upstream and downstream of the supply chain, covering the areas of talents, enterprises, technology and finance, to maintain the vitality of enterprise innovation and intellectual upgrading.

Culture Building

In the PRC, healthcare work not only affects the physical health of the whole nation, but also affects the supply of social labor resources. In response to the PRC government's emphasis on healthcare, we have proactively echoed the initiative to establish a hierarchical diagnosis and treatment system, and extended medical resources to the primary healthcare system. We continue to adhere to the concept of "clinically targeted imaging services," and strive to enhance the medical imaging service capabilities and quality of medical institutions of the primary healthcare system, improve the patient's experience of medical treatment, and resolve the pain points faced by all participants in the medical imaging industry.

Philanthropic Activities

We focus on building regional specialized medical imaging consortia on the basis of the business layout of our imaging centers. Through effective integration of fragmented medical resources in the region, we focus on improving the construction of basic medical imaging facilities and the medical environment for residents, and solving the problems of difficulty in receiving medical treatment for residents. During the Track Record Period, we also organized large-scale non-profit free consultation activities with experts on multiple occasions, to answer residents' questions and help primary care doctors improve their professional skills.

At the beginning of the COVID-19 outbreaks, we took the initiative to assume responsibility as a social medical institution when the supply of medical resources was reduced nationwide, including; (i) mobilizing resources from all sources to deploy various medical materials for imaging centers and hospitals; (ii) in response to government requests, delivering self-owned CT equipment to be installed at designated quarantined locations, and utilizing the cloud platform's expert resources for remote imaging diagnosis; (iii) providing fast and preferential equipment deployment services for medical institutions with insufficient imaging equipment; (iv) allowing access to free remote consultations to support areas with severe COVID-19 outbreaks; and (v) providing free cloud film services for all patients during the COVID-19 pandemic to avoid cross-infection. In addition, we donated RMB1.0 million to the Bethune Foundation for the COVID-19 pandemic in 2020.

Employees' Health and Welfare

To allow our employees to enjoy safety, comfort and sufficient protection, and more comprehensive and positive healthcare welfare, we have formulated and continuously improved our healthcare welfare plans.

We actively take advantage of our identity as a medical imaging service enterprise, and offer annual physical examinations, as well as create opportunities for sports activities for both general employees and senior management members, to maintain and improve the health of our employees, thereby enhancing the professional quality of employees and our overall competitiveness as an enterprise.

In addition, we also provide stress management training and stress relief assistance to employees, such as vocational psychological training and consultation support, to help employees relieve stress and promote professional quality and social integration ability.

For the medical personnel at our imaging centers, we strictly abide by the national requirements of the Administrative Measures for Hygiene and Protection of Radiation Work and the Administrative Measures for the Occupational Health of Radiation Workers, and have formulated the corresponding radiation protection safety management system of our imaging centers to provide necessary protection measures and supplies to ensure the safety and protection of staff in medical work. We conduct daily personal radiation dose monitoring for the relevant personnel according to the requirements, regularly organize radiation workers to participate in occupational medical examinations, and provide radiation leave for such personnel in accordance with national regulations.

Compliance with Laws and Regulations

We strictly abide by Environmental Protection Law of the PRC (《環境保護法》), the Regulations on the Administration of Medical Waste (《醫療廢物管理條例》), the Law of the PRC on Prevention and Control of Radioactive Pollution (《中華人民共和國放射性污染防治法》) in material aspects. See "Regulatory Overview — Regulations on Environmental Protection Related to Medical Institutions." As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we were not subject to any fines or administration penalties by the competent governmental authorities in relation to any breach of the applicable environmental laws or regulations in the PRC that could have a material adverse effect on our business operations.

Licenses, Approvals and Permits

As of the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from relevant authorities that are material to our operations in China. We renew all such permits and licenses from time to time to comply with the relevant laws and regulations. Our PRC Legal Advisor has advised us that there is no material legal impediment to renewing such permits or licenses as long as we comply with the relevant legal requirements. As of the Latest Practicable Date, we had a total of 32 third-party medical imaging center licenses in effect in the PRC. One third-party medical imaging center license can include addresses of multiple third-party medical imaging centers, and can be utilized for operating such imaging centers, subject to regulatory approval based on reasonable business needs. As of the same date, several of our regional collaborative imaging centers shared third-party medical imaging center licenses as approved by the relevant authorities.

The following table sets out a list of material licenses, approvals and permits held by us as of the Latest Practicable Date:

Entity	Name of the license, approval and permit	Expiry date
Xinyu Rimag Medical Imaging Co., Ltd. (新余一脈陽光醫學影像有限公司)	Medical Institution Practice License (醫療機構執業許可證)	February 5, 2028
Shicheng Rimag Medical Imaging Co., Ltd. (石城一脈陽光醫學影像有限公司)	Medical Institution Practice License (醫療機構執業許可證)	June 30, 2024
Leping Rimag Medical Imaging Co., Ltd. (樂平一脈陽光醫學影像有限公司)	Medical Institution Practice License (醫療機構執業許可證)	May 25, 2027
Nanchang Rimag Medical Imaging Diagnosis Ltd. (南昌一脈陽光醫學影像診斷有限公司)	Medical Institution Practice License (醫療機構執業許可證)	April 17, 2029
Fuzhou Rimag Medical Imaging Co., Ltd. (撫州一脈陽光醫學影像有限公司)	Medical Institution Practice License (醫療機構執業許可證)	June 27, 2028
Fenyi Rimag Medical Imaging Co., Ltd. (分宜一脈陽光醫學影像有限公司)	Medical Institution Practice License (醫療機構執業許可證)	December 18, 2028
Yingtan Rimag Medical Imaging Diagnosis Co., Ltd. (鷹潭市一脈陽光醫學影像診斷有限公司)	Medical Institution Practice License (醫療機構執業許可證)	December 29, 2024
Fuliang Rimag Medical Imaging Diagnosis Co., Ltd. (浮梁一脈陽光醫學影像診斷有限公司)	Medical Institution Practice License (醫療機構執業許可證)	February 5, 2026
Anfu Rimag Medical Imaging Center Co., Ltd. (安福一脈陽光醫學影像中心有限公司)	Medical Institution Practice License (醫療機構執業許可證)	June 29, 2026
Fengcheng Rimag Medical Imaging Center Co., Ltd. (豐城市一脈陽光醫學影像中心有限公司)	Medical Institution Practice License (醫療機構執業許可證)	April 13, 2026
Beijing Rimag Imaging	Medical Institution Practice License (醫療機構執業許可證)	December 31, 2028
Changchun Rimag Medical Imaging Diagnosis Center Co., Ltd. (長春一脈陽光醫學影像診斷中心有限公司)	Medical Institution Practice License (醫療機構執業許可證)	July 9, 2028
Wan'an Rimag Medical Imaging Center Co., Ltd. (萬安一脈陽光醫學影像中心有限公司)	Medical Institution Practice License (醫療機構執業許可證)	September 15, 2026
Enshi Rimag Medical Imaging Co., Ltd. (恩施市一脈陽光醫學影像有限公司)	Medical Institution Practice License (醫療機構執業許可證)	October 25, 2033
Liaoning Rimag Medical Imaging Diagnosis Center Co., Ltd. (遼寧一脈陽光醫學影像診斷中心有限公司)	Medical Institution Practice License (醫療機構執業許可證)	July 10, 2028

Entity	Name of the license, approval and permit	Expiry date
Shenyang Rimag Shennan Medical Imaging Diagnosis Co., Ltd. (瀋陽一脈陽光瀋南醫學影像診斷有限公司)	Medical Institution Practice License (醫療機構執業許可證)	May 21, 2029
Zhengzhou Rimag Medical Imaging Diagnosis Center Co., Ltd. (鄭州一脈陽光醫學影像診斷中心有限公司)	Medical Institution Practice License (醫療機構執業許可證)	January 28, 2026
Yichang Rimag Medical Imaging Diagnosis Center Co., Ltd. (宜昌市一脈陽光醫學影像診斷中心有限公司)	Medical Institution Practice License (醫療機構執業許可證)	August 13, 2024
Qiqihar Rimag Medical Imaging Diagnosis Center Co., Ltd. (齊齊哈爾一脈陽光醫學影像診斷中心有限公司)	Medical Institution Practice License (醫療機構執業許可證)	October 23, 2034
Hunan Rimag Medical Imaging Diagnosis Center Co., Ltd. (湖南一脈陽光醫學影像診斷中心有限公司)	Medical Institution Practice License (醫療機構執業許可證)	December 30, 2027
Fuzhou Rimag Medical Imaging Diagnosis Center Co., Ltd. (福州一脈陽光醫學影像診斷中心有限公司)	Medical Institution Practice License (醫療機構執業許可證)	January 3, 2025
Zhaoqing Rimag Regional Medical Imaging Diagnosis Center Co., Ltd. (肇慶一脈陽光區域醫學影像診斷中心有限公司)	Medical Institution Practice License (醫療機構執業許可證)	October 28, 2024
Shehong Jiashi Rimag Medical Imaging Diagnosis Co., Ltd. (射洪佳士一脈醫學影像診斷有限公司)	Medical Institution Practice License (醫療機構執業許可證)	May 13, 2026
Hubei Zhiying	Medical Institution Practice License (醫療機構執業許可證)	April 14, 2026
Chengdu Wenjiang Rimag Sunshine Internet Hospital Co., Ltd. (成都溫江一脈陽光互聯網醫院有限公司)	Medical Institution Practice License (醫療機構執業許可證) for Internet Hospital	October 21, 2026
Xiangtan Rimag Medical Imaging Diagnosis Center Co., Ltd. (湘潭一脈陽光醫學影像診斷中心有限公司)	Medical Institution Practice License (醫療機構執業許可證)	April 13, 2033
Suihua Rimag Medical Imaging Center Co., Ltd. (綏化一脈陽光醫學影像中心有限公司)	Medical Institution Practice License (醫療機構執業許可證)	December 30, 2031
Wenzhou Rimag Yiying Medical Imaging Diagnosis Co., Ltd. (溫州一脈頤影醫學影像診斷有限公司)	Medical Institution Practice License (醫療機構執業許可證)	July 19, 2027
Ganzhou Tiangao Rimag Medical Imaging Co., Ltd. (贛州天羔一脈陽光醫學影像有限公司)	Medical Institution Practice License (醫療機構執業許可證)	May 16, 2028
Liaocheng Rimag Sunshine Medical Image Diagnosis Co., Ltd. (聊城市一脈陽光醫學影像診斷有限公司)	Medical Institution Practice License (醫療機構執業許可證)	June 4, 2024(1)
Xixian New District Rimag Sunshine Medical Image Diagnosis Co., Ltd. (西咸新區一脈陽光醫學影像診斷有限公司)	Medical Institution Practice License (醫療機構執業許可證)	November 10, 2027

Note:

(1) As of the Latest Practicable Date, the procedure for license renewal was in process. Our PRC Legal Advisor is of the view that there is no material legal impediment to renewing such license as long as we comply with the relevant legal requirements.

Entity	Name of the license, approval and permit	Expiry date
Jinan Rimag Sunshine Xinglin Medical Imaging Diagnosis Co., Ltd. (濟南一脈陽光杏林醫學影像診斷有限公司)	Medical Institution Practice License (醫療機構執業許可證)	May 15, 2028
Suichuan Rimag Sunshine Medical Imaging Co., Ltd. (遂川一脈陽光醫學影像有限公司)	Medical Institution Practice License (醫療機構執業許可證)	December 30, 2026
Beijing Rimag Information	Certificate of Information Security Management System Certification (信息安全管理體系認證證書)	November 9, 2025
Beijing Rimag Information	Certificate of Quality Management System Certification (質量管理體系認證證書)	August 30, 2025
Beijing Rimag Information	Certificate of Management System Certification for Protection of Personal Information in Public Clouds (公有雲中個人信息保護管理體系認證證書)	November 9, 2025

Legal Proceedings and Regulatory Compliance

Legal Proceedings

We may be involved in legal proceedings in the ordinary course of business from time to time. During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Regulatory Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material noncompliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations, except as otherwise disclosed in "— Licenses, Approvals and Permits."

Risk Management and Internal Control

We have devoted ourselves to establishing and maintaining risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations. We are dedicated to continuously improving these systems, developing a risk management culture and raising the risk management awareness of all employees.

We have adopted and implemented comprehensive risk management policies in various aspects of our business operations, specifically:

- establishing the investment decision-making committee and the risk compliance committee to control external investment and compliance management risks;

- establishing the project evaluation committee to ensure the quality and investment return of our imaging center investment projects and reduce the business and compliance risks of each project;

- providing continuous anti-corruption and anti-bribery compliance training for employees to improve their awareness of laws and regulations and urge them to comply with laws and regulations in their daily work; and

- arranging directors and senior management to participate in training seminars on listing rules and responsibilities as directors of Hong Kong listed companies.

Healthcare Quality and Safety

In terms of healthcare quality control and management, we have established a complete quality control management system. We implement quality control at our Company and the imaging centers through our double-control and double-blind quality control model online and offline. In particular, the level of quality control at the imaging center level is Level I, and the level of quality control at the Group level is Level II.

We combine medical safety management with medical quality control. Level I quality control and safety management is conducted by the imaging center's quality control team in the course of daily work. The corresponding evaluation standards and management requirements are formulated in accordance with the relevant laws and regulations, the requirements of hospital-level management and the mutual agreement among medical imaging professionals. Level II quality control and safety management is completed by the quality control department of the expert committee of the Group and the quality control expert committee, mainly including the relevant training, evaluation and supervision of quality control and safety management.

Offline supervision and evaluation focuses on the quality control and safety management of our imaging centers. In particular, we organize experts from the quality control expert committee to regularly inspect our imaging centers to find any potential defects that may lead to adverse events or other medical risks. Such expert team also evaluates the skills of relevant medical professionals and their ability to respond to emergencies, and proposes performance improvement plans. Online supervision and evaluation focuses on the quality of medical imaging and diagnostic reports of the imaging center. In particular, we randomly select 1% of the medical images and diagnostic reports from the daily operation of each imaging center through the self-developed cloud quality control system, and then we review and score them according to the unified evaluation criteria through the double-blind mechanism and produce a multi-dimensional quality control evaluation report to rank all radiologists and radiologic technologists of our imaging centers.

To ensure the efficiency and authority of the quality control process, members who sit on the quality control expert committee are all selected and trained against strict standards and composed of nationally renowned radiology experts and experienced doctors or senior radiologic technologists of our medical imaging center network. We are able to monitor the professional skills of our medical professionals and issue warnings and take corrective measures in response to identified issues, if any, in order to ensure the quality of our medical services, lower the risk of our business, and incentivize our medical staff to continually enhance their expertise.

In terms of medical safety management, we have formulated detailed requirements for the safety of contrast agent, nosocomial infection, equipment, radiation, patients, information, and fire protection. The department of quality control conveys such requirements to imaging centers through online and on-site training, and guides them in conducting safety management according to the requirements for avoiding the occurrence of safety accidents. We also randomly select an imaging center, and inspect and supervise its medical safety management on site, as one of our measures of offline quality control.

Operational Risk Management

Operational risk refers to the risk of direct or indirect monetary loss resulting from incomplete or problematic internal processes, personnel mistakes, IT system failures, or external events. We have established a series of internal procedures to manage such risk, specifically:

- revising and improving the internal control rules and corporate governance policies and procedures according to the Listing Rules;

- establishing the operation management system to ensure smooth operation of the data analysis and settlement process; and

- establishing the financial internal control system, including cash and fund management, inventory management, and accounts receivable, among other things.

Compliance Risk Management

Compliance risk refers to the risk of being subject to legal and regulatory sanctions, and the risk of major financial and reputational losses as a result of our failure to comply with relevant laws, regulations, rules and guidelines. In particular, our compliance risk management measures include:

- developing a business compliance manual to provide compliance guidance for the company's business;

- establishing an early warning and inspection mechanism for the compliance of daily business, and the legal department and the medical department of our Group make compliance assessments on the business compliance of each imaging center according to the requirements of current laws and regulations, and implement early warning and rectification after the inspection;

- developing a compliance culture, establishing compliance training mechanisms, and providing compliance training for employees; and

- appointing external legal counsel to provide professional opinions and comments on the Company's compliance.

Complaints Handling

In order to understand customer demands and keep enhancing our service capabilities, we have established mechanisms including in-person communication, hotline and correspondence to receive customer complaints and implemented internal guidelines to ensure each patient complaint is properly addressed. The guidelines cover procedures of handling customer complaints, responsibilities and accountability of our different departments, internal coordination mechanisms to address customer complaints, and relevant remediation procedures.

Our medical imaging center usually has a team headed by center manager responsible for communicating with the complaining patient or healthcare consumer, conducting internal reporting and remediation if substantiated and providing the feedback to the patient or healthcare consumer as soon as possible. Complaints are generally required to be resolved in three days, and those that involve claims of physical or economic injuries are required be reported immediately to prevent or minimize adverse effects on the patient. Each medical imaging center is required to maintain detailed records of the complaints.

During the Track Record Period and up to the Latest Practicable Date, we did not receive any material complaints.

Anti-Bribery and Anti-Corruption

To maintain our reputation and integrity, we have formulated anti-corruption policies and established an anti-bribery and gift system, requiring all employees to carry out business or activities in line with the relevant laws and regulations. We include the agreement on integrity and prevention of work-related crimes as an annex to an employee's labor contract, which should be signed as part of the onboarding process. Employees who violate the above internal policies or systems may be dismissed.

Additionally, we have formulated a series of reimbursement and payment policies, which define the approval authority, standardized approval procedures and the fee cap of reimbursement for entertainment, travel and other expenses.

We have also established a comprehensive contract approval management system to help the management in reviewing and supervising important and material business-related contracts. We require our material business partners and our employees to comply with relevant anti-corruption and anti-bribery laws and regulations to ensure that our employees, suppliers and customers conduct business legally and ethically. We include anti-bribery and anti-corruption clauses in our agreements, which prohibit our employees, suppliers and customers from offering unauthorized payments, such as bribes, kickbacks, or benefits in the form of cash, gift card, travel and securities, among other things, to each other in violation of the applicable anti-bribery and anti-corruption laws and regulations.

During the Track Record Period and as of the Latest Practicable Date, none of our employees or material business partners had become the subject of any complaint, investigation or regulatory enquiry or otherwise been involved in any bribery or kickback arrangements.

Investment Strategy and Treasury Policy

As the operator and manager of a medical imaging platform that provides diversified imaging services and value to the entire medical imaging industry chain in China, we intend to continue to actively seek investment opportunities related to the entire medical imaging industry chain. Our investment strategy will be divided into two directions as follows:

On the one hand, we will seek horizontal investment opportunities in the industry chain (such as investments in other third-party medical imaging centers), which will primarily take the form of majority equity acquisitions and the integration of newly acquired imaging centers into our existing network of imaging centers. We will target imaging centers that are: (i) well-certified; (ii) well-established and stable; (iii) profitable and with excellent cash flow performance; and (iv) located in areas with large-scale third-party medical imaging markets that are consistent with our strategic objectives. For those potential imaging center targets, our investment evaluation will focus on:

- the volume of the third-party medical imaging market where the subject is located and the compatibility with our regional market development strategy (both domestic and overseas);
- the subject's past operational performance and financials;
- the subject's imaging professional competence level and the staffing of medical professionals;
- the subject's qualification and licenses and business compliance;
- the subject's development prediction;
- the calculation of investment return;
- ongoing operating expenses and capital investment requirements; and
- the compatibility between the subject and us in terms of corporate culture and business development.

On the other hand, we will also seek vertical investment opportunities in the industry chain, mainly focusing on the upstream and downstream of the medical imaging industry chain and related ecology, which will mainly take the form of minority equity participation. The main purposes of this are: (i) to further deepen and expand our industry position in the medical imaging industry chain; (ii) to strengthen our relatively weak business lines; (iii) to strategically incubate emerging technologies and models with industry foresight; and (iv) to generate industry chain-related revenue by extending our capabilities. We expect to continue to enhance our medical imaging industry chain integration and eco-organization capabilities through these investment opportunities. The relevant industry chain investment directions include, but are not limited to, innovative technology and hardware equipment for medical imaging, medical imaging information technology software applications and cloud services, medical imaging AI and big data applications, exploration and application of medical imaging in health management, independent imaging assessment for clinical trials, imaging equipment asset management, insurance, among other things.

We have established a comprehensive internal mechanism for investment and M&A evaluation and approval. We have set up a Strategic Investment Committee, which is composed of our Group's senior management and invites representatives from shareholders of senior investment institutions to participate in it. The Strategic Investment Committee is fully responsible for the evaluation and approval of relevant strategic investment of our Group. The Board of Directors and shareholders' meeting procedures for the relevant investment projects will only be conducted in accordance with the Articles of Association if the relevant investment projects are approved by the Strategic Investment Committee at the investment decision meeting.

For our investment projects, we plan to fund potential investment projects mainly through our existing internal and external financial resources, including our Group's own funds, bank borrowings, proceeds from the Listing, and others.

We believe that we are well-positioned to identify potential investment targets that meet our objectives on the basis of our past operational and development experience and our deep knowledge of relevant industries. As of the Latest Practicable Date, we had not identified any potential investment or acquisition targets or entered into any definite investment or acquisition agreements.

Overview

Upon the Listing, our Board will consist of nine Directors, including four executive Directors, two non-executive Directors and three independent non-executive Directors. All Directors are elected by the general meeting of Shareholders for a term of three years which is renewable upon re-election. The major powers and functions of the Board include, but are not limited to, convening the general meetings, presenting reports to the general meetings, implementing the resolutions passed at the general meetings, determining the operational plans and investment plans of the Group, determining the annual financial budgets and final accounts of the Group, determining the fundamental management systems of the Group, formulating profit distribution plans and loss recovery plans of the Group, and exercising other powers and functions as conferred by the Articles of Association.

Pursuant to the Company Law, a joint stock company with limited liability is required to establish a supervisory committee. Our Supervisory Committee consists of three Supervisors. Our Supervisors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office.

Our senior management is responsible for the management of day-to-day operations of the Company.

Directors, Supervisors and Senior Management

The following table sets forth certain information of our Directors:

Name	Age	Position	Principal roles and responsibilities	Date of joining the Group	Date of appointment as Director	Relationship with other Directors, Supervisors and senior management
Executive Directors						
Dr. XU Ke (徐克).	70	Chairman of the Board and Executive Director	Ensuring the Board's effective performance of its function, formulating the business strategies, making major corporate and operational decisions, and responsible for the overall management of our Group	January 1, 2017	January 31, 2018	None

Name	Age	Position	Principal roles and responsibilities	Date of joining the Group	Date of appointment as Director	Relationship with other Directors, Supervisors and senior management
Mr. CHEN Zhaoyang (陳朝陽)	48	Executive Director and Chief Executive Officer	Assisting the Chairman in formulating business strategies and making major corporate and operational decisions of the Company and ensuring the Board's effective performance of its function	November 30, 2021	May 10, 2023	None
Ms. HE Yingfei (何英飛)	36	Executive Director	Assisting the Chairman in formulating business strategies and making major corporate and operational decisions of the Company and ensuring the Board's effective performance of its function	January 1, 2015	June 18, 2021[1]	None
Mr. FENG Xie (馮勰)	34	Executive Director	Assisting the Chairman in formulating business strategies and making major corporate and operational decisions of the Company and ensuring the Board's effective performance of its function	April 6, 2021	November 30, 2021	None
Non-executive Directors						
Mr. LIU Senlin (劉森林)	39	Non-executive Director	Assisting the Chairman in formulating business strategies and making major corporate and operational decisions of the Company and ensuring the Board's effective performance of its function	June 18, 2021	June 18, 2021[1]	None

Name	Age	Position	Principal roles and responsibilities	Date of joining the Group	Date of appointment as Director	Relationship with other Directors, Supervisors and senior management
Mr. MAO Xiaojun (毛曉軍)	43	Non-executive Director	Assisting the Chairman in formulating business strategies and making major corporate and operational decisions of the Company and ensuring the Board's effective performance of its function	May 10, 2023	May 10, 2023	None
Independent Non-executive Directors						
Mr. WU Xiaohui (吳曉輝) .	52	Independent non-executive Director	Supervising and offering independent judgment to the Board	Listing Date(2)	May 10, 2023(2)	None
Mr. LUO Yi (羅毅)	39	Independent non-executive Director	Supervising and offering independent judgment to the Board	Listing Date(2)	May 10, 2023(2)	None
Mr. YUAN Jun (袁駿). . .	45	Independent non-executive Director	Supervising and offering independent judgment to the Board	Listing Date(2)	May 10, 2023(2)	None

Notes:

(1) The appointment of Ms. HE Yingfei and Mr. LIU Senlin as Directors took effect upon the conversion of our Company into a joint stock company with limited liability on June 30, 2021.

(2) The appointment of Mr. WU Xiaohui, Mr. LUO Yi and Mr. YUAN Jun as our independent non-executive Directors will take effect on the Listing Date.

The following table sets forth certain information of our Supervisors:

Name	Age	Position	Principal roles and responsibilities	Date of joining the Group	Date of appointment as Supervisor	Relationship with other Directors, Supervisors and senior management
Mr. CHEN Guangwei (陳光偉)	54	Chairman of the Supervisory Committee and Supervisor	Overseeing our operations, financial activities and internal controls	October 30, 2014	August 4, 2021	None
Mr. XUE Yuansheng (薛源生)	38	Employee Representative Supervisor	Overseeing our operations, financial activities and internal controls	November 5, 2018	May 31, 2021[1]	None
Dr. LIU Weiwei (劉魏偉) .	41	Supervisor	Overseeing our operations, financial activities and internal controls	May 6, 2020	May 10, 2023	None

Note:

(1) The appointment of Mr. XUE Yuansheng as our Supervisor took effect upon the conversion of our Company into a joint stock company with limited liability on June 30, 2021.

The following table sets forth certain information of the senior management of the Group:

Name	Age	Position	Principal roles and responsibilities	Date of joining the Group	Date of appointment as senior management	Relationship with other Directors, Supervisors and senior management
Mr. CHEN Zhaoyang (陳朝陽)	48	Chief Executive Officer	Responsible for formulating the business strategies, making major corporate and operational decisions, and responsible for the overall management of our Group	November 30, 2021	November 30, 2021	None
Dr. XU Ke (徐克).	70	General President of Imaging Hospital	Responsible for the overall management of the imaging hospital and the determination of the Group's medical imaging business strategy	January 1, 2017	January 1, 2017	None

Name	Age	Position	Principal roles and responsibilities	Date of joining the Group	Date of appointment as senior management	Relationship with other Directors, Supervisors and senior management
Mr. LI Feiyu (李飛宇) . . .	45	Vice President and Executive President of Imaging Hospital	Responsible for the operation, management and development of the imaging hospital services	March 25, 2019	March 25, 2019	None
Ms. HE Yingfei (何英飛) .	36	Vice President and Secretary to the Board	Responsible for our corporate governance, information disclosure and investor relations management, day-to-day operation of our Group and establishment of our internal control system	January 1, 2015	August 11, 2020	None
Mr. FENG Xie (馮勰) . . .	34	Vice President and Chief Financial Officer	Responsible for financial performance, investors relationship, fundraising and strategic investment	April 6, 2021	April 6, 2021	None

Directors

Executive Directors

Dr. XU Ke (徐克), aged 70, has served as our Chairman of the Board since November 2021, and executive Director since January 2018. Dr. Xu joined our Group in January 2017, serving as the general president of our Group's imaging hospital since then. Dr. Xu is a well-known professional with profound knowledge of medical imaging and has over 35 years' experience in the industry. He successively served as a lecturer and the attending physician from October 1988 to August 1993, an associate professor and the associate chief physician from September 1993 to August 1996, and a professor and chief physician since December 1995 at radiology department of the First Hospital of China Medical University (中國醫科大學附屬第一醫院). He previously served as the director of the radiology department of China Medical University (中國醫科大學). He was also the president of the First Hospital of China Medical University from 2005 to 2014, and the vice president of China Medical University from June 2013 to March 2014. Dr. Xu was the chief executive of the Radiology Branch of the Chinese Medical Association (14th Term) (中華醫學會放射學分會第十四屆主任委員) from 2014 to 2017, the first president from 2014 to 2017 and the honorary lifetime president (終身名譽會長) of the Chinese College of Interventionalists (中國

醫師協會介入醫師分會) since 2018 and the editorial advisor of several academic journals in the field of radiology. He received Gold Metal awarded by Asia Pacific Society of Cardio-Vascular Interventional Radiology (APSCVIR) in 2016.

Dr. Xu obtained his bachelor's degree in medicine from China Medical University (中國醫科大學) in the PRC in December 1982, and his doctoral degree in interventional radiology from Hamamatsu University School of Medicine in Japan in March 1991.

Mr. CHEN Zhaoyang (陳朝陽), aged 48, has served as our executive Director since May 2023 and chief executive officer since December 2021. Mr. Chen has more than 19 years of experience in corporate management and healthcare sector. Before joining our Group in November 2021, he served at the medical system business department of International Far Eastern Leasing Co., Ltd. (遠東國際融資租賃有限公司) from April 2004 to July 2012, and Ping An International Financial Leasing Co., Ltd. (平安國際融資租賃有限公司) from November 2012 to November 2016, Ping An Commercial Factoring Co., Ltd. (平安商業保理有限公司) from November 2013 to December 2016, the executive director and general manager of China Minsheng Health Industry Finance Leasing Co., Ltd. (中民投健康產業融資租賃有限公司) from June 2018 to June 2021. Mr. Chen has also served as the general manager and executive director of Shanghai Rong Gong She Fanghou Technology Co., Ltd. (上海融公社芳侯科技有限公司) since March 2020.

Mr. Chen obtained his bachelor's degree in preventive medicine from Peking University Health Science Center (北京大學醫學部) in the PRC in July 1998.

Ms. HE Yingfei (何英飛), aged 36, has served as our executive Director since June 2021, our vice president and secretary to the Board since August 2020 and the director of board office and head of the risk and compliance committee of our Company since July 2017. Ms. He joined our Group in January 2015. Ms. He also holds several directorships and senior management positions within the Group, including the executive director and general manager of Fuzhou Rimag Medical Imaging Co., Ltd. (撫州一脈陽光醫學影像有限公司) since April 2017, the executive director and general manager of Fengcheng Rimag Medical Imaging Center Co., Ltd. (豐城市一脈陽光醫學影像中心有限公司), since March 2018, the executive director of Xixian New District Rimag Sunshine Medical Image Diagnosis Co., Ltd. (西咸新區一脈陽光醫學影像診斷有限公司) since October 2020, and the executive director and general manager of Liaocheng Rimag Sunshine Medical Image Diagnosis Co., Ltd. (聊城市一脈陽光醫學影像診斷有限公司) since January 2018. Ms. He has served as a director of Shanghai Shihe Intelligent Electronic Technology Co., Ltd. (上海實和智能電子科技有限公司), a joint venture held as to 20% by our Company, since April 2018.

Ms. He passed the professional undergraduate higher education self-study examination (major in journalism) and graduated from Huazhong University of Science and Technology (華中科技大學) in the PRC in December 2010. She obtained her qualification certificate of secretary to the board of listed company from Shenzhen Stock Exchange in December 2019 and the qualification as a level II enterprise human resource manager from Jiangxi Province Human Resources and Social Security Department (江西省人力資源和社會保障廳) in January 2014.

Mr. FENG Xie (馮勰), aged 34, has served as our executive Director since November 2021 and our vice president and chief financial officer of the Company since April 2021. Before joining our Group, Mr. Feng served as a senior accounting consultant of Deloitte Touche Tohmatsu Limited (德勤華永會計師事務所) from October 2013 to September 2015, and a manager at corporate finance advisory services department of Deloitte Consulting (Shanghai) Co., Ltd. (德勤諮詢(上海)有限公司) from November 2015 to March 2021.

Mr. Feng graduated from the business administration program (mutual recognition of credits between the PRC and Canada) of the international college of Ningbo University (寧波大學) in the PRC in October 2013 and concurrently obtained the bachelor's degree in business (accounting and international business major) from The University of Manitoba in Canada in February 2013. He has been a member of the Chinese Institute of Certified Public Accountants since April 2018.

Non-executive Directors

Mr. LIU Senlin (劉森林), aged 39, has served as our non-executive Director since June 2021. Mr. Liu has over 12 years of experience in corporate finance and investment. He has served at China International Capital Corporation Limited (a company listed on the Stock Exchange, stock code: 3908) since December 2011, and currently serves as a managing director at CICC Capital Management Co., Ltd. (中金資本運營有限公司, a subsidiary of China International Capital Corporation Limited). He previously also served as a director of SinoMab BioScience Limited (中國抗體製藥有限公司, a company listed on the Stock Exchange, stock code: 3681) from February 2019 to June 2022.

Mr. Liu obtained his bachelor's degree in biomedical and his master's degree in management science and engineering from Tsinghua University (清華大學) in the PRC in July 2006 and July 2008, respectively.

Mr. MAO Xiaojun (毛曉軍), aged 43, has served as our non-executive Director since May 2023. Mr. Mao has over 14 years of experience in accounting and risk control. He previously worked at Shanghui Certified Public Accountants (上會會計師事務所) and served as an assistant general manager of the risk control department of Changjiang Growth Capital Investment Co., Ltd. (長江成長資本投資有限公司). He has also served as the head of risk control department of Nanjing Neovision Investment Management Co., Ltd. (南京高科新浚投資管理有限公司) since March 2016, and a director of Jiangxi Dakang Medical Management Co., Ltd. (江西達康醫療管理有限公司) since July 2022.

Mr. Mao obtained his bachelor's degree in economics and his master's degree in management from Beijing Technology And Business University (北京工商大學) in the PRC in June 2002 and June 2006, respectively.

Independent Non-executive Directors

Mr. WU Xiaohui (吳曉輝), aged 52, has been appointed as an independent non-executive Director of our Company in May 2023 and his appointment will take effect from the Listing Date. Mr. Wu has over 29 years of experience in accounting and financial management. He served as an accounting manager of Deloitte Touche Tohmatsu Limited from April 1994 to February 1999, a senior accounting manager and accounting partner of Deloitte Touche Tohmatsu Limited from February 2000 to July 2021, a senior partner of Zhong Hui Accounting Firm (中匯會計師事務所) since August 2021, and an independent non-executive director of Intco Medical Technology Co., Ltd. (英科醫療科技股份有限公司, a company listed on the Shanghai Stock Exchange, stock code: 300677) since February 2022.

Mr. Wu graduated from the program of bachelor's degree in accounting of University of Shanghai for Science and Technology (上海理工大學) in the PRC in July 1993. He has been a member of the Chinese Institute of Certified Public Accountants since March 2000.

Mr. LUO Yi (羅毅), aged 39, has been appointed as an independent non-executive Director of our Company in May 2023 and his appointment will take effect from the Listing Date. Mr. Luo has over 12 years of experience in regulatory and law services. He served at People's Bank of China Nanchang Center Branch (中國人民銀行南昌中心支行) from July 2010 to May 2011, at the Price Supervision, Inspection and Antimonopoly Bureau (價格監督檢查與反壟斷局) and Regulatory Division (法規司) of National Development and Reform Commission (國家發展和改革委員會) of the PRC from May 2011 to May 2021, and a senior consultant of Beijing DHH Law Firm (北京德和衡律師事務所) since September 2021.

Mr. Luo obtained his bachelor's degree, his master's degree and his doctoral degree in law in July 2007, July 2010 and June 2015 from Nanjing Normal University (南京師範大學) in the PRC, respectively. He obtained his PRC lawyer practicing license from Beijing Municipal Bureau of Justice in January 2023.

Mr. YUAN Jun (袁駿), aged 45, has been appointed as an independent non-executive Director of our Company in May 2023 and his appointment will take effect from the Listing Date. Mr. Yuan has over 18 years of experience in trading and investment with focus on Asia fixed income clearing corporation markets. He served as a vice president in the fixed income division of Morgan Stanley Asia Limited from July 2004 to December 2010, an executive director and head of Asian FX & Interest Rate Trading of Goldman Sachs International Ltd. from January 2011 to June

2013, an executive director and head of Great China Macro Trading of Goldman Sachs Asia Limited from July 2013 to April 2017, the co-president of TF International Securities Ltd. from April 2017 to October 2019, and the founder and chief investment officer of PrideRock Global Investment Management Limited since December 2019.

Mr. Yuan obtained his bachelor's degree and master's degree in computer science from Peking University (北京大學) in the PRC in July 2001 and June 2004, respectively.

Supervisors

Mr. CHEN Guangwei (陳光偉), aged 54, has served as the chairman of the Supervisory Committee and our Supervisor since August 2021. He was our Director from October 2014 to August 2016, our Supervisor from August 2016 to June 2021 and the operation director of our Company from June 2017 to December 2017. He has also served as the director of Yichang Rimag Sunshine Medical Image Diagnosis Center Co., Ltd. (宜昌市一脈陽光醫學影像診斷中心有限公司) since August 2017. Mr. Chen has served as the general manager of Beijing Hezhong Yifang Medical Investment Management Co., Ltd. (北京合眾易方醫療投資管理有限公司) since March 2012.

Mr. Chen obtained his college degree in international economy and trade from Shenyang Institute of Science and Technology (瀋陽科技學院) in the PRC in July 1992.

Mr. XUE Yuansheng (薛源生), aged 38, has served as an employee representative Supervisor since June 2021. He joined our Group in November 2018 and successively served as the senior assistant of Chairman, the director of the information center, and the deputy general manager of Rimag Cloud Services ever since. He has also served as the deputy general manager of Beijing Rimag Information and Jiangxi Rimag Cloud Data Co., Ltd. (江西一脈陽光雲數據有限公司) since October 2022. Before joining our Group, Mr. Xue worked at Shanghai Jixue Technology Consulting Co., Ltd. (上海濟學科技諮詢有限公司) and served as a senior consultant of Beijing Hejun Consulting Co., Ltd. (北京和君諮詢有限公司) from August 2013 to June 2016. He is also a co-founder of Shanghai Paisheng Culture Communication Co., Ltd. (上海派升文化傳播有限公司).

Mr. Xue obtained his bachelor's degree in biotechnology and his master's degree in biology from Tsinghua University in the PRC in July 2008 and June 2011, respectively.

Dr. LIU Weiwei (劉魏偉), aged 41, has served as our Supervisor since May 2023. He joined our Group in May 2020, serving as the standing deputy general manager of Wuhan Rimag Medical Imaging Diagnosis Center (武漢一脈陽光醫學影像診斷中心) and has served as the deputy director of medical management center of our imaging hospital since April 2023. Prior to joining our Group, Dr. Liu successively served as an intermediate attending physician of the general hospital of Central War Zone of the Chinese People's Liberation Army (中國人民解放軍中部戰區總醫院) from July 2008 to September 2017, an intermediate attending physician of Wuhan Ping An Health Testing Center (武漢平安健康監測中心) from September 2017 to May 2020.

Dr. Liu obtained his bachelor's degree in clinical medicine from Hubei University of Science and Technology (湖北科技學院) (formerly known as Xianning College (咸寧學院)) in the PRC in June 2008, his master's degree in radiation imaging and nuclear medicine from Huazhong University of Science and Technology (華中科技大學) in the PRC in December 2016, and his doctoral degree in radiation imaging and nuclear medicine from Shanxi Medical University (山西醫科大學) in the PRC in June 2022. He obtained his intermediate qualification as chief physician from the Ministry of Human Resources and Social Security (人力資源和社會保障部) and the National Health Commission (國家衛生健康委員會) of the PRC in May 2017.

Senior Management

Mr. XU Ke (徐克), aged 70, is our Chairman of the Board, executive Director, vice president and general president of our Group's imaging hospital. See "—Directors — Executive Directors" for his biographical details.

Mr. CHEN Zhaoyang (陳朝陽), aged 48, is our executive Director and chief executive officer. See "—Directors — Executive Directors" for his biographical details.

Ms. HE Yingfei (何英飛), aged 36, is our executive Director, vice president and secretary to the Board. See "—Directors — Executive Directors" for her biographical details.

Mr. FENG Xie (馮勰), aged 34, is our executive Director and chief financial officer. See "—Directors — Executive Directors" for his biographical details.

Mr. LI Feiyu (李飛宇), aged 45, has served as our vice president and the executive president of our imaging hospital since March 2019. He also serves as the executive director and general manager of Beijing Rimag Imaging since September 2020. Before joining our Group, he successively served as an associate chief physician from August 2006 to April 2017 and a vice president of CMIG Healthcare (中民醫療投資股份有限公司).

Mr. Li obtained his bachelor's degree in clinical medicine and his doctoral degree in medical imaging from Peking University (北京大學) in the PRC in July 2001 and July 2006, respectively. He obtained his qualification certificate as a physician and his practicing certificate as a physician from Beijing Municipal Health Commission in December 2006 and August 2007, respectively. He completed his training in cardiovascular imaging and vulnerable atherosclerosis plaque detection at the Vascular Imaging Lab Department of Radiology of the University of Washington in December

2009 and obtained his certificate of medical equipment usage personnel as a MRI physician and as a nuclear medicine physicist from the Health Human Resources Development Center of the National Health Commission of the PRC (國家衛生健康委人才交流服務中心) (previously known as the Health Human Resources Development Center of the Ministry of Health of the PRC (衛生部人才交流服務中心)) in January 2015 and December 2020, respectively.

General

Save as disclosed above, (i) none of our Directors and Supervisors have held any other directorships in listed companies during the three years immediately prior to the date of this prospectus; (ii) to the best knowledge, information and belief of our Directors and Supervisors having made all reasonable enquiries, there is no additional information with respect to the appointment of Directors and Supervisors that needs to be disclosed pursuant to Rule 13.51(2)(a) to (v) of the Hong Kong Listing Rules.

Joint Company Secretaries

Ms. HE Yingfei (何英飛) was appointed as a joint company secretary of our Company in May 2023. See "— Directors — Executive Directors" for her biographical details.

Ms. ZHANG Xiao (張瀟), aged 36, was appointed as the other joint company secretary of our Company in May 2023. She is an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited, a professional services provider specializing in corporate services, and has over ten years of experience in the corporate secretarial field. Ms. Zhang has been admitted as an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom in March 2019. She obtained her bachelor's degree in Computer Science from The Chinese University of Hong Kong in December 2010 and her master's degree in corporate governance from Hong Kong Metropolitan University in November 2018, each in Hong Kong.

Board Committees

Our Company has established three Board committees in accordance with the relevant PRC laws and regulations, the Articles and the corporate governance practice under the Listing Rules, namely the Audit Committee, the Remuneration Committee and the Nomination Committee.

Audit Committee

We have established the Audit Committee in compliance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Audit Committee consists of three members, including two independent non-executive directors, namely Mr. WU Xiaohui and Mr. YUAN Jun, and one non-executive director, namely Mr. LIU Senlin. Mr. WU Xiaohui currently serves as the chairman of the Audit Committee. The primary duties of the Audit Committee are as follows:

(i) to review significant financial policies of the Company and their implementation, and supervise the financial activities of the Company;

(ii) to review the financial information and relevant disclosures of the Company;

(iii) to consider and approve the risk management and internal control evaluation proposal of the Company, and supervise and evaluate the risk management and internal control of the Company;

(iv) to consider and approve the audit budget, remuneration of staff and appointment and dismissal of major officers of the Company, supervise and evaluate the work of internal audit of the Company and formulate the medium- to long-term audit plan, annual working plan and internal audit system setting plan of the Company as authorized by the Board, and report to the Board;

(v) to propose the appointment or dismissal of an external accounting firm, supervise the work of the external accounting firm, and evaluate the report of the external accounting firm to ensure that the external accounting firm undertakes its audit responsibilities;

(vi) to facilitate communications and monitor the relationship between the internal audit department and the external accounting firm;

(vii) to monitor the non-compliance of the Company in respect of the financial reports and the risk management and internal control; and

(viii) other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authority of the place where the Shares of the Company are listed and the requirements of the Articles of Association, and as authorized by the Board.

Remuneration Committee

We have established the Remuneration Committee in compliance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Remuneration Committee consists of three members, including two independent non-executive Directors, namely Mr. YUAN Jun and Mr. LUO Yi, and one executive Director, namely Mr. CHEN Zhaoyang. Mr. YUAN Jun currently serves as the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are as follows:

(i) to organize and formulate the remuneration policy and plan of Directors and senior management and submit to the Board for approval, and propose the remuneration distribution plan according to the performance evaluation of Directors and senior management and submit to the Board for approval; and

(ii) other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authority of the place where the Shares of the Company are listed and the requirements of the Articles of Association, and as authorized by the Board.

Nomination Committee

We have established the Nomination Committee in compliance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Nomination Committee consists of three members, including two independent non-executive Directors, namely Mr. WU Xiaohui and Mr. LUO Yi, and one executive Director, namely Dr. XU Ke. Dr. XU Ke currently serves as the chairman of the Nomination Committee. The primary duties of the Nomination Committee are as follows:

(i) to formulate procedures and standards for the election of Directors and senior management and make recommendations to the Board on the proposed procedures and standards;

(ii) to make recommendations to the Board on the nomination of candidates for Directors, Presidents and secretary of the Board;

(iii) to preliminarily examine the eligibility of candidates for Directors and senior management;

(iv) to make recommendations to the Board on the nomination of candidates for chairman and members of the Board committees; and

(v) other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authority of the place where the Shares of the Company are listed and the requirements of the Articles of Association, and as authorized by the Board.

Board Diversity Policy

We have adopted a board diversity policy which sets out the approach to achieve and maintain diversity in our Board. Pursuant to our board diversity policy, selection of Board candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical capabilities, professional qualifications and skills, knowledge, length of service and other related factors. We will also consider our own business model and special needs. The ultimate selection of Director candidates will be based on merits of the candidates and contribution that the candidates will bring to our Board.

Our Directors currently consists of one female Director and eight male Directors with a balanced mix of gender, knowledge and skills, including but not limited to knowledge and experience in the areas of business management, biotechnology, clinical medicine, healthcare, scientific research, law, financial management and accounting. Taking into consideration our existing business model and specific needs as well as the different background of our Directors, our Directors consider that the composition of our Board upon the Listing satisfies our board diversity policy. After the Listing, we will strive to keep gender balance of the Board through measures implemented by our Nomination Committee in accordance with our board diversity policy. In particular, we will keep identifying and selecting female individuals with a diverse range of skills, experience and knowledge in different fields who are suitably qualified to become our Board members and maintain at least one female Director and at least 10% female representations in our Board.

Our Nomination Committee is responsible for the implementation of our board diversity policy. Upon completion of the Listing, our Nomination Committee will review our board diversity policy from time to time to ensure its continued effectiveness and we will disclose the implementation of our board diversity policy in our corporate governance report on an annual basis.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in May 2023, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his independence at the time of his appointment.

Remuneration of Directors, Supervisors and Senior Management

The Directors, Supervisors and senior management members receive remuneration in the forms of (i) salaries, wages bonuses; (ii) defined contribution plans; (iii) housing fund, medical insurance and other social insurance; and (iv) share-based payment.

The aggregate amount of remuneration (including basic salaries, bonuses, welfare medical and other expenses, share-based payments) paid to our Directors and Supervisors for the years ended December 31, 2021, 2022 and 2023 were approximately RMB56.6 million, RMB2.1 million and RMB3.7 million, respectively.

Under the arrangements currently in force, the aggregate amount of remuneration (including any discretionary bonus which may be paid) payable by our Group to our Directors and Supervisors for the financial year ending December 31, 2024 is expected to be approximately RMB5.3 million.

The aggregate amount of salaries, wages and bonuses, defined contribution plans, housing fund, medical insurance and other social benefits, and share-based payments paid to the five highest-paid non-director individuals of our Group for the years ended December 31, 2021, 2022 and 2023 were approximately RMB84.6 million, RMB3.5 million and RMB5.2 million, respectively.

During the Track Record Period, there was no remuneration paid or payable by our Company to our Directors, Supervisors or the five highest-paid individuals as an inducement to join or upon joining our Company. During the Track Record Period, there was no compensation paid or payable by our Company to our Directors, former Directors, Supervisors, former Supervisors or the five highest-paid individuals for the loss of any office in connection with the management of the affairs of any subsidiary of our Company.

During the Track Record Period, none of our Directors or Supervisors has waived or agreed to waive any remuneration or benefits in kind for the past three years. Save as disclosed above, there was no other payments paid or payable by our Company or any of our subsidiaries to our Directors, Supervisors or the five highest-paid individuals during the Track Record Period. For additional information on our Directors' and Supervisors' emoluments during the Track Record Period as well as information on the five highest-paid individuals, please refer to Notes 40 and 9 in the Accountant's Report set out in Appendix I to this prospectus.

Employee Incentive Scheme

We adopted the Employee Incentive Scheme to incentivize our Directors, senior management and other employees for their contribution to the Group and to retain suitable personnel in our Group. See "Appendix VI — Statutory and General Information — F. Employee Incentive Scheme."

Compliance with the Corporate Governance Code

We are committed to achieving high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the corporate governance requirements under the Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 to the Listing Rules after the Listing.

Compliance Adviser

We have appointed Red Sun Capital Limited as our compliance adviser (the "**Compliance Adviser**") upon the Listing pursuant to Rule 3A.19 of the Listing Rules. The material terms of the Compliance Adviser's agreement are as follows:

(i) Red Sun Capital Limited shall act as our compliance adviser for the purpose of Rule 3A.19 of the Hong Kong Listing Rules for a period commencing on the Listing Date and ending on the date on which we comply with Rule 13.46 of the Hong Kong Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date, or until the agreement is terminated, whichever is earlier;

(ii) the Compliance Adviser will provide us with certain services, including proper guidance and advice as to compliance with the requirements under the Hong Kong Listing Rules and applicable laws, regulations and rules;

(iii) the Compliance Adviser will, as soon as reasonably practicable, inform us of any amendment or supplement to the Hong Kong Listing Rules announced by the Hong Kong Stock Exchange from time to time, and of any amendment or supplement to the applicable laws, regulations and rules in Hong Kong applicable to the Company; and

(iv) the Compliance Adviser will act as our additional channel of communication of the Company with the Hong Kong Stock Exchange.

This section presents certain information regarding our share capital before and upon completion of the Global Offering.

Before the Global Offering

As of the Latest Practicable Date, the registered capital of our Company was RMB338,495,832, comprising of 338,495,832 Unlisted Shares of nominal value RMB1.00 each.

Upon Completion of the Global Offering

Immediately following completion of the Global Offering and the Conversion of Unlisted Shares into H Shares, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital (%)
Unlisted Shares in issue	158,495,832	44.48
H Shares converted from Unlisted Shares	180,000,000	50.52
H Shares to be issued under the Global Offering	17,816,000	5.00
Total	**356,311,832**	**100.00**

The Conversion of Unlisted Shares into H Shares will involve an aggregate of 180,000,000 Unlisted Shares held by 29 out of 39 existing Shareholders, representing approximately 53.18% of total issued Shares of the Company as of the Latest Practicable Date and approximately 50.52% of total issued Shares of the Company upon completion of the Conversion of Unlisted Shares into H Shares and the Global Offering. Set out below are such Shares held by our existing Shareholders and their respective shareholding upon completion of the Conversion of Unlisted Shares into H Shares and the Global Offering.

Shareholders	Unlisted Shares to be converted into H Shares	Shares held immediately following the Conversion of Unlisted Shares into H Shares and the Global Offering			
		H Shares	Approximate Percentage	Unlisted Shares	Approximate Percentage
Nanchang Rimag	18,213,291	18,213,291	5.11%	40,875,297	11.47%
Beijing GS	30,882,270	30,882,270	8.67%	–	–
Baishan Investment	4,411,763	4,411,763	1.24%	17,647,051	4.95%
PICC Beijing	19,289,403	19,289,403	5.41%	–	–
Fenyong Technology	9,300,000	9,300,000	2.61%	9,317,271	2.61%
Mr. Gu Junjun	8,000,000	8,000,000	2.25%	9,758,849	2.74%
Mr. Wang Shihe	8,000,000	8,000,000	2.25%	9,755,070	2.74%
JD Yingzheng	8,000,000	8,000,000	2.25%	8,175,910	2.29%
Zhongjin Zhihe	8,000,000	8,000,000	2.25%	6,104,104	1.71%
Ningbo Haoguan	5,700,000	5,700,000	1.60%	5,612,214	1.58%
CICC Yingrun	4,500,000	4,500,000	1.26%	4,912,545	1.38%
Neovision Growth Phase I	8,970,588	8,970,588	2.52%	–	—
Beijing Rimag	5,000,000	5,000,000	1.40%	4,662,868	1.31%
Zhihe Phase II	5,000,000	5,000,000	1.40%	3,087,955	0.87%
Hangzhou Jingxin	7,352,937	7,352,937	2.06%	–	—
Beijing Shengzexin	3,300,000	3,300,000	0.93%	3,317,643	0.93%
Xiaofeng Investment	3,393,663	3,393,663	0.95%	–	—
Mr. Zhou Xiaoyan	1,500,000	1,500,000	0.42%	1,500,000	0.42%
Beijing Meiyue Consulting	1,500,000	1,500,000	0.42%	1,040,214	0.29%
Beijing Huayu	2,205,882	2,205,882	0.62%	–	—
Jiangxi AM Holding	640,000	640,000	0.18%	1,497,515	0.42%
Mr. Zhao Wenbing	1,764,705	1,764,705	0.50%	–	–
Shanghai Liying	1,500,000	1,500,000	0.42%	–	–
WWH	6,784,545	6,784,545	1.90%	–	–
Zaozhuang Ruizhi	676,413	676,413	0.19%	–	–
ONH	1,453,833	1,453,833	0.41%	–	–
OGF	1,453,833	1,453,833	0.41%	–	–
Ningbo Zhuda	1,842,246	1,842,246	0.52%	–	–
Novel Wealth	1,364,628	1,364,628	0.38%	–	–
Total	180,000,000	180,000,000	50.52%	127,264,506	35.72%

Unlisted Shares and H Shares

Upon the completion of the Global Offering and the Conversion of Unlisted Shares into H Shares, the Shares will consist of Unlisted Shares and H Shares. Unlisted Shares and H Shares are all ordinary Shares in the share capital of our Company and are considered as one class of Shares.

Apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon filing with any competent authorities (such as our certain existing shareholders the Unlisted Shares held by whom will be converted into H Shares according to the filing with the CSRC), H Shares generally cannot be subscribed for by or traded between legal or natural PRC persons.

Unlisted Shares and H Shares are regarded as one class of Shares under our Articles of Association and shall rank *pari passu* with each other in all respects and, in particular, will rank equally for dividends or distributions declared, paid or made. All dividends for H Shares will be denominated and declared in Renminbi, and paid in Hong Kong dollars or Renminbi, whereas all dividends for Unlisted Shares will be paid in Renminbi. Other than cash, dividends could also be paid in the form of shares.

Conversion of Unlisted Shares into H Shares

Pursuant to the regulations prescribed by the securities regulatory authorities of the State Council and the Articles of Association, the Unlisted Shares may be converted into overseas-listed Shares. Such converted Shares could be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted Shares, any requisite internal approval process has been duly completed, all the filling procedures with relevant PRC regulatory authorities, including the CSRC are followed. In addition, such conversion and trading shall comply with the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. If any of the Unlisted Shares are to be converted, listed and traded as H Shares on the Hong Kong Stock Exchange, such conversion, listing and trading will be undertaken upon completion of the filing procedures with the CSRC, and the approval of the Hong Kong Stock Exchange.

Register with the CSRC and Full Circulation Application

In accordance with the Overseas Listing Trial Measures and related guidelines, H-share listed companies which apply for the conversion of unlisted shares into H shares for listing and circulation on the Hong Kong Stock Exchange shall register with the CSRC by filing materials on key compliance issues. An unlisted domestic joint stock company may apply for "full circulation" when applying for an overseas initial public offering.

We have filed with the CSRC for the conversion of 180,000,000 Unlisted Shares into H Shares upon the completion of the Listing, which has been completed on January 8, 2024.

Listing Approval by the Hong Kong Stock Exchange

We have applied to the Listing Committee of the Hong Kong Stock Exchange for the granting of listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering, and the H Shares to be converted from 180,000,000 Unlisted Shares on the Hong Kong Stock Exchange, which is subject to the approval by the Hong Kong Stock Exchange.

We will perform the following procedures for the Conversion of Unlisted Shares into H Shares after receiving the approval of the Hong Kong Stock Exchange: (1) giving instructions to our H Share Registrar regarding relevant share certificates of the converted H Shares; and (2) enabling the converted H Shares to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in the CCASS.

Restriction on Transfer of Shares Issued Prior to the Global Offering

In accordance with Article 141 of the PRC Company Law, the shares issued prior to any public offering of shares by a company cannot be transferred within one year from the date on which such publicly offered shares are listed and traded on the relevant stock exchange. As such, the Shares issued by the Company prior to the Global Offering will be subject to such statutory restriction on transfer within a period of one year from the Listing Date. See "History and Corporate Structure — Principal terms of the Pre-IPO Investments."

Circumstances Under Which General Meetings are Required

Pursuant to the PRC Company Law and the terms of the Articles of Association, our Company may from time to time by special resolution of shareholders, among others, increase its capital or decrease its capital or repurchase of shares. See "Appendix V — Summary of Articles of Association."

Substantial Shareholders

So far as our Directors are aware, immediately following the completion of the Global Offering and the Conversion of Unlisted Shares into H Shares, the following persons are expected to have an interest and/or short positions in the Shares or underlying Shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Nature of Interest	Number and Class of Shares upon Completion of the Global Offering [1]	Approximate Percentage of Shareholding in the Total Issued Share Capital of our Company as of the Latest Practicable Date	Approximate Percentage of Shareholding in the Total Issued Share Capital of our Company immediately after the Global Offering[2]	Approximate Percentage of Shareholding in the Relevant Class of Shares after the Global Offering
Nanchang Rimag[3]	Beneficial interest	18,213,291 H Shares	5.38%	5.11%	9.21%
		40,875,297 Unlisted Shares	12.08%	11.47%	25.79%
CHEN Zhaoyang[3]	Interest in controlled corporation	18,213,291 H Shares	5.38%	5.11%	9.21%
		40,875,297 Unlisted Shares	12.08%	11.47%	25.79%
Beijing GS[4]	Beneficial interest	30,882,270 H Shares	9.12%	8.67%	15.61%
Goldman Sachs Holding (Mauritius) Limited[4]	Interest in controlled corporation	30,882,270 H Shares	9.12%	8.67%	15.61%
Tiger Strategic Investments Ltd.[4]	Interest in controlled corporation	30,882,270 H Shares	9.12%	8.67%	15.61%
GS Asian Venture (Delaware) L.L.C.[4]	Interest in controlled corporation	30,882,270 H Shares	9.12%	8.67%	15.61%
Special Situations Investing Group III, Inc.[4]	Interest in controlled corporation	30,882,270 H Shares	9.12%	8.67%	15.61%
GSSG Holdings LLC.[4]	Interest in controlled corporation	30,882,270 H Shares	9.12%	8.67%	15.61%

Name of Shareholder	Nature of Interest	Number and Class of Shares upon Completion of the Global Offering [1]	Approximate Percentage of Shareholding in the Total Issued Share Capital of our Company as of the Latest Practicable Date	Approximate Percentage of Shareholding in the Total Issued Share Capital of our Company immediately after the Global Offering[2]	Approximate Percentage of Shareholding in the Relevant Class of Shares after the Global Offering
The Goldman Sachs Group, Inc.[4]	Interest in controlled corporation	30,882,270 H Shares	9.12%	8.67%	15.61%
Baishan Investment[5]	Beneficial interest	4,411,763 H Shares	1.30%	1.24%	2.23%
		17,647,051 Unlisted Shares	5.21%	4.95%	11.13%
Baiyi Investment[5]	Interest in controlled corporation	4,411,763 H Shares	1.30%	1.24%	2.23%
		17,647,051 Unlisted Shares	5.21%	4.95%	11.13%
Baining Investment [5]	Interest in controlled corporation	4,411,763 H Shares	1.30%	1.24%	2.23%
		17,647,051 Unlisted Shares	5.21%	4.95%	11.13%
Baidu, Inc. [5]	Interest in controlled corporation	4,411,763 H Shares	1.30%	1.24%	2.23%
		17,647,051 Unlisted Shares	5.21%	4.95%	11.13%
China Life Insurance Company Limited (中國人壽保險股份有限公司)[5]	Interest in controlled corporation	4,411,763 H Shares	1.30%	1.24%	2.23%
		17,647,051 Unlisted Shares	5.21%	4.95%	11.13%
PICC Beijing[6]	Beneficial interest	19,289,403 H Shares	5.70%	5.41%	9.75%
PICC Capital Equity Investment Co., Ltd. (人保資本股權投資有限公司) [6].	Interest in controlled corporation	19,289,403 H Shares	5.70%	5.41%	9.75%
The People's Insurance Company (Group) of China Limited (中國人民保險集團股份有限公司) [6].	Interest in controlled corporation	19,289,403 H Shares	5.70%	5.41%	9.75%
PICC Life Insurance Company Limited (中國人民人壽保險股份有限公司) [6].	Interest in controlled corporation	19,289,403 H Shares	5.70%	5.41%	9.75%
PICC Property and Casualty Company Limited (中國人民財產保險股份有限公司) [6] . . .	Interest in controlled corporation	19,289,403 H Shares	5.70%	5.41%	9.75%
Fenyong Technology[7]	Beneficial interest	9,300,000 H Shares	2.75%	2.61%	4.70%
		9,317,271 Unlisted Shares	2.75%	2.61%	5.88%

Name of Shareholder	Nature of Interest	Number and Class of Shares upon Completion of the Global Offering [1]	Approximate Percentage of Shareholding in the Total Issued Share Capital of our Company as of the Latest Practicable Date	Approximate Percentage of Shareholding in the Total Issued Share Capital of our Company immediately after the Global Offering[2]	Approximate Percentage of Shareholding in the Relevant Class of Shares after the Global Offering
Zhejiang Jinke Tom Culture Industry Co., Ltd. (浙江金科湯姆貓文化產業股份有限公司) [7]	Interest in controlled corporation	9,300,000 H Shares	2.75%	2.61%	4.70%
		9,317,271 Unlisted Shares	2.75%	2.61%	5.88%
GU Junjun	Beneficial interest	8,000,000 H Shares	2.36%	2.25%	4.04%
		9,758,849 Unlisted Shares	2.88%	2.74%	6.16%
WANG Shihe	Beneficial interest	8,000,000 H Shares	2.36%	2.25%	4.04%
		9,755,070 Unlisted Shares	2.88%	2.74%	6.15%
JD Yingzheng [8]	Beneficial interest	8,000,000 H Shares	2.36%	2.25%	4.04%
		8,175,910 Unlisted Shares	2.42%	2.29%	5.16%
JD Health International Inc. [8]	Interest in controlled corporation	8,000,000 H Shares	2.36%	2.25%	4.04%
		8,175,910 Unlisted Shares	2.42%	2.29%	5.16%
Ganjiang New Area Development and Investment Group Co., Ltd. (贛江新區創新產業投資有限公司)[9]	Beneficial interest	14,558,319 Unlisted Shares	4.30%	4.09%	9.19%
Ganjiang New Area Urban Construction Industry Co., Ltd. (贛江新區城市建設實業有限公司) [9]	Interest in controlled corporation	14,558,319 Unlisted Shares	4.30%	4.09%	9.19%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of 356,311,832 Shares in issue immediately following the completion of the Global Offering.

(3) As of the Latest Practicable Date, Nanchang Rimag, our employee incentive platform, directly held 59,088,588 Shares in our Company, whose general partner is CHEN Zhaoyang. Therefore, Mr. Chen is deemed to be interested in the 59,088,588 Shares held by Nanchang Rimag for purpose of Part XV of the SFO.

(4) As of the Latest Practicable Date, Beijing GS directly held 30,882,270 Shares in our Company. Beijing GS is wholly-owned by Goldman Sachs Holdings (Mauritius) Limited, a member of and indirectly wholly-owned by The Goldman Sachs Group, Inc. through Tiger Strategic Investments Ltd., GS Asian Venture (Delaware) L.L.C., Special Situations Investing Group III, Inc. and GSSG Holdings LLC. As such, each of Goldman Sachs Holdings (Mauritius) Limited, Tiger Strategic Investments Ltd., GS Asian Venture (Delaware) L.L.C., Special Situations Investing Group III, Inc., GSSG Holdings LLC and The Goldman Sachs Group, Inc. is deemed to be interested in the 30,882,270 Shares held by Beijing GS.

(5) As of the Latest Practicable Date, Baishan Investment directly held 22,058,814 Shares in our Company, which is held as to 79.8% by Ningbo Meishan Free Trade Port Zone Baining Investment Partnership (Limited Partnership) (寧波梅山保税港區佰寧投資合夥企業(有限合夥)) ("**Baining Investment**"). The general partner of both Baishan Investment and Baining Investment is Ningbo Meishan Free Trade Port Zone Baiyi Investment Management Partnership (Limited Partnership) (寧波梅山保税港區佰毅投資管理合夥企業(有限合夥)) ("**Baiyi Investment**"), which in turn is an investment vehicle of Baidu, Inc. The only limited partner with 99.98% partnership interest of Baining Investment is China Life Insurance Company Limited (中國人壽保險股份有限公司). As such, each of Baining Investment, Baiyi Investment, Baidu, Inc. and China Life Insurance Company Limited is deemed to be interested in the 22,058,814 Shares held by Baishan Investment.

(6) As of the Latest Practicable Date, PICC Beijing directly held 19,289,403 Shares in our Company, whose general partner is PICC Capital Equity Investment Company Limited (人保資本股權投資有限公司), which in turn is ultimately wholly-owned by The People's Insurance Company (Group) of China Limited (中國人民保險集團股份有限公司) through PICC Capital Insurance Asset Management Co., Ltd. (人保資本保險資產管理有限公司). PICC Beijing is held as to 66.47%, 33.23% and 0.30% by PICC Life Insurance Company Limited (中國人民人壽保險股份有限公司), PICC Property and Casualty Company Limited (中國人民財產保險股份有限公司) and PICC Capital Equity Investment Company Limited, respectively. As such, each of PICC Capital Equity Investment Company Limited, PICC Capital Insurance Asset Management Co., Ltd., The People's Insurance Company (Group) of China Limited, PICC Life Insurance Company Limited, and PICC Property and Casualty Company Limited is deemed to be interested in the 19,289,403 Shares held by PICC Beijing.

(7) As of the Latest Practicable Date, Fenyong Technology held 18,617,271 Shares in our Company, which is wholly-owned by Zhejiang Jinke Tom Culture Industry Co., Ltd. (浙江金科湯姆貓文化產業股份有限公司). As such, Zhejiang Jinke Tom Culture Industry Co., Ltd. is deemed to be interested in the 18,617,271 Shares held by Fenyong Technology.

(8) As of the Latest Practicable Date, JD Yingzheng held 16,175,910 Shares in our Company, which is ultimately wholly-owned by JD Health International Inc. As such, JD Health International Inc. is deemed to be interested in the 16,175,910 Shares held by JD Yingzheng.

(9) As of the Latest Practicable Date, Ganjiang New Area Development and Investment Group Co., Ltd. (贛江新區創新產業投資有限公司) held 14,558,319 Shares in our Company, which is wholly-owned by Ganjiang New Area Urban Construction Industry Co., Ltd. (贛江新區城市建設實業有限公司). As such, Ganjiang New Area Urban Construction Industry Co., Ltd. is deemed to be interested in the 14,558,319 Shares held by Ganjiang New Area Development and Investment Group Co., Ltd.

For those who are directly and/or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of our Group, see "Appendix VI — Statutory and General Information — E. Disclosure of Interests — 2. Disclosure of Interests of Substantial Shareholders — (b) Interests of the Substantial Shareholders of Other Members of Our Group."

Save as disclosed above, our Directors are not aware of any person who will, immediately following the completion of the Global Offering, have interests or short positions in any Shares or underlying Shares, which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in the circumstances at general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

THE CORNERSTONE INVESTMENT

We, the Sole Sponsor and the Sole Sponsor-Overall Coordinator have entered into cornerstone investment agreements (each a "**Cornerstone Investment Agreement**" and collectively, the "**Cornerstone Investment Agreements**") with the cornerstone investors set out below (each a "**Cornerstone Investor**" and collectively, the "**Cornerstone Investors**"), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 500 H Shares) that may be purchased for an aggregate amount of HK$121,000,000) (the "**Cornerstone Investment**"). As indicated below, the amount of the investment contributed by Excellent Investment Management (as defined below) includes brokerage, SFC transaction levy, AFRC transaction levy and Hong Kong Stock Exchange trading fee in respect of the Offer Shares to be subscribed by it; and the amounts of the investment contributed by UIH HK (as defined below) and China New Rich (as defined below) do not include brokerage, SFC transaction levy, AFRC transaction levy and Hong Kong Stock Exchange trading fee which they will pay in respect of the Offer Shares to be subscribed by them.

Assuming an Offer Price of HK$14.60 per Share, being the low-end of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 8,220,500 Offer Shares, representing (i) approximately 46.1% of the Offer Shares pursuant to the Global Offering, (ii) approximately 4.2% of our H Shares in issue immediately upon completion of the Global Offering and (iii) approximately 2.3% of our total issued share capital immediately upon completion of the Global Offering.

Assuming an Offer Price of HK$15.70 per Share, being the mid-point of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 7,644,500 Offer Shares, representing (i) approximately 42.9% of the Offer Shares pursuant to the Global Offering, (ii) approximately 3.9% of our H Shares in issue immediately upon completion of the Global Offering and (iii) approximately 2.1% of our total issued share capital immediately upon completion of the Global Offering.

Assuming an Offer Price of HK$16.80 per Share, being the high-end of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 7,144,000 Offer Shares, representing (i) approximately 40.1% of the Offer Shares pursuant to the Global Offering, (ii) approximately 3.6% of our H Shares in issue immediately upon completion of the Global Offering and (iii) approximately 2.0% of our total issued share capital immediately upon completion of the Global Offering.

Our Company is of the view that the Cornerstone Investment will help raise the profile of our Company, signify that such Cornerstone Investors have confidence in our business and prospect, and help us lead regional integration, form a healthy industry cluster and develop business synergies with our Group, taking into account their administrative backgrounds and influence in certain regions of the PRC, as well as their focus on healthcare business sectors. Further, we believe that we will benefit from the Cornerstone Investment, taking into account the business sectors they primarily focus on, and the potential business synergies between our Cornerstone Investors and us. Our Company became acquainted with each of the Cornerstone Investors in its ordinary course of operation through the Group's business network or through introduction by the Company's existing shareholders or business partners/through introduction by the Overall Coordinators in the Global Offering.

The Cornerstone Investment will form part of the International Offering, and the Cornerstone Investors will not acquire any Offer Shares under the Global Offering other than pursuant to the Cornerstone Investment Agreements. The Offer Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respects with the fully paid Shares in issue and will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules. Immediately following the completion of the Global Offering, the Cornerstone Investors and their close associates will not, by virtue of the Cornerstone Investments, have any Board representation in our Company; and none of the Cornerstone Investors and their close associates will become a substantial Shareholder of our Company. The Cornerstone Investors and their close associates do not have any preferential rights in the Cornerstone Investment Agreements compared with other public Shareholders, other than a guaranteed allocation of the relevant Offer Shares at the Offer Price. As confirmed by each of the Cornerstone Investors, none of the Cornerstone Investors or any of their affiliates, directors, supervisors, officers, employees, agents or representatives, has accepted or entered into any side agreement or arrangement to accept any direct or indirect benefits by side letter or otherwise, from our Company, any member of our Group, or any of their respective affiliates, directors, supervisors, officers, employees, agents or representatives in the Global Offering or otherwise has engaged in any conduct or activity inconsistent with, or in contravention of, Chapter 4.15 of the Guide for New Listing Applicants.

To the best of the knowledge, information and belief of our Company, (i) each of the Cornerstone Investors and their respective ultimate beneficial owners is an Independent Third Party; (ii) none of the Cornerstone Investor is accustomed to take or has taken instructions from our Company, the Directors, the Supervisors, chief executive of our Company, substantial Shareholders, existing Shareholders or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Offer Shares; and (iii) none of the subscription of the Offer Shares by the Cornerstone Investors is directly or indirectly financed by our Company, the Directors, the Supervisors, chief executive of our Company, substantial Shareholders, existing Shareholders or any of its subsidiaries or their respective close associates. In addition, to the best knowledge of our Company, each of the Cornerstone Investors is independent from each other and makes independent investment decisions.

As confirmed by each of the Cornerstone Investors, its subscription under the Cornerstone Investment Agreements would be financed by their own internal financial resources and they have sufficient funds to settle their respective investments under the Cornerstone Investment. Each of the Cornerstone Investors has confirmed that all necessary approvals have been obtained with respect to the Cornerstone Investment, and that no specific approval from any stock exchange (if relevant) or its shareholders is required for the relevant Cornerstone Investment.

Excellent Investment Management is controlled by Jiangxi Province Investment Group Co., Ltd. (江西省投資集團有限公司), which is in turn ultimately owned as to 90% by Jiangxi Provincial State-owned Assets Supervision and Administration Commission (江西省國有資產監督管理委員會) and 10% by Jiangxi Provincial Department of Finance (江西省財政廳), and therefore is a close associate of our two existing Shareholders, being (i) Ganjiang New Area Development and Investment Group Co., Ltd. (贛江新區創新產業投資有限公司) and (ii) Jiangxi Provincial State-owned Enterprise Asset Management (Holding) Co., Ltd. (江西省國有資本運營控股集團有限公司), which held approximately 4.30% and 0.63% of the total issued Shares of our Company, respectively, as of the Latest Practicable Date. We have applied for, and the Stock Exchange has granted us, a waiver from strict compliance with Rule 10.04 and consent under paragraph 5(2) of Appendix F1 to the Listing Rules to permit us to allocate the Offer Shares to Excellent Investment Management. For details, see "Waivers from Strict Compliance with the Listing Rules" in this prospectus.

The number of Offer Shares to be subscribed by the Cornerstone Investors pursuant to the Cornerstone Investment may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section headed "Structure of the Global Offering — The Hong Kong Public Offering — Reallocation."

Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement of our Company to be published on or around June 6, 2024. The Cornerstone Investors have agreed to pay for the relevant Offer Shares that they have subscribed before dealings in the Company's Shares commence on the Stock Exchange. There will be no delayed delivery or delayed settlement of the Offer Shares to be subscribed by the Cornerstone Investors.

THE CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided by our Cornerstone Investors in connection with the Cornerstone Investment.

Excellent Investment Management

Excellent Investment Enterprise Management (Hong Kong) Co., Limited (卓投企業管理（香港）有限公司) ("**Excellent Investment Management**") is a limited company incorporated in Hong Kong and is wholly owned by Jiangxi Ganjiang New District Zhuotou Enterprise Management Co., Ltd. (江西贛江新區卓投企業管理有限公司) ("**Ganjiang Zhuotou**"). Ganjiang Zhuotou is ultimately controlled by Jiangxi Province Investment Group Co., Ltd. (江西省投資集團有限公司), which is in turn ultimately owned as to 90% by Jiangxi Provincial State-owned Assets Supervision and Administration Commission (江西省國有資產監督管理委員會) and 10% by Jiangxi Provincial Department of Finance (江西省財政廳). Excellent Investment Management is a special purpose vehicle primarily established for the purpose of holding the Offer Shares to be acquired under the Cornerstone Investment. Ganjiang Zhuotou is principally engaged in corporate management.

UIH HK

United Imaging Healthcare Hong Kong Limited (聯影醫療科技香港有限公司) ("**UIH HK**") is a limited company incorporated in Hong Kong and is wholly owned by Shanghai United Imaging Healthcare Co., Ltd. (上海聯影醫療科技股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 688271)) ("**United Imaging Healthcare**"). United Imaging Healthcare is dedicated to providing, developing and producing high-performance advanced medical imaging, radiotherapy equipment, life science instruments and offering intelligent digital solutions to customers worldwide. United Imaging Healthcare is headquartered in Shanghai, with regional headquarters, R&D centers in the U.S., Malaysia, the United Arab Emirates, Poland, etc. and production capacity layouts in Shanghai, Changzhou, Wuhan, and Houston, the U.S.. It has established a globalized R&D, production and service network.

China New Rich

China New Rich Medicine Holding Co. Limited (中國新銳醫藥控股有限公司) ("**China New Rich**") is a limited company incorporated in Hong Kong. China New Rich is a wholly-owned subsidiary of New Ray Medicine International Holding Limited (新銳醫藥國際控股有限公司) ("**New Ray**"). New Ray is a company incorporated in Bermuda and listed on the Stock Exchange (stock code: 6108). New Ray is an investment company, and its principal subsidiaries are primarily engaged in the distribution and trading of pharmaceutical products and the provision of marketing and promotion services in the PRC.

The table below sets forth the details of the Cornerstone Investment:

Based on the Offer Price of HK$14.60 (being the low-end of the indicative Offer Price range)

Cornerstone Investors	Total Investment Amount	Number of Offer Shares to be acquired[3]	Approximate % of the Offer Shares	Approximate % of our total issued share capital immediately upon completion of the Global Offering
	(in HK$)			
Excellent Investment Management	97,000,000[1]	6,577,500	36.9%	1.8%
UIH HK	12,000,000[2]	821,500	4.6%	0.2%
China New Rich	12,000,000[2]	821,500	4.6%	0.2%
Total	**121,000,000**	**8,220,500**	**46.1%**	**2.3%**

Based on the Offer Price of HK$15.70 (being the mid-point of the indicative Offer Price range)

Cornerstone Investors	Total Investment Amount	Number of Offer Shares to be acquired[3]	Approximate % of the Offer Shares	Approximate % of our total issued share capital immediately upon completion of the Global Offering
	(in HK$)			
Excellent Investment Management	97,000,000[1]	6,116,500	34.3%	1.7%
UIH HK	12,000,000[2]	764,000	4.3%	0.2%
China New Rich	12,000,000[2]	764,000	4.3%	0.2%
Total	**121,000,000**	**7,644,500**	**42.9%**	**2.1%**

Based on the Offer Price of HK$16.80 (being the high-end of the indicative Offer Price range)

Cornerstone Investors	Total Investment Amount	Number of Offer Shares to be acquired[3]	Approximate % of the Offer Shares	Approximate % of our total issued share capital immediately upon completion of the Global Offering
	(in HK$)			
Excellent Investment Management	97,000,000[1]	5,716,000	32.1%	1.6%
UIH HK	12,000,000[2]	714,000	4.0%	0.2%
China New Rich	12,000,000[2]	714,000	4.0%	0.2%
Total	**121,000,000**	**7,144,000**	**40.1%**	**2.0%**

Notes:

(1) The investment amount of Excellent Investment Management is inclusive of brokerage fee of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%.

(2) The investments amount of UIH HK and China New Rich are exclusive of brokerage fee of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%.

(3) Subject to rounding down to the nearest whole board lot of 500 H Shares. Calculated based on the exchange rate set out in "Information about this Prospectus and the Global Offering — Currency Translations."

CLOSING CONDITIONS

The obligation of each of the Cornerstone Investors to acquire the Offer Shares under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

(i) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Hong Kong Underwriting Agreement and the International Underwriting Agreement, and neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement having been terminated;

(ii) the Offer Price having been agreed in a manner according to the Hong Kong Underwriting Agreement;

(iii) the Listing Committee having granted the approval for the listing of, and permission to deal in, the H Shares (including the H Shares under the Cornerstone Investment) as well as other applicable waivers and approvals and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;

(iv) the CSRC having accepted of the Company's filing and published the filing results in respect of the Company's filing on its website, and such notice of acceptance and/or filing results published not having otherwise been rejected, withdrawn, revoked or invalidated prior to the commencement of dealings in the H Shares on the Stock Exchange;

(v) no laws shall have been enacted or promulgated which prohibits the consummation of the transactions contemplated in the Global Offering or the respective Cornerstone Investment Agreement, and there being no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(vi) the agreement, representations, warranties, undertakings, confirmations and acknowledgements of the Cornerstone Investors under the respective Cornerstone Investment Agreement are (as of the date of the Cornerstone Investment Agreement) and will be (as of the Closing (as defined in the Cornerstone Investment Agreement)) accurate and true in all respects and not misleading and that there is no breach of the respective Cornerstone Investment Agreement on the part of the relevant Cornerstone Investors.

RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that without the prior written consent of our Company, the Sole Sponsor and the Sole Sponsor-Overall Coordinator, it will not, whether directly or indirectly, at any time during the period of six months (in the case of Excellent Investment Management) or twelve months (in the case of UIH HK and China New Rich) following the Listing Date (the "**Lock-up Period**"), dispose of, in any way, any of the Offer Shares it has purchased, pursuant to the respective Cornerstone Investment Agreement, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of the Cornerstone Investors, including the Lock-up Period restriction.

The following discussion and analysis should be read in conjunction with our consolidated financial statements included in "Appendix I — Accountant's Report," together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with IFRS.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis that we make in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed in "Risk Factors" and "Forward-Looking Statements" and elsewhere in this prospectus.

Overview

We are a leading medical group specialized in medical imaging in China, and we ranked first among all PRC third-party medical imaging center operators in terms of the number of medical imaging centers in the network, number of units of equipment, number of registrations by practicing radiologists who are registered with us as the primary workplace, average daily screening volume and fees paid by patients in 2023; and in terms of revenue generated from imaging center services in 2023, we ranked second among all PRC third-party medical imaging center operators, according to Frost & Sullivan. We generate revenue mainly through the following medical imaging services and solutions:

- ***Imaging Center Services***. We operate our own medical imaging centers and provide various types of imaging examination and diagnostic services, among other things, or offer operational management services to medical imaging centers of our partners.

- ***Imaging Solution Services***. We commenced the provision of imaging solution services to customers in 2019. Our imaging solution services mainly help medical institution customers such as hospitals select and procure appropriate imaging equipment that meets their development needs, and a series of accompanying modular solutions to maximize the utility value of imaging equipment.

- ***Rimag Cloud Services***. To support our growing imaging center services business, we have developed our Rimag Cloud platform to internally fuel our business development, informatization management and data-driven operations. In 2018, as our products and services continued to mature, we commercialized our Rimag Cloud services and offered such services under our Rimag brand to the PRC medical imaging industry.

We experienced significant growth in revenue and gross profit during the Track Record Period. Our total revenue increased by 32.5% from RMB592.0 million in 2021 to RMB784.4 million in 2022 and further increased by 18.4% to RMB928.9 million in 2023, representing a CAGR of 25.3% from 2021 to 2023. Our gross profit increased by 35.3% from RMB175.2 million in 2021 to RMB237.0 million in 2022 and further increased by 40.4% to RMB332.6 million in 2023, representing a CAGR of 37.8% from 2021 to 2023.

Basis of Preparation

Our consolidated financial information has been prepared in accordance with IFRS issued by the International Accounting Standards Board ("**IASB**"). Our historical financial information has been prepared under the historical cost convention, except that certain financial assets are carried at fair value.

The preparation of our historical financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to our consolidated financial information, are disclosed in note 4 to the Accountant's Report in Appendix I to this prospectus.

Major Factors Affecting Our Results of Operations

Our results of operations have been, and are expected to continue being, materially affected by a number of factors, many of which are beyond our control, including the following:

Development of the Medical Imaging Service Industry

As a leading medical group specialized in medical imaging in China, our results of operations and financial condition are generally affected by the overall healthcare service market condition in China. In particular, our financial performance and future growth depend on the growth of the medical imaging service industry in China. According to Frost & Sullivan, the size of the PRC third-party medical imaging center market was RMB2.9 billion in 2023 and is expected to reach RMB18.6 billion in 2030, growing at a CAGR of 30.7%. However, due to shortage of medical resources and the undeveloped primary healthcare system in China, such demand remains largely unmet. See "Industry Overview — The PRC Third-party Medical Imaging Center Market — Market Size."

We have benefited from favorable industry trends such as the integration of advanced medical imaging equipment and relevant imaging solution and platform services to improve overall medical imaging capabilities. New technologies and AI solutions are transforming the overall healthcare industry. We are the only medical imaging platform operator and manager in China that provides diversified imaging services and value to the entire industry chain, and the largest medical group specialized in medical imaging in China in 2023 in terms of patients' visit, according to Frost & Sullivan. Accordingly, we are well-positioned to capitalize on market opportunities arising from the growth in demand for medical imaging services and the transformation of the overall healthcare service industry.

New technologies in relation to medical imaging have been advancing quickly and are expected to continue evolving. Our ability to continuously adopt the latest technological improvements quickly and cost-efficiently has a direct effect on our financial condition and results of operations. Our inability to adequately respond to changes in market conditions in a timely manner could lead to decreases in our growth rates, revenue and ability to grow or maintain our market share. See "Risk Factors — Risks Relating to Our Business and Industry — We may not be able to adapt successfully to technological changes, and technological changes may require us to upgrade our equipment or supply advanced equipment at significant costs."

Policy Environment and Regulatory Environment in China

The PRC medical imaging service market, the PRC medical imaging equipment solutions market and the PRC medical cloud imaging service market are highly regulated. Government policies and regulations significantly impact the operation and pricing of our services and solutions, as well as the costs of compliance. These changes will likely impact our financial condition and results of operations.

Meanwhile, in recent years, as an industry leader, we have been at an advantaged position given the favorable policy environment, enabling us to exploit the extensive potential and opportunities in the markets where we operate in China, such as the Outline of the Plan for a "Healthy China 2030" (《"健康中國2030"規劃綱要》) and the 14th Five-Year Plan for National Economic and Social Development of the PRC and Outline of the Vision for 2035 (《中國經濟和社會發展的第十四個五年規劃和2035年遠景目標綱要》). In addition, with favorable policies and regulations in place, including those in relation to patient sorting, social medical services, multi-site practice of doctors and issuance of independent licenses for third-party medical imaging centers, the penetration rate and size of the PRC medical imaging center market, the PRC medical imaging equipment solutions market and the PRC medical cloud imaging market in China are expected to further increase.

Expansion of Our Medical Imaging Center Network

We have been expanding our medical imaging center network in recent years. The number of imaging centers we have put into operation increased from 78 as of December 31, 2021 to 97 as of December 31, 2023, and our revenue from our imaging center services increased from RMB442.3 million in 2021 to RMB638.1 million in 2023, at a CAGR of 20.1%. As of December 31, 2023, according to Frost & Sullivan, we operated and managed the largest number of imaging centers among all PRC third-party medical imaging center operators, totaling 97 medical imaging centers in 59 county-level divisions.

We have a standardized process for investing in and establishing new imaging centers. We incur substantial expenses before the commencement of operations of new imaging centers, including construction and renovation costs as well as equipment costs, which could have a short-term negative impact on our liquidity and profitability. The majority of regional collaborative imaging centers are expected to record a positive monthly net profit for the first time to reach the break-even point within the first year after opening. Accordingly, the number of new imaging center openings have, and may continue to have, a significant impact on our profitability.

In the future, we plan to continually expand our medical imaging center network. We intend to strategically prioritize our investments and resource integration in regions with relatively uneven distribution of medical resources. See "Business — Our Strategies — Further expand our medical imaging center network and enrich the offerings of our imaging solution services to strengthen our industry-leading position." However, our ability to establish and manage these additional imaging centers in a cost-efficient manner is crucial to whether and how quickly we can recover our investment and may materially affect our profitability.

Ability to Control Our Costs and Expenses

Our business mainly involves costs and expenses for (i) trading medical equipment, (ii) depreciation of property, plant and equipment, and (iii) employee benefit expenses (including share-based payments expenses for our employees), all of which account for a significant portion of our cost of sales.

Trading medical equipment, mainly referring to those direct costs incurred for operating our business and costs for purchasing the raw materials, represented 27.6%, 41.8% and 38.4% of our cost of sales in 2021, 2022 and 2023, respectively. Volatility in the price of trading medical equipment could negatively affect our gross margins and results of operations. Conversely, lower costs of trading medical equipment could lead to higher gross margins and net profits.

Meanwhile, depreciation of property, plant and equipment (including those recorded in cost of sales, selling expenses, research and development expenses and administrative expenses) represented 21.2%, 17.8% and 16.3% of our revenue in 2021, 2022 and 2023, respectively.

Furthermore, we rely on a significant number of employees to support our business. Employee benefit expenses (including share-based payment expenses for our employees) constituted the third largest component of our cost of sales during the Track Record Period. In 2021, 2022 and 2023, our total employee benefit expenses (including those recorded in cost of sales, selling expenses, research and development expenses and administrative expenses) amounted to RMB384.2 million, RMB179.6 million and RMB201.7 million, representing 64.9%, 22.9% and 21.7%, respectively, of our revenue in the same years. The decrease in employee benefit expenses in 2022 and 2023 as compared to 2021 was primarily attributable to the significant decrease in share-based payments expenses for our employees in 2022 and 2023. Moreover, in recent years, the number of our employees has been increasing along with the growth of our business. Any significant increase in labor costs could adversely affect our margins and profitability if we cannot pass on such cost increases to customers. Unless we can use other appropriate means to control our employee benefit expenses and improve efficiency, our gross margins may decrease and our financial condition and results of operations may be materially adversely affected.

We expect that costs of trading medical equipment and depreciation of property, plant and equipment to continue to be significant costs and expenses going forward, particularly in light of the continued expansion of our medical imaging center network. Our ability to control such costs and expenses may significantly affect our profitability.

Material Accounting Policy Information, Critical Judgements and Estimates

We have identified certain material accounting policies and estimates which we consider are significant in the preparation of our financial statements in accordance with IFRS. These material accounting policies are set forth in note 2 to the Accountant's Report in Appendix I to this prospectus, which are important for an understanding of our financial condition and results of operations.

Some of our accounting policies involve subjective assumptions, estimates and judgments that are discussed in note 4 to the Accountant's Report in Appendix I to this prospectus. The preparation of our financial statements requires our management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Our management has identified below the accounting policies, estimates and judgments that they believe are critical to the preparation of our financial statements.

Revenue Recognition

We were engaged in the imaging business during the Track Record Period, including imaging center services, imaging solution services and Rimag Cloud services. Revenue is measured at the consideration received or receivable for the services or products in the ordinary course of our activities. Revenue is shown after eliminating sales between Group companies. We recognize revenue when we transfer control of the services or products to customers.

Imaging center services

We provide imaging examination and diagnostic services in the form of flagship imaging centers, and regional collaborative imaging centers to hospitals and other medical institutions as well as health management companies to serve their customers, or individual patients and other healthcare consumers. Revenue from imaging examination and diagnostic services is recognized when diagnostic imaging reports are delivered and accepted by customers.

We also provide medical imaging operational management services in form of specialized medical consortium imaging centers and operational management imaging centers to hospitals and other medical institutions as well as health management companies. Such services aim at optimising customers' operations and management models, such as professional skill improvement, operational management consulting, and informatization construction. Revenue from medical imaging operational management services is recognized in the accounting period in which the services are rendered in accordance with fixed service fees per month and floating service fees based on certain percentages of monthly operating results because the customer receives and uses the benefits simultaneously.

Imaging Solution Services

We provide imaging solution services to hospitals and other medical institutions as well as health management companies, mainly including equipment selection, acquisition and configuration, repair and maintenance services. Revenue from the portion of equipment selection, acquisition and configuration is recognized when equipment is delivered and accepted by customers while the portion of short-term repair and maintenance is recognised when the service is performed.

We have certain contracts with customers of imaging solution services with financing components where the period between the transfer of the promising equipment to the customer and payment by the customer exceeds one year.

As a consequence, the transaction price for these contracts is discounted, using the prevailing interest rates in the relevant market. This rate is commensurate with the rate that would be reflected in a separate financing transaction between the customer and us at contract inception.

Revenue from intermediaries is included in the revenue stream of imaging solution services, and the accounting treatment is consistent under the same revenue stream. We enter into sales contracts with the intermediaries, which specify the name of the medical institution to which we directly delivers the products. Revenue is recognized when we transfers control of products directly to the end medical institutions customer as specified in the agreement. The intermediaries do not obtain control of the products in the delivery process of sales arrangement.

We also provide long-term maintenance services to certain customers. Contract duration is generally more than one year and the contract contains a single performance obligation as delivery of integrated maintenance services over a period of time. The contract is normally at a fixed price and paid according to payment terms specified in the contract. Upfront payments received by us are initially recognised as a contract liability. Service revenue is recognized as the performance obligation satisfied over time based on the stage of completion of the contract. We use a straight-line method to measure progress towards complete satisfaction of the performance obligation under IFRS 15. Costs including raw materials, labor and other maintenance costs attributable to the services are included in "cost of sales."

Cloud platform services

We developed a cloud platform that enables the imaging centers with digitized operations and accumulated valuable data assets and data service capabilities. Leveraging such cloud platform, we offer the cloud platform-based services and software to customers such as hospitals and other medical institutions as well as health management companies. Revenue from cloud platform services business is recognized when customers obtain access to the cloud platform where the services are rendered. Revenue from software is recognized when the software is delivered and accepted by customers.

Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statements of profit or loss during the periods in which they are incurred.

Depreciation is calculated using the straight-line method to allocate assets' costs, net of their residual values, over their estimated useful lives as follows:

Machinery	8–10 years
Office furniture and fixtures	5 years
Electronic equipment	3 years
Leasehold improvements	Shorter of remaining lease term or estimated useful life

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.7 to the Accountant's Report in Appendix I to this prospectus).

Construction-in-progress ("**CIP**") represents machineries, office furniture and fixtures, electronic equipment and leasehold improvements under construction and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction and acquisition and capitalized borrowing costs. No provision for depreciation is made on CIP until such time as the relevant assets are completed and ready for intended use. When the assets concerned are available for use, the costs are transferred to relevant categories of property, plant and equipment and depreciated in accordance with the policy as stated above.

Impairment of Non-Financial Assets

Goodwill that has an indefinite useful life is not subject to amortization and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other assets that are subject to amortization are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized as the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). Non-financial assets, except for goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Trade and Other Receivables

Trade receivables are amounts due from clients for services performed in imaging center services, imaging solution services and cloud platform services rendered in the ordinary course of business. The majority of other receivables are staff advances and rental deposits. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method.

Impairment of Financial Assets

We assess on a forward-looking basis the expected credit loss associated with our debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and long-term trade receivables arising from the sale of goods and rendering of services in the ordinary course of operating activities, we apply the simplified approach permitted by IFRS 9 regardless of whether a significant financing component exists, which requires lifetime expected credit losses to be recognized from initial recognition of the receivables.

Impairment of other receivables are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

Financial Instruments Issued to Investors

The financial instruments issued to investors represent the paid-in capital of our Company with redemption rights held by certain investors. We recognize the financial instruments issued to investors as financial liabilities considering that all triggering events for the key redemption rights that could be exercised by the investors with preferred rights are out of our control and these financial instruments do not meet the definition of equity for us. The financial liabilities are initially measured at present value of redemption amount and subsequently measured at amortized cost. The fair value for initial recognition represents the present value of the amount expected to be paid to the investors upon redemption which was assumed at the dates of issuance of the financial instruments. Interest expenses of financial instruments issued to investors are charged to finance cost. We have derecognized such financial liabilities since February 2021 and we are not expected to have any additional interest expenses of financial instruments issued to investors going forward.

Current and Deferred Income Tax

The income tax expense or credit for the year is the tax payable or recoverable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the our Company and our subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. We measure our tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred Income Tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Principal Components of Our Consolidated Statements of Profit or Loss

The following table summarizes our results of operations for the years indicated:

	Year ended December 31,		
	2021	2022	2023
		(RMB in thousand)	
Revenue	592,013	784,444	928,914
Cost of sales	(416,825)	(547,494)	(596,317)
Gross profit	**175,188**	**236,950**	**332,597**
Selling expenses	(75,950)	(48,725)	(65,562)
Administrative expenses	(389,750)	(144,712)	(181,675)
Research and development expenses	(11,869)	(11,483)	(12,844)
Net impairment losses on financial assets	(10,886)	(3,517)	(16,874)
Other income	7,065	7,139	10,753
Other gains — net	8,343	3,297	5,849
Operating (loss)/profit	**(297,859)**	**38,949**	**72,244**
Finance income	1,039	4,730	3,263
Finance costs	(62,170)	(37,338)	(24,791)
Finance costs — net	**(61,131)**	**(32,608)**	**(21,528)**
Share of loss of investments accounted for using the equity method	(3,670)	(5,406)	(5,801)
Impairment losses on investment in the joint venture accounted for using the equity method	–	–	(1,534)
(Loss)/profit before income tax	**(362,660)**	**935**	**43,381**
Income tax expense	(19,300)	(15,993)	(6,807)
(Loss)/profit for the year	**(381,960)**	**(15,058)**	**36,574**
(Loss)/profit for the year attributable to:			
Owners of the Company	(360,731)	364	44,415
Non-controlling interests	(21,229)	(15,422)	(7,841)
	(381,960)	**(15,058)**	**36,574**
Non-IFRS Measures:			
EBITDA	(148,484)	203,126	252,940
Adjusted EBITDA	148,475	212,730	276,362
Adjusted net (loss)/profit	(70,821)	(5,454)	59,996

Non-IFRS Measures

To supplement our consolidated statement of profit or loss which are presented in accordance with IFRS, we also use EBITDA (non-IFRS measure), adjusted EBITDA (non-IFRS measure) and adjusted net (loss)/profit (non-IFRS measure), which are not required by, or presented in accordance with, IFRS.

We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated statement of profit or loss in the same manner as they help our management. However, our presentation of EBITDA (non-IFRS measure), adjusted EBITDA (non-IFRS measure) and adjusted net (loss)/profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool and, as such, they should not be considered in isolation from, or as substitute for analysis of, our consolidated statements of comprehensive income or financial condition as reported under IFRS. In addition, the non-IFRS measures may be defined differently from similar terms used by other companies.

There are two components to the adjusted EBITDA (non-IFRS measure) metric: (1) EBITDA (non-IFRS measure), which we define as profit/loss before income tax plus finance costs, depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of intangible assets, less finance income; and (2) adjustments to EBITDA (non-IFRS measure), which include items of share-based payments expenses and listing expenses. These reconciling items are non-cash items and do not result in cash outflow. In particular, we have derecognized financial instruments issued to investors in February 2021. We exclude listing expenses, as they arose from activities relating to the proposed Listing.

The following table reconciles our EBITDA (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) in accordance with IFRS, our profit/loss before income tax, for the years indicated:

	Year ended December 31,		
	2021	2022	2023
		(RMB in thousand)	
(Loss)/profit before income tax	**(362,660)**	**935**	**43,381**
Add: Finance costs	62,170	37,338	24,791
Add: Depreciation of property, plant and equipment	125,780	139,758	151,545
Add: Depreciation of right-of-use assets	25,790	26,808	33,156
Add: Amortization of intangible assets	1,475	3,017	3,330
Less: Finance income	(1,039)	(4,730)	(3,263)
EBITDA (non-IFRS measure)	**(148,484)**	**203,126**	**252,940**
Add: Share-based payments expenses	291,117	3,215(1)	2,600
Add: Listing expenses	5,842	6,389	20,822
Adjusted EBITDA (non-IFRS measure)	**148,475**	**212,730**	**276,362**

We define adjusted net (loss)/profit (non-IFRS measure) as (loss)/profit for the year adjusted for items of share-based payments expenses, interest expenses of financial instruments issued to investors and listing expenses. We adjusted these items for the same reasons as stated in the discussion of adjustments to EBITDA (non-IFRS measure) above. The following table reconciles our adjusted net (loss)/profit (non-IFRS measure) in accordance with IFRS, our (loss)/profit for the year, for the years indicated:

	Year ended December 31,		
	2021	2022	2023
		(RMB in thousand)	
(Loss)/profit for the year	(381,960)	(15,058)	36,574
Add: Share-based payments expenses	291,117	3,215	2,600
Add: Interest expenses of financial instruments issued to investors	14,180	–	–
Add: Listing expenses	5,842	6,389	20,822
Adjusted net (loss)/profit (non-IFRS measure)	**(70,821)**	**(5,454)**	**59,996**

For details of the interest expenses of financial instruments issued to investors, see "— Critical Accounting Policies, Judgments and Estimates — Financial Instruments Issued to Investors."

Revenue

During the Track Record Period, we generated revenue primarily from three business lines, namely: (i) imaging center services, (ii) imaging solution services and (iii) Rimag Cloud services. See "Business — Our Business Model."

The following table sets forth a breakdown of our revenue by business line for the years indicated:

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	(RMB in thousand, except for percentages)					
Imaging center services	442,312	74.7	497,743	63.4	638,074	68.7
— Flagship imaging centers	103,037	17.4	102,968	13.1	133,454	14.4
— Regional collaborative imaging centers	249,792	42.1	270,326	34.4	355,379	38.2
— Specialized medical consortium imaging centers	76,715	13.0	89,300	11.4	109,638	11.8
— Operational management imaging centers	12,768	2.2	35,149	4.5	39,603	4.3
Imaging solution services	139,252	23.5	269,589	34.4	278,372	30.0
Rimag Cloud services	10,449	1.8	17,112	2.2	12,468	1.3
Total	**592,013**	**100.0**	**784,444**	**100.0**	**928,914**	**100.0**

We experienced gradual changes in these three business lines during the Track Record Period.

Imaging Center Services

We operate our imaging center services business via (i) flagship imaging centers, (ii) regional collaborative imaging centers, (iii) specialized medical consortium imaging centers and (iv) operational management imaging centers. The revenue generated from our imaging center services increased in absolute amount during the Track Record Period. The table below sets forth a breakdown of the number of imaging centers in our network by type as of the dates indicated:

	As of December 31,		
	2021	2022	2023
Flagship imaging centers	8	7	9
Regional collaborative imaging centers	25	24	24
Specialized medical consortium imaging centers	38	42	50
Operational management imaging centers	7	13	14
Total	**78**	**86**	**97**

- At our flagship imaging centers, we either provide imaging examination and diagnostic services directly to individual patients and other healthcare consumers with fee income received from those individual patients and other healthcare consumers directly or provide such services to medical institutions and corporations with fee income received from those medical institutions and corporations according to relevant agreements. In 2021, 2022 and 2023, our revenue generated from flagship imaging centers represented 17.4%, 13.1% and 14.4% of our revenue, respectively. The revenue from flagship imaging centers remained stable at RMB103.0 million in 2021 and 2022. The revenue from flagship imaging centers increased from RMB103.0 million in 2022 to RMB133.5 million in 2023, primarily due to (i) the organic growth of our business at our flagship imaging centers and (ii) the fact that our operations of flagship imaging center resumed to the normal level in light of the gradual phasing-out the COVID-19 pandemic since early 2023.

- At our regional collaborative imaging centers, we provide imaging examination and diagnostic services, among other things, to medical institutions to serve their customers, and generate fee income from those medical institutions with reference to fees paid by patients according to relevant agreements. In 2021, 2022 and 2023, our revenue generated from regional collaborative imaging centers represented 42.1%, 34.4% and 38.2% of our revenue, respectively. The revenue from regional collaborative imaging centers experienced continued growth, from RMB249.8 million in 2021 to RMB270.3 million in 2022, despite the adverse impact of the COVID-19 pandemic, primarily because our clients of regional collaborative imaging centers include a large number of public medical institutions that were generally not required to be closed or suspended during the COVID-19 pandemic. The revenue from regional collaborative imaging centers further increased from RMB270.3 million in 2022 to RMB355.4 million in 2023, primarily due to (i) the organic growth of our business at our regional collaborative imaging centers and (ii) a regional collaborative imaging center we newly opened in 2023 that contributed to our increasing patient visits.

- At the specialized medical consortium imaging centers served by us, we provide equipment deployment and infrastructure renovation, as well as operational management services, capitalizing on our industry expertise to imaging departments of medical institutions, and receive service fees from these medical institutions that are either at an operational performance-based rate, or a combination of fixed payments and operational performance-based service fees based on relevant agreements. In 2021, 2022 and 2023, our revenue generated from specialized medical consortium imaging centers represented 13.0%, 11.4% and 11.8% of our revenue, respectively. The revenue from specialized medical consortium imaging centers experienced continued growth, from RMB76.7 million in 2021 to RMB89.3 million in 2022, despite the adverse impact of the COVID-19 pandemic for reasons similar to those in the case of regional collaborative imaging centers. The revenue from specialized medical consortium imaging centers further increased from RMB89.3 million in 2022 to RMB109.6 million in 2023, primarily due to (i) the organic growth of our business at our specialized medical consortium imaging centers and (ii) a number of specialized medical consortium imaging centers we newly opened in 2023 that contributed to our increasing patient visits.

- At the operational management imaging centers served by us, we provide modular operational management services to medical institutions without any need for equipment deployment or infrastructure renovation. We receive service fees from these medical institutions that are either at an operational performance-based rate, or a combination of fixed payments and operational performance-based service fees. The revenue from operational management imaging centers experienced continued growth, from RMB12.8 million in 2021 to RMB35.1 million in 2022, and further increased to RMB39.6 million in 2023, representing 2.2%, 4.5% and 4.3% of our revenue, respectively, which was in line with the increasing number of our operational management imaging centers.

Imaging Solution Services

We transform our core capabilities accumulated through years of operating imaging centers into modular solutions to help medical institutions enhance their operations, service capabilities and medical expertise. Our one-stop imaging solution services mainly include equipment selections, infrastructure renovation, training, repair and maintenance and certain Rimag Cloud-related services. We primarily derive fee income from our imaging solution services provided to the medical institutions that we serve. In 2021, 2022 and 2023, our revenue generated from imaging solution services represented 23.5%, 34.4% and 30.0% of our revenue, respectively.

The amount of revenue generated from our imaging solution services increased from RMB139.3 million in 2021 to RMB269.6 million in 2022 and further increased to RMB278.4 million in 2023. The overall increase in the revenue of our imaging solution services from 2021 to 2023 was primarily due to (i) our increased marketing efforts for this business line in 2022, (ii) the global supply shortage of medical equipment in 2021, which was alleviated in 2022 and 2023 and (iii) an increase in the number of projects of our imaging solution services from 30 in 2021 to 49 in 2023.

Rimag Cloud Services

We offer technical platform services or one-time sales of software to our customers. Customers can also choose one-time purchases of software according to their resources and capacity. We deploy informatization products within medical institutions to replace their existing medical imaging business and management systems altogether, or we can sell modules to medical institutions according to their needs and integrate modules such as intelligent triage, refined operational management, and quality controls into the existing systems of the medical institutions.

In 2021, 2022 and 2023, our revenue generated from Rimag Cloud services represented 1.8%, 2.2% and 1.3% of our revenue, respectively. The revenue from Rimag Cloud services increased from RMB10.4 million in 2021 to RMB17.1 million in 2022, mainly attributable to (i) the revenue of RMB6.2 million from sales of software in 2022, while the revenue from the sales of software was RMB0.05 million in 2021 and (ii) an increase in the number of projects of Rimag Cloud services as we expanded the marketing team and increased marketing efforts for this business line to acquire more market share in 2022. The revenue from Rimag Cloud services decreased from RMB17.1 million in 2022 to RMB12.5 million in 2023, primarily because we mainly focused on the iteration of Rimag Cloud services in 2023, and we were also reviewing our offerings and our business strategies in relation to Rimag Cloud services, such as strategies of attracting new customers to our Rimag Cloud platform once the iteration is completed and better serving the market with upgraded functions.

Cost of Sales

The following table sets forth a breakdown of our cost of sales by nature for the years indicated:

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	(RMB in thousand, except for percentages)					
Trading medical equipment	115,106	27.6	228,332	41.8	228,961	38.4
Raw materials	40,677	9.8	38,185	7.0	39,714	6.7
Employee benefit expenses[1]	63,919	15.3	63,634	11.6	72,812	12.2
Depreciation of property, plant and equipment	124,314	29.8	138,273	25.3	148,776	24.9
Depreciation of right-of-use assets	20,109	4.8	19,680	3.6	25,445	4.3
Amortization of intangible assets	929	0.2	1,334	0.2	1,507	0.3
Repair and maintenance fees	30,289	7.3	38,378	7.0	53,821	9.0
Others	21,482	5.2	19,678	3.5	25,281	4.2
Total	**416,825**	**100.0**	**547,494**	**100.0**	**596,317**	**100.0**

Note:

(1) Employee benefit expenses under cost of sales include share-based payments expenses in relation to our medical professionals involved in our imaging center services, which were RMB1.0 thousand, RMB1.0 thousand and RMB1.0 thousand in 2021, 2022 and 2023, respectively.

Our cost of sales primarily consists of trading medical equipment, employee benefit expenses and depreciation of property, plant and equipment.

Trading medical equipment mainly refers to direct costs incurred for purchasing imaging equipment. Raw materials mainly refer to direct costs incurred for consumables used for imaging examination and diagnostic services, such as medical films, drugs used in nuclear medicine and high-pressure syringes.

Share-based payments expenses under cost of sales are mainly related to our medical professionals involved in our imaging center services, which represent several incentive schemes to reward participants for their contribution to our development. See "Appendix VI — Statutory and General Information — F. Employee Incentive Scheme." Participants in these incentive schemes obtained restricted shares, share awards or restricted share units under the relevant incentive schemes at a consideration lower than the then-assessed fair value, and the transactions were considered as equity-settled share-based payments to employees.

Depreciation of property, plant and equipment mainly relates to medical imaging equipment in our imaging center services.

The following table sets forth a breakdown of our cost of sales by business line for the years indicated:

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	(RMB in thousand, except for percentages)					
Imaging center services	293,975	70.5	308,473	56.4	350,516	58.8
Imaging solution services	116,526	28.0	231,130	42.2	236,034	39.6
Rimag Cloud services	6,324	1.5	7,891	1.4	9,767	1.6
Total	**416,825**	**100.0**	**547,494**	**100.0**	**596,317**	**100.0**

Gross Profit/loss and Gross Margins

The following table sets forth our gross profit/loss in absolute amounts and as a percentage of revenue, or gross margins, for the years indicated:

	Year ended December 31,					
	2021		2022		2023	
	Gross profit/(loss)	Gross margin	Gross profit/(loss)	Gross margin	Gross profit	Gross margin
	(RMB in thousand, except for percentages)					
Imaging center services	148,337	33.5	189,270	38.0	287,558	45.1
— Flagship imaging centers	(3,366)	(3.3)	(9,716)	(9.4)	15,078	11.3
— Regional collaborative imaging centers	102,637	41.1	125,111	46.3	182,908	51.5
— Specialized medical consortium imaging centers	42,704	55.7	53,828	60.3	66,518	60.7
— Operational management imaging centers	6,362	49.8	20,047	57.0	23,054	58.2
Imaging solution services	22,726	16.3	38,459	14.3	42,338	15.2
Rimag Cloud services	4,125	39.5	9,221	53.9	2,701	21.7
Total	**175,188**	**29.6**	**236,950**	**30.2**	**332,597**	**35.8**

Our gross profit/loss represents our revenue less our cost of sales. During the Track Record Period, our gross profit increased from RMB175.2 million in 2021 to RMB237.0 million in 2022, and further increased to RMB332.6 million in 2023, at a CAGR of 37.8% which was generally in line with the growth in our revenue. Our gross margin represents our gross profit/loss as a percentage of our revenue. Our gross profit margin was 29.6%, 30.2% and 35.8% in 2021, 2022 and 2023, respectively. Our gross profit margin increased from 29.6% in 2021 to 30.2% in 2022, and further increased to 35.8% in 2023, primarily due to the increase in our revenue during the Track Record Period and the economies of scale we have achieved for imaging center business due to our brand awareness, competitiveness achieved and chain-oriented development.

Imaging Center Services

The gross profit of imaging center services increased from RMB148.3 million in 2021 to RMB189.3 million in 2022, and further increased to RMB287.6 million in 2023, at a CAGR of 39.2% from 2021 to 2023, which was generally in line with the movement of revenue from imaging center services. The gross profit margin of the imaging center services business increased from 33.5% in 2021 to 45.1% in 2023, as a result of (i) the growth in revenue and the volume of examinations of regional collaborative centers and specialized medical consortium imaging centers that drove up the gross margins of these two businesses, given the cost of sales of such businesses did not increase significantly as revenue increased, (ii) the expansion and ramp-up of our specialized medical consortium imaging centers and operational management imaging centers in 2021, 2022 and 2023, which generally have a higher gross profit margin compared to flagship imaging centers and regional collaborative imaging centers, and (iii) the increase in the gross profit margin of our flagship imaging centers, as we have generally achieved economies of scale for our imaging center business due to our brand awareness, competitiveness achieved and chain-oriented development and with the gradual phasing-out of the COVID-19 pandemic since early 2023, our operation has resumed to the normal level in 2023.

Our flagship imaging centers incurred gross loss in 2021 and 2022, primarily because (i) all of our flagship imaging centers opened from 2018 to 2021 are still at ramp-up stage of development, while other centers have developed mature operational models with stable profits, and (ii) our flagship imaging centers were more adversely affected by the COVID-19 pandemic as compared to the other centers, since the other centers generally had normal operations by virtue of the stable cooperations with public medical institutions and thus were less affected by the COVID-19 pandemic, while our flagship imaging centers were required to close or suspend operations during the COVID-19 pandemic. Our flagship imaging centers generated gross profit in 2023 of RMB15.1 million, due to the maturity and operational improvement of our flagship imaging centers in 2023 with the gradual phasing-out of the COVID-19 pandemic.

Imaging Solution Services

The gross profit of imaging solution services increased from RMB22.7 million in 2021 to RMB38.5 million in 2022, and further increased to RMB42.3 million in 2023. The gross profit margin of the imaging solution services decreased from 16.3% in 2021 to 14.3% in 2022, primarily because we set relatively lower prices for such solutions to acquire more market share from medical institutions in 2022 as compared to 2021. The gross profit margin of the imaging solution services remained relatively stable at 14.3% in 2022 and 15.2% 2023, respectively.

Rimag Cloud Services

The gross profit margin of the Rimag Cloud services business fluctuated in 2021, 2022 and 2023, which was 39.5%, 53.9% and 21.7%, respectively. The increase in such gross profit margin in 2022 as compared to 2021 was mainly due to (i) an expansion of our service modules available for offering to customers in 2022, where such new service modules generally had higher gross margins than the existing ones, and (ii) RMB6.2 million of revenue being recorded from the sales of software in 2022, while the revenue from the sales of software was RMB0.05 million in 2021. The decrease in gross profit margin in 2023 as compared to 2022 was mainly because the revenue generated from Rimag Cloud services decreased, while the cost of sales of Rimag Cloud services remained relatively stable.

Selling Expenses

Our selling expenses primarily consist of employee benefit expenses and marketing fees. The following table sets forth a breakdown of our selling expenses for the years indicated:

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	(RMB in thousand, except for percentages)					
Employee benefit expenses[1]	37,583	49.4	13,058	26.8	16,824	25.6
Depreciation of property, plant and equipment	380	0.5	–	–	–	–
Traveling expenses	2,608	3.4	1,385	2.8	3,481	5.3
Office expenses	501	0.7	279	0.6	494	0.8
Entertainment fees	2,302	3.0	2,782	5.7	3,312	5.1
Marketing fees	32,576	43.0	31,221	64.1	41,427	63.2
Others	–	–	–	–	24	0.0
Total	**75,950**	**100.0**	**48,725**	**100.0**	**65,562**	**100.0**

Note:

(1) Employee benefit expenses under selling expenses include share-based payments expenses in relation to our personnel involved in business development and sales and marketing activities, which were RMB28.4 million, RMB17.0 thousand and RMB11.0 thousand in 2021, 2022 and 2023, respectively.

Our employee benefit expenses under selling expenses are mainly related to our personnel involved in business development and sales and marketing activities. Our marketing fees mainly include promotion service fees, advertising fees and conference fees. Our traveling expenses, entertainment fees and office expenses mainly include fees incurred for business trips and hospitality relating to our business development activities.

Research and Development Expenses

Our research and development expenses primarily consist of employee benefit expenses, rent expenses and property fees and traveling expenses. The following table sets forth a breakdown of our research and development expenses for the years indicated:

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	(RMB in thousand, except for percentages)					
Employee benefit expenses[1]	11,201	94.3	11,120	96.8	12,160	94.7
Rent expenses and property fees	375	3.2	–	–	–	–
Traveling expenses	166	1.4	182	1.6	362	2.8
Others[2]	127	1.1	181	1.6	322	2.5
Total	**11,869**	**100.0**	**11,483**	**100.0**	**12,844**	**100.0**

Notes:

(1) Employment benefit expenses under research and development expenses include share-based payments expenses in relation to our personnel involved in R&D activities and technical supporting, which were RMB3.0 thousand, RMB3.0 thousand and RMB2.0 thousand in 2021, 2022 and 2023, respectively.

(2) Others mainly include depreciation of property, plant and equipment, office expenses, professional service fees and amortization of intangible assets.

Our employee benefit expenses under research and development expenses are mainly related to our personnel involved in R&D activities and technical supporting. Our traveling expenses mainly include fees incurred for business trips by our employees for the purposes of R&D.

Administrative Expenses

Our administrative expenses primarily consist of employee benefit expenses, share-based payments expenses for strategic investors, depreciation of right-of-use assets, traveling expenses, office expenses and entertainment fees. The following table sets forth a breakdown of our administrative expenses for the years indicated:

	Year ended December 31,					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
	(RMB in thousand, except for percentages)					
Employee benefit expenses[1]	271,542	69.7	91,797	63.4	99,855	55.0
Share-based payments expenses for strategic investors	67,702	17.4	—	—	—	—
Depreciation of right-of-use assets	5,681	1.5	7,128	4.9	7,711	4.2
Rent expenses and property fees	4,398	1.1	4,626	3.2	5,110	2.8
Traveling expenses	7,142	1.8	6,073	4.2	10,983	6.0
Office expenses	6,452	1.7	7,195	5.0	10,475	5.8
Entertainment fees	7,487	1.9	8,231	5.7	10,624	5.8
Professional service fees	5,719	1.5	3,423	2.4	2,275	1.3
Listing expenses	5,842	1.4	6,389	4.4	20,822	11.5
Others[2]	7,785	2.0	9,850	6.8	13,820	7.6
Total	**389,750**	**100.0**	**144,712**	**100.0**	**181,675**	**100.0**

Notes:

(1) Employee benefit expenses under administrative expenses include share-based payments expenses in relation to our personnel involved in administrative activities, which were RMB195.0 million, RMB3.2 million and RMB2.6 million in 2021, 2022 and 2023, respectively.

(2) Others mainly include depreciation of property, plant and equipment, amortization of intangible assets, repair and maintenance fees, electricity and water expenses and audit services.

Our employee benefit expenses under administrative expenses are mainly related to our personnel involved in administrative activities. For details, see note 27 to the Accountant's Report in Appendix I to this prospectus. Our depreciation of right-of-use assets is mainly related to our leased properties for conducting imaging center services. Our professional service fees primarily comprise the service fees we paid to financial advisors, tax advisors and value appraisers engaged by us.

Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets primarily represent provisions made for impaired trade receivables and other receivables based on expected credit loss. We recorded net impairment losses on financial assets of RMB10.9 million, RMB3.5 million and RMB16.9 million, respectively, in 2021, 2022 and 2023, mainly in relation to the regular provision for expected credit loss based on trade receivables and the regular provision for account receivables impairment loss for certain projects.

Other Income

Our other income primarily consists of government grants and subsidies, interest income of instalment sales and tax refund. The following table sets forth a breakdown of our other income for the years indicated:

	Year ended December 31,		
	2021	**2022**	**2023**
		(RMB in thousand)	
Government grants and subsidies	4,128	2,315	4,108
Interest income of installment sales	1,892	2,150	2,778
Tax refund	766	2,189	3,384
Rental income of leasing equipment	279	478	478
Others	–	7	5
Total	**7,065**	**7,139**	**10,753**

Government grants and subsidies mainly included government grants from the local government in Jiangxi province in recognition of our contribution to local economies' development. The government grants and subsidies that we received during the Track Record Period mainly include (i) one-time cash grants and tax rebates by the local government due to the relocation of our headquarter to Nanchang, and (ii) job stability subsidies (穩崗補貼), primarily on the conditions that we maintain a relatively low dismissal rate during specific period. During the Track Record Period, there were no unfulfilled conditions or other contingencies attaching to these government grants.

Interest income of instalment sales mainly represents the interest income realized when the payments in relation to instalment selling are received under our imaging solution services.

Other Gains, Net

Our net other gains primarily consist of (i) net gains on disposal of property, plant and equipment and right-of-use assets in relation to certain property, plant and equipment sold to third-party medical institutions when we cease the operation of certain medical imaging centers, (ii) net losses of the remeasurement during step acquisition, (iii) net gain on disposal of a subsidiary, (iv) net fair value gains on financial assets at fair value through profit or loss and (v) deemed disposal of an associate. The following table sets forth a breakdown of our net other gains for the years indicated:

	Year ended December 31,		
	2021	**2022**	**2023**
	(RMB in thousand)		
Net gains on disposal of property, plant and equipment and right-of-use assets	8,356	757	202
Net losses of the remeasurement during step acquisition	(834)	–	–
Net gain on disposal of a subsidiary	–	3,169	1,618
Net fair value gains on financial assets at fair value through profit or loss	–	–	4,548
Deemed disposal of an associate	–	–	118
Others	821	(629)	(637)
Total	**8,343**	**3,297**	**5,849**

Finance Income and Costs

Finance income represents interest income on bank deposits. Finance costs primarily consist of (i) interest expenses of financial instruments issued to investors, (ii) interest expenses on bank borrowings, (iii) interest expenses on other borrowings, and (iv) finance expenses on lease liabilities.

The following table sets forth a breakdown of our finance income and costs for the years indicated:

	Year ended December 31,		
	2021	2022	2023
		(RMB in thousand)	
Finance income			
Interest income on bank deposits	1,039	4,730	3,263
Finance costs			
Interest expenses of financial instruments issued to investors	(14,180)	–	–
Interest expenses on bank borrowings	(4,711)	(5,299)	(4,845)
Interest expenses on other borrowings	(32,379)	(22,754)	(11,552)
Finance expenses on lease liabilities	(11,110)	(9,888)	(8,815)
Amount Capitalised	210	603	421
Total finance costs	**(62,170)**	**(37,338)**	**(24,791)**
Finance costs — net	**(61,131)**	**(32,608)**	**(21,528)**

Share of Loss of Investments Accounted for Using the Equity Method

In 2021, 2022 and 2023, we recorded share of loss of investments accounted for using the equity method of RMB3.7 million, RMB5.4 million and RMB5.8 million, respectively. Such losses reflected our investments in joint ventures and associates and our share of these joint ventures' and associates' results of operations using the equity method of accounting. For details, see note 12 to the Accountant's Report in Appendix I to this prospectus. None of our joint ventures and associates was individually material to our Group during the Track Record Period.

Impairment losses on investment in the joint venture accounted for using the equity method

Impairment losses on investment in the joint venture accounted for using the equity method represents the impairment occurred at the associates and joint ventures invested by us. Based on our overall impairment assessment, when comparing the recoverable amount calculated through discounted cash flow projections with the carrying amount of our investment in the associates and joint ventures, the impairment loss amounted to RMB1.5 million in 2023. For details, see note 12 to the Accountant's Report in Appendix I to this prospectus.

Income Tax Expense

In 2021, 2022 and 2023, our income tax expense was RMB19.3 million, RMB16.0 million and RMB6.8 million, respectively. Our income tax expense in respect of our operations in the PRC was subject to the statutory tax rate of 25% on the assessable profits for the Track Record Period, based on the existing legislation, interpretations and practices in respect thereof. For details, see note 13 in the Accountant's Report in Appendix I to this prospectus.

During the Track Record Period and up to the Latest Practicable Date, we paid all relevant taxes that were due and applicable to us and had no disputes or unresolved tax issues with relevant tax authorities.

(Loss)/Profit for the Year

Notwithstanding that we experienced significant growth in revenue and gross profit in 2021 and 2022, we had loss for the year of RMB382.0 million and RMB15.1 million, respectively, primarily due to (i) the negative impact of the COVID-19 pandemic, which adversely impacted our business operations and financial conditions in 2021 and 2022, (ii) all of our flagship imaging centers opened from 2018 to 2021 being at ramp-up stage of development, incurring gross loss in 2021 and 2022, (iii) the substantial amount of share-based payment expenses and interest expenses of financial instruments issued to investors, both of which we recorded in 2021, and (iv) expenses in relation to the Listing occurred in the same years. We experienced significant growth in revenue and gross profit in 2023 and recorded profit for the year of RMB36.6 million in the same year, primarily because (i) we have generally achieved economies of scale for our imaging center business due to our brand awareness, competitiveness achieved and chain-oriented development; and (ii) with the gradual phasing-out of the COVID-19 pandemic since early 2023, our operation has resumed to the normal level in 2023.

Our accumulated losses amounted to RMB499.7 million as of January 1, 2021. We had recorded accumulated losses prior to the beginning of the Track Record Period since our inception in 2014, mainly because (i) we have expanded our medical imaging center network since our inception and incurred substantial costs and expenses before the commencement of operations of new imaging centers, including construction and renovation costs as well as equipment procurement costs; (ii) we have gradually established business lines of imaging solution services and Rimag Cloud services and incurred substantial research and development expenses accordingly; and (iii) newly-opened imaging centers generally have lower income and higher operating costs during the initial stages of their operations than ones with a longer operating history, each of which typically needs time before being able to reach its break-even point and positively contributing to our overall profitability.

Certain statements below constitute forward-looking statements. These forward-looking statements are not guarantees of future financial performance and our actual results could differ materially from those expressed or implied by these forward-looking statements as a result of various factors, including, but not limited to, those described under "Forward-Looking Statements" and "Risk Factors," respectively. Investors are strongly urged not to place undue reliance on any of the statements set forth below.

We expect to achieve increases in revenue, gross profit and gross profit margin and record profit in the near future. We expect that our revenue will increase in the near future, primarily due to the expected revenue increase in our imaging center services. Our gross profit is expected to increase in the near future, mainly driven by the revenue growth of our imaging center services as the result of the improvement of economies of scale. We expect that our profitability will improve along with our business expansion as a result of the economies of scale. Since our fixed costs per imaging center remain relatively stable, any additional revenue generated after reaching the break-even point will result in a higher level of profitability. Therefore, we expect to record profit in the near future. For details, see "Business — Business Sustainability."

Results of Operations

Comparisons Between 2023 and 2022

Revenue

Our revenue increased by 18.4% to RMB928.9 million in 2023 from RMB784.4 million in 2022, primarily due to increases in the revenue from our imaging center services and imaging solution services in 2023, partially offset by a slight decrease in the revenue from our Rimag Cloud services.

–Imaging Center Services

Revenue generated from our imaging center services increased by 28.2% to RMB638.1 million in 2023 from RMB497.7 million in 2022, primarily due to the following:

- revenue from flagship imaging center services increased by 29.6% from RMB103.0 million in 2022 to RMB133.5 million in 2023, mainly because with the gradual phasing-out of the COVID-19 pandemic since early 2023, our operations of flagship imaging center services have resumed to the normal level in 2023 and the volume of examinations increased significantly as compared to 2022;

- revenue from regional collaborative centers increased by 31.5% from RMB270.3 million in 2022 to RMB355.4 million in 2023, mainly due to (i) the organic growth of our business at our regional collaborative imaging centers and (ii) a regional collaborative imaging center we newly opened that contributed to our increasing patient visits in 2023;

- revenue from specialized medical consortium imaging centers increased by 22.8% from RMB89.3 million in 2022 to RMB109.6 million in 2023, mainly due to (i) the organic growth of our business at our specialized medical consortium imaging centers and (ii) a number of specialized medical consortium imaging centers we newly opened in 2023 that contributed to our increasing patient visits; and

- revenue from operational management imaging centers increased by 12.7% from RMB35.1 million in 2022 to RMB39.6 million in 2023, mainly due to (i) the organic growth of our business at our operational management imaging centers and (ii) several operational management imaging centers we newly opened in 2023 that contributed to our increasing patient visits.

–Imaging Solution Services

Revenue generated from our imaging solution services remained relatively stable at RMB269.6 million in 2022 and RMB278.4 million in 2023.

–Rimag Cloud Services

Revenue generated from our Rimag Cloud services decreased by 27.1% to RMB12.5 million in 2023 from RMB17.1 million in 2022, primarily because (i) we recorded revenue of RMB6.2 million for the sales of software in 2022 while there was no sales of software in 2023, and (ii) we were reviewing our offerings and our business strategies in relation to Rimag Cloud services to better serve the market.

Cost of sales

Our cost of sales increased by 8.9% to RMB596.3 million in 2023 from RMB547.5 million in 2022, primarily due to (i) increases in the repair and maintenance fees and depreciation of property, plant and equipment, mainly attributable to the additional fixed assets and equipment purchased for the new imaging centers opened in 2023 and (ii) an increase in employee benefit expenses mainly in response to the new imaging centers we opened as we expanded our business in 2023.

Gross Profit and Gross Profit Margins

As a result of the foregoing, our gross profit increased by 40.4% to RMB332.6 million in 2023 from RMB237.0 million in 2022. Our gross profit margin was 30.2% and 35.8% in 2022 and 2023, respectively, primarily due to the following:

–Imaging Center Services

The gross profit margin of our imaging center services increased to 45.1% in 2023 from 38.0% in 2022, primarily due to (i) the maturity and operational improvement of our imaging centers we have achieved in 2023, (ii) the emerging economies of scale for our imaging center business due to our brand awareness, competitiveness achieved and chain-oriented development and (iii) the gradual phasing-out of the COVID-19 pandemic since early 2023.

–Imaging Solution Services

The gross profit margin of our imaging solution services remained relatively stable at 14.3% and 15.2% in 2022 and 2023, respectively.

–Rimag Cloud Services

The gross profit margin of our Rimag Cloud services decreased to 21.7% in 2023 from 53.9% in 2022, mainly because while the revenue generated from Rimag Cloud services decreased, the cost of sales of Rimag Cloud services remained relatively stable as it mainly consist of staff costs.

Selling Expenses

Our selling expenses increased by 34.6% to RMB65.6 million in 2023 from RMB48.7 million in 2022 primarily due to (i) increases in marketing fees driven by our increasing business development activities and offline marketing activities in 2023 after the restrictions in response to the COVID-19 pandemic were generally lifted, and (ii) an increase in expenses in relation to business development, including traveling fees and employee benefit expenses occurred in 2023.

Research and Development Expenses

Our research and development expenses increased by 11.9% to RMB12.8 million in 2023 from RMB11.5 million in 2022 primarily due to an increase in employee benefit expenses as we improved our remuneration structure for our R&D team in 2023.

Administrative Expenses

Our administrative expenses increased by 25.5% to RMB181.7 million in 2023 from RMB144.7 million in 2022, primarily due to (i) an increase in Listing Expenses, and (ii) increases in travelling expenses and entertainment fees driven by increasing onsite activities by our management and back-office team in 2023 after the restrictions in response to COVID-19 pandemic were generally lifted.

Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets was RMB16.9 million in 2023, primarily due to the increase in the balance of the trade receivables as of December 31, 2023.

Other Income

Our other income increased from RMB7.1 million in 2022 to RMB10.8 million in 2023, primarily due to an increase in tax refund and tax benefit pursuant to relevant tax policies in the PRC.

Other Gains, Net

We recorded net other gains of RMB3.3 million in 2022 and RMB5.8 million in 2023, primarily due to (i) changes to financial asset at FVPL (for details, see note 7 in the Accountant's Report in Appendix I to this prospectus), and (ii) our net gains on disposal of property, plant and equipment and right-of-use assets as a result of our disposal of 65% equity interest in Xinbin Rimag in April 2023.

Share of Loss of Investments Accounted for Using the Equity Method

We recorded share of loss of investments accounted for using the equity method of RMB5.8 million in 2023, primarily due to losses at associates and joint ventures in which we invested. For details, see note 12 in the Accountant's Report in Appendix I to this prospectus.

Finance Costs, Net

Our net finance costs decreased by 34.0% from RMB32.6 million in 2022 to RMB21.5 million in 2023, primarily due to the decrease in interest expenses on borrowings because we repaid some bank borrowings and borrowings from financial leasing companies in 2023.

Income Tax Expenses

Our income tax expense decreased by 57.4% from RMB16.0 million in 2022 to RMB6.8 million in 2023, primarily due to (i) the utilization of previously unrecognized tax losses and (ii) an increase in our deferred income tax in 2023. For details, see note 13 in the Accountant's Report in Appendix I to this prospectus.

(Loss)/Profit for the Year

As a result of the foregoing, we recorded loss for the year of RMB15.1 million in 2022 and profit for the year of RMB36.6 million in 2023, respectively.

Comparisons Between 2022 and 2021

Revenue

Our revenue increased by 32.5% to RMB784.4 million in 2022 from RMB592.0 million in 2021, primarily because all of our three business lines experienced revenue growth, particularly our imaging solution services.

−Imaging Center Services

Revenue generated from our imaging center services increased by 12.5% to RMB497.7 million in 2022 from RMB442.3 million in 2021, primarily due to the following:

- revenue from flagship imaging center services was RMB103.0 million in both 2021 and 2022, mainly due to the ramp-up of our existing flagship imaging centers, partially offset by the adverse impact of the COVID-19 pandemic;

- revenue from regional collaborative centers increased by 8.2% from RMB249.8 million in 2021 to RMB270.3 million in 2022, resulting from a significant increase in the revenue from certain existing regional collaborative imaging centers, such as the imaging center in Qiqihar (齊齊哈爾), as the regions where such imaging centers were located were less affected by the COVID-19 pandemic;

- revenue from specialized medical consortium imaging centers increased by 16.4% from RMB76.7 million in 2021 to RMB89.3 million in 2022, mainly due to the organic growth of existing specialized medical consortium imaging centers and five new specialized medical consortium imaging centers that commenced operations in 2022, as the regions where such imaging centers were located were less affected by the COVID-19 pandemic; and

- revenue from operational management imaging centers increased significantly from RMB12.8 million in 2021 to RMB35.1 million in 2022, resulting from an increase in the number of projects we served.

–Imaging Solution Services

Revenue generated from our imaging solution services increased by 93.6% to RMB269.6 million in 2022 from RMB139.3 million in 2021, primarily due to (i) an increase in the market demand for our imaging solution services as well as our marketing efforts for this line, resulting in an increase in the number of the imaging solutions projects we served and (ii) the global supply shortage of medical equipment in 2021, which was alleviated in 2022.

–Rimag Cloud Services

Revenue generated from our Rimag Cloud services increased by 63.8% to RMB17.1 million in 2022 from RMB10.4 million in 2021, primarily due to the growth in the number of projects of Rimag Cloud services in 2022, as we expanded the marketing team and enhanced marketing efforts for this business line to acquire further market share.

Cost of Sales

Our cost of sales increased by 31.4% to RMB547.5 million in 2022 from RMB416.8 million in 2021, which was generally in line with our business growth, primarily due to (i) an increase in trading medical equipment, resulting from an increase in our purchase costs of imaging equipment, which was generally in line with our revenue growth and (ii) an increase in the amount of depreciation of property, plant and equipment, which was mainly attributable to increased fixed assets related to the new imaging centers opened in 2022.

Gross Profit and Gross Margins

As a result of the foregoing, our gross profit increased by 35.3% to RMB237.0 million in 2022 from RMB175.2 million in 2021. Our gross profit margin was 29.6% and 30.2% in 2021 and 2022, respectively, primarily due to increases in the gross profit margins of imaging center services and Rimag Cloud services, partially offset by a decrease in the gross profit margin of imaging solution services.

–Imaging Center Services

The gross profit margin of our imaging center services increased to 38.0% in 2022 from 33.5% in 2021, primarily due to (i) the growth in revenue and the volume of imaging center services of regional collaborative centers, such as the imaging centers in Fuzhou (撫州) and Qiqihar, and specialized medical consortium imaging centers, such as the imaging center in Gengma (耿馬), that drove up the gross profit margins of these two businesses, given the cost of sales of such businesses did not increase significantly as revenue increased, (ii) an increase in the gross profit margin of the operational management imaging centers in 2022 as we offered additional high value-added services, including cloud film, maintenance and training services, to the operational management imaging centers that we started to serve in 2022, partially offset by (iii) an increase in the gross loss margin of flagship imaging centers in 2022, mainly because some of our flagship imaging centers were adversely affected by the COVID-19 pandemic.

–Imaging Solution Services

The gross margin of our imaging solution services decreased to 14.3% in 2022 from 16.3% in 2021, primarily because we accepted relatively lower prices for such solutions to acquire more market share from medical institutions in 2022 as compared to 2021.

–Rimag Cloud Services

The gross margin of our Rimag Cloud services increased to 53.9% in 2022 from 39.5% in 2021, mainly due to (i) an expansion of our service modules available for customers in 2022, where new service modules generally had higher gross margins than the existing ones and (ii) RMB6.2 million of revenue being recorded from the sales of software in 2022, while the revenue from the sales of software was RMB0.05 million in 2021.

In 2022, RMB2.7 million and RMB3.5 million of revenue was generated from the sales of software packages to Jiangxi Junheyun Information Technology Co., Ltd. (江西雋禾雲資訊科技有限公司) and Hunan CNNC Medical Co., Ltd. (湖南中核醫療有限公司), respectively, both of which engage in the R&D and sales of medical software and are Independent Third Parties. The software packages purchased by Jiangxi Junheyun Information Technology Co., Ltd. were specifically designed for People's Hospital of Xinjian District (新建區人民醫院) and Shangrao Maternal and Child Health Hospital (上饒市婦幼保健院), and the software packages purchased by Hunan CNNC Medical Co., Ltd. were specifically designed for the First Hospital of Qiqihar (齊齊哈爾市第一醫院). The aforementioned software packages were based on customers' customized need, as such the sales of which were only occurred in 2022.

Selling Expenses

Our selling expenses decreased by 35.8% to RMB48.7 million in 2022 from RMB76.0 million in 2021 due to an increase in share-based payments expenses for our employees in 2021 led by the 2021 Share Incentive Scheme, which did not occur in 2022.

Research and Development Expenses

Our research and development expenses remained relatively stable at RMB11.9 million and RMB11.5 million in 2021 and 2022, respectively.

Administrative Expenses

Our administrative expenses decreased by 62.9% to RMB144.7 million in 2022 from RMB389.8 million in 2021, primarily due to an increase in share-based payments expenses for our employees in 2021 led by the 2021 Share Incentive Scheme, which did not occur in 2022.

Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets decreased from RMB10.9 million in 2021 to RMB3.5 million in 2022, primarily due to the provision we made for impairment of accounts receivable from certain projects in 2021, while we did not made substantial provision in 2022.

Other Income

Our other income remained stable at RMB7.1 million in both 2021 and 2022.

Other Gains, Net

Our net other gains decreased from RMB8.3 million in 2021 to RMB3.3 million in 2022, primarily due to a decrease in net gains on disposals of property, plant and equipment and right-of-use assets because we disposed of more project assets in 2021 as compared to 2022, partially offset by an increase in net gains on the disposal of a subsidiary in relation to a flagship imaging center in Wuhan in 2022.

Share of Loss of Investments Accounted for Using the Equity Method

We recorded share of loss of investments accounted for using the equity method of RMB5.4 million in 2022, primarily due to losses from an associate in which we invested, which mainly conducts medical imaging services in Shanghai, since it was at the development stage and was not fully put into operation in 2022.

We recorded share of loss of investments accounted for using the equity method of RMB3.7 million in 2021, primarily due to losses from an associate in which we invested, which mainly conducts imaging center related services in Ningde, since it was at the development stage and was not put into operation in 2021, and an associate in which we invested, which mainly conducts electronic component production, due to the adverse impact of the COVID-19 pandemic.

Finance Costs, Net

Our net finance costs decreased by 46.7% from RMB61.1 million in 2021 to RMB32.6 million in 2022, primarily due to (i) the derecognition of the financial instruments issued to investors as financial liabilities for which the redemption rights could be exercised by investors with preferred rights since February 2021, (ii) a decrease in interest expenses on other borrowings, resulting from continual repayments of the due amounts for finance leases and (iii) an increase in interest income resulting from an increase in the balance of cash held in our bank accounts with more favorable interest rates as compared to previous interest rates offered by banks.

Income Tax Expense

Our income tax expense decreased from RMB19.3 million in 2021 to RMB16.0 million in 2022, primarily due to a decrease in tax losses not recognized as deferred tax assets in 2022 and an increase in utilization of previously unrecognized tax losses in 2022.

Loss for the Year

As a result of the foregoing, our loss for the year decreased by 96.1% to RMB15.1 million in 2022 from RMB382.0 million in 2021.

Description of Certain Components of Our Consolidated Statements of Financial Position

The following table sets forth the components of our consolidated statements of financial position as of the dates indicated:

	As of December 31,		
	2021	2022	2023
		(RMB in thousand)	
Non-current assets			
Property, plant and equipment	822,300	766,846	741,122
Right-of-use assets	180,100	122,544	159,904
Intangible assets	30,988	31,976	46,214
Deferred income tax assets	4,680	7,197	24,208
Investments accounted for using the equity method	27,032	26,252	30,760
Prepayments, deposits and other receivables	105,276	217,566	132,887
Financial assets at fair value through other comprehensive income	–	–	4,772
Financial assets at fair value through profit or loss	–	50,341	53,869
Long-term trade receivables	37,604	29,692	58,339
Restricted cash	–	3,765	6,104
Total non-current assets	**1,207,980**	**1,256,179**	**1,258,179**
Current assets			
Inventories	6,952	6,684	5,333
Trade receivables	177,571	263,960	308,796
Long-term trade receivables — current portion	11,552	11,631	23,232
Prepayments, deposits and other receivables	161,670	110,768	86,087
Restricted cash	–	2	2
Cash and cash equivalents	490,007	340,194	188,835
Financial assets at fair value through other comprehensive income	–	–	3,491
Assets classified as held for sale	–	–	4,703
Total current assets	**847,752**	**733,239**	**620,479**
Total assets	**2,055,732**	**1,989,418**	**1,878,658**

	As of December 31,		
	2021	2022	2023
		(RMB in thousand)	
Equity			
Share capital	338,496	338,496	338,496
Paid-in capital	–	–	–
Treasury stock	–	–	–
Reserves	1,423,279	1,426,432	1,401,974
Accumulated losses	(492,622)	(492,258)	(447,843)
Equity attributable to owners of the Company	**1,269,153**	**1,272,670**	**1,292,627**
Non-controlling interests	34,102	43,569	42,487
Total equity	**1,303,255**	**1,316,239**	**1,335,114**
Non-current liabilities			
Borrowings	208,048	165,147	84,966
Lease liabilities	169,505	108,785	136,280
Financial instruments issued to investors	–	–	–
Deferred income tax liabilities	2,375	2,151	4,414
Other non-current liabilities	4,928	–	1,700
Total non-current liabilities	**384,856**	**276,083**	**227,360**
Current liabilities			
Trade payables	27,026	19,264	23,482
Other payables and accruals	64,855	69,532	75,869
Contract liabilities	59,591	69,160	8,959
Current tax liabilities	24,376	29,951	42,662
Borrowings	174,125	187,137	125,042
Lease liabilities	17,648	22,052	39,731
Other non current liability — current portion	–	–	439
Total current liabilities	**367,621**	**397,096**	**316,184**
Total liabilities	**752,477**	**673,179**	**543,544**

Inventories

Our inventories mainly represent raw materials such as medical film and high-pressure syringes.

As of December 31, 2021, 2022 and 2023, the balance of our inventories was RMB7.0 million, RMB6.7 million and RMB5.3 million, respectively. The movements in our inventories during the Track Record Period were in line with our business growth.

The table below sets out our inventory turnover days during the years indicated:

	Year ended December 31,		
	2021	**2022**	**2023**
		(days)	
Inventory turnover days[1]	6	5	4

Note:

(1) Inventory turnover days for each year equals the average of the beginning and ending balances of inventories for that year divided by cost of sales for that year and multiplied by 365 days for 2021, 2022 and 2023.

As of March 31, 2024, RMB4.9 million, or approximately 91.2% of our inventories as of December 31, 2023 had been delivered or consumed.

Property, Plant and Equipment

Our property, plant and equipment mainly consists of machinery, construction in progress and leasehold improvements. The table below sets forth the breakdown of the balance of property, plant and equipment by component:

	As of December 31,		
	2021	**2022**	**2023**
		(RMB in thousand)	
Machinery	501,119	509,876	537,564
Construction in progress	183,544	153,441	96,921
Leasehold improvements	123,708	92,691	96,929
Electronic equipment	8,312	6,786	6,050
Office furniture and fixtures	5,617	4,052	3,658
Total	**822,300**	**766,846**	**741,122**

As of December 31, 2021, 2022 and 2023, the balance of our property, plant and equipment was RMB822.3 million, RMB766.8 million and RMB741.1 million, respectively. The decrease in the balance of our property, plant and equipment as of December 31, 2022 compared to December 31, 2021 was primarily due to the depreciation, amortization and disposals of property, plant and equipment being higher than the additions in property, plant and equipment in 2022. The decrease in the balance of our property, plant and equipment as of December 31, 2023 compared to December 31, 2022 was primarily due to (i) the depreciation of the property, plant and equipment being higher than the additions in property, plant and equipment in 2023 and (ii) our disposal of 65% equity interest in Xinbin Rimag in April 2023, partially offset by the acquisition of Wenzhou Yiying in August 2023.

Right-of-use assets

Our right-of-use assets are related to imaging equipment that we use in our operations. As of December 31, 2021, 2022 and 2023, the balance of our right-of-use assets was RMB180.1 million, RMB122.5 million and RMB159.9 million, respectively. The decrease as of December 31, 2022 compared to December 31, 2021 was mainly due to our disposal of a flagship imaging center in Wuhan in 2022. The increase in the balance of our right-of-use assets as of December 31, 2023 compared to December 31, 2022 was primarily due to (i) the newly opened imaging centers in Suihua and Xiangtan in April and May 2023 and (ii) the acquisition of Wenzhou Yiying in August 2023.

Intangible assets

Our intangible assets are related to (i) goodwill, (ii) software, (iii) licence and (iv) client relationship. As of December 31, 2021, 2022 and 2023, our intangible assets was RMB31.0 million, RMB32.0 million and RMB46.2 million, respectively. Our intangible assets remained stable as of December 31, 2021 and 2022. Our intangible assets increased by 44.5% from RMB32.0 million as of December 31, 2022 to RMB46.2 million as of December 31, 2023, primarily due to (i) our acquisition of Wenzhou Yiying in August 2023 and (ii) our procurement of office softwares in 2023.

Impairment Tests for non-financial assets

As of December 31, 2021, 2022 and 2023 or whenever a change in circumstances occurs, both internal and external sources of information are considered to assess whether there is an indicator that non-financial assets are impaired, including property, plant and equipment, right-of-use assets, and intangible assets, which are subject to depreciation and amortization.

For the purposes of evaluating and assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets, which was defined as cash-generating units ("**CGUs**"). Therefore, the management considered one imaging center as one CGU which could independently generate cash flows.

We considered there were indicators of impairment of non-financial assets for the loss-making imaging centers which incurred successive losses for more than two years after the trial operation stage (i.e. within two years of their commencement of operations) during the Track Record Period ("**existing loss-making centers**"). For these existing loss-making imaging centers, we have performed impairment test on each CGU basis. We evaluated and assessed annually whether the non-financial assets of existing loss-making centers have suffered any impairment in accordance with the accounting policy stated in Note 2.9 to the Accountant's Report as set out in Appendix I to this prospectus.

We did not identify the indicators of impairment for (i) newly established imaging centers that were still at trial operation stage because they are still in ramp up stage, and (ii) existing imaging centers that incurred losses for less than two consecutive years after their trial operation stage during the Track Record Period, because we considered such temporary loss was caused by one-off impact such as the adverse impacts brought by the COVID-19.

We performed the impairment test for non-financial assets of existing loss-making centers on each CGU basis by comparing its recoverable amounts to its carrying amounts as of December 31, 2021, 2022 and 2023. The recoverable amounts of those CGUs with impairment indicators were determined based on value-in-use calculations.

The value-in-use calculations, being the present value of the future cash flows expected to be derived from these CGUs, use cash flow projections based on business plan for the purpose of impairment reviews. The accuracy and reliability of the information is reasonably assured by the appropriate budgeting, forecast and control process established by us. Meanwhile, management engaged an independent external valuer as management's expert to assist in assessing the recoverable amounts of the non-financial assets of the existing loss-making imaging centers and leveraged their extensive experiences in the healthcare industry and provided forecast based on past performance and their expectation of future business plans and market developments. The values assigned to the key assumptions, including revenue annual growth rate, average gross profit margins and pre-tax discount rates, are consistent with external information sources.

The following table sets out the ranges of key assumptions adopted by management in the impairment assessment on the non-financial assets of existing loss-making centers:

	Year ended December 31,		
	2021	2022	2023
Revenue annual growth rate — average of the forecast period	6.8%~18.5%	13.9%~22.4%	6.8%~12.2%
Average gross profit margins	19.3%~45.4%	20.5%~48.8%	38.2%~49.2%
Pre-tax discount rate	14.8%~16.3%	15.1%~16.9%	15.2%~21.1%

Based on the results of the abovementioned assessments as conducted by management and the independent external valuer, our Directors concluded that no impairment loss on the aforementioned non-financial assets of existing loss-making centers are required to be recognized as of December 31, 2021, 2022 and 2023.

Impairment Tests for Goodwill related to Hubei Zhiying

Impairment review on the goodwill with indefinite useful life has been conducted by us as of December 31, 2021, 2022 and 2023, respectively, in accordance with International Accounting Standard 36 "Impairment of assets". We considered that the goodwill is attributable to one cash generating unit ("**CGU**"), which is the CGU for Hubei Zhiying. For the purpose of impairment review, the recoverable amount of the CGU is determined based on the higher amount of the fair value less cost of disposal and value-in-use calculations.

As of December 31, 2021, 2022 and 2023, the recoverable amount of aforementioned CGU was determined based on value-in-use calculations. The value-in-use calculations use cash flow projections based on business plan for the purpose of impairment reviews covering a five-year period. The accuracy and reliability of the information is reasonably assured by the appropriate budgeting, forecast and control process established by the Group. We engaged an independent external valuer to assess the recoverable amounts of the goodwill by leveraging their extensive experiences in the healthcare industry and provided forecast based on past performance and their expectation of future business plans and market developments. The values assigned to the key assumptions and discount rates are consistent with external information sources. As of December 31, 2021, 2022 and 2023, the estimated recoverable amount of approximately RMB33.9 million, RMB32.3 million and RMB53.0 million based on value-in-use calculations exceeded its carrying value by approximately RMB3.5 million, RMB4.2 million and RMB23.8 million, respectively, and we therefore concluded such goodwill was not impaired. We have considered and assessed that any reasonably possible changes in key parameters would not cause the carrying amount of the CGU of Hubei Zhiying exceed its recoverable amount.

For sensitivity analysis conducted during the impairment review as of December 31, 2021, had there been a reduction of the revenue compound annual growth rate of the first five years by 1.6%, a reduction of terminal growth rate by 2.4%, or an increase in pre-tax discount rate by 1.5% in the value-in-use calculations each in isolation, the recoverable amount of the CGU of Hubei Zhiying would be closed to the breakeven point. As of December 31, 2021, had there been a reduction of the revenue annual growth rate of the forecast period by negative 1.0%, a reduction of the terminal growth rate of the forecast period by negative 1.0% or an increase of the pre-tax discount rate of the forecast period by 1.0% each in isolation, the remaining headroom would be decreased to approximately RMB1.2 million, RMB1.9 million and RMB1.1 million, respectively.

For sensitivity analysis conducted during the impairment review as of December 31, 2022, had there been a reduction of the revenue compound annual growth rate of the first five years by 1.6%, a reduction of terminal growth rate by 3.3%, or an increase in pre-tax discount rate by 1.9% in the value-in-use calculations each in isolation, the recoverable amount of the CGU of Hubei Zhiying would be closed to the breakeven point. As of December 31, 2022, had there been a reduction of the revenue annual growth rate of the forecast period by negative 1.0%, a reduction of the terminal growth rate of the forecast period by negative 1.0% or an increase of the pre-tax discount rate of the forecast period by 1.0% each in isolation, the remaining headroom would be decreased to approximately RMB1.6 million, RMB2.7 million and RMB1.9 million, respectively.

For sensitivity analysis conducted during the impairment review as of December 31, 2023, had there been a reduction of the revenue compound annual growth rate of the first five years by 7.4%, a reduction of terminal growth rate by 33.7%, or an increase in pre-tax discount rate by 10.4% in the value-in-use calculations each in isolation, the recoverable amount of the CGU of Hubei Zhiying would be closed to the breakeven point. As of December 31, 2023, had there been a reduction of the revenue annual growth rate of the forecast period by negative 1.0%, a reduction of the terminal growth rate of the forecast period by negative 1.0% or an increase of the pre-tax discount rate of the forecast period by 1.0% each in isolation, the remaining headroom would be decreased to approximately RMB20.2 million, RMB21.3 million and RMB20.3 million, respectively.

Based on the results of the abovementioned assessments as conducted by us and the independent external valuer, our Directors concluded that no impairment loss on the aforementioned goodwill is required to be recognized as of December 31, 2021 and 2022 and 2023.

The following table sets out the key assumptions adopted in the impairment assessment:

	Year ended December 31,		
	2021	2022	2023
Revenue annual growth rate — average of the forecast period	16.5%	9.2%	2.6%
Average gross profit margins	41.3%	40.5%	49.0%
Long-term growth rate	2.3%	2.0%	2.0%
Pre-tax discount rate	17.4%	18.0%	18.0%

An operational management imaging center was put into operation under Hubei Zhiying in 2022 to meet the patients' demand in Hubei, contributing to the high revenue annual growth rate of Hubei Zhiying for the year of 2022 and leading to the fluctuation in the revenue annual growth rate, which we took into consideration for the profit forecast. The revenue of Hubei Zhiying in 2021 was relatively low, which increased significantly in 2022, resulting in a relatively high revenue annual growth rate of the profit forecast in 2021 and a relatively low revenue annual growth rate of the profit forecast in 2022.

Based on the results of the assessments as conducted by us and the independent external valuer, our Directors are of the view that no impairment loss on the goodwill shall be recognized as of December 31, 2021, 2022 and 2023.

Trade Receivables and Long-term Trade Receivables

Our trade receivables and long-term trade receivables primarily represent amounts due from third-party customers for services performed in the ordinary course of business. The following table sets forth our trade receivables as of the dates indicated:

	As of December 31,		
	2021	2022	2023
		(RMB in thousand)	
Current			
Trade receivables			
— due from third parties	192,766	256,760	333,720
— due from related parties	1,451	27,811	2,666
	194,217	284,571	336,386
Less: Provision for impairment	(16,646)	(20,611)	(27,590)
	177,571	263,960	308,796
Long-term trade receivables — current portion			
— due from third parties	11,927	11,927	25,533
— due from related parties	–	–	3,161
Less: Provision for impairment	(375)	(296)	(5,462)
	11,552	11,631	23,232
Non current			
Long-term trade receivables(1)			
— due from third parties	38,882	30,567	43,086
— due from related parties	–	–	20,696
Less: Provision for impairment	(1,278)	(875)	(5,443)
	37,604	29,692	58,339
Total	**226,727**	**305,283**	**390,367**

Note:

(1) The long-term trade receivables mainly represent trade receivables in relation to installment selling under our imaging solution services, according to relevant service agreements we entered into with our hospital customers.

As of December 31, 2021, 2022 and 2023, our trade receivables and long-term trade receivables were RMB226.7 million, RMB305.3 million and RMB390.4 million, respectively. The increase in our trade receivables and long-term trade receivables as of December 31, 2021, 2022 and 2023 were generally in line with our revenue growth.

The credit terms given to trade customers vary depending on the business lines and are determined on an individual basis. As of December 31, 2021, 2022 and 2023, the ageing analysis of our trade receivables based on invoice date is as follows:

	As of December 31,		
	2021	2022	2023
		(RMB in thousand)	
Up to 1 year	171,751	233,162	294,015
1 to 2 years	22,466	36,413	29,545
2 to 3 years	–	14,996	12,470
Over 3 years	–	–	356
Total	**194,217**	**284,571**	**336,386**

As of December 31, 2021, 2022 and 2023, the ageing analysis of our trade receivables based on due date is as follows:

	As of December 31,		
	2021	2022	2023
		(RMB in thousand)	
Within credit term	128,873	179,176	188,849
Up to 1 year	53,415	78,245	108,661
1 to 2 years	11,929	15,852	28,634
2 to 3 years	–	11,298	10,219
Over 3 years	–	–	23
Total	**194,217**	**284,571**	**336,386**

As of December 31, 2021, 2022 and 2023, the ageing analysis of the long-term trade receivables based on invoice date is as follows:

	As of December 31,		
	2021	2022	2023
		(RMB in thousand)	
Up to 1 year	30,366	–	40,382
1 to 2 years	16,221	26,540	17,377
2 to 3 years	4,222	12,211	30,740
Over 3 years	–	3,743	3,977
Total	**50,809**	**42,494**	**92,476**

As of December 31, 2021, 2022 and 2023, the ageing analysis of our long-term trade receivables based on due date is as follows:

	As of December 31,		
	2021	2022	2023
	(RMB in thousand)		
Within credit term	47,121	34,943	79,127
Up to 1 year	3,688	6,851	11,170
1 to 2 years	–	700	2,179
Total	**50,809**	**42,494**	**92,476**

The ageing analysis of our trade receivables and long-term trade receivables based on invoice date by customer type is as follows:

	As of December 31, 2021				
	Up to 1 year	1 to 2 year	2 to 3 years	3 to 4 years	Total
	(RMB in thousand)				
Public medical institutions[(1)]	180,249	28,381	4,222	–	**212,852**
Non-public medical institutions[(2)]	20,372	10,299	–	–	**30,671**
Individual customers	690	–	–	–	**690**
Intermediaries	–	–	–	–	**–**
Others[(3)]	806	7	–	–	**813**
Total	**202,117**	**38,687**	**4,222**	**–**	**245,026**

	As of December 31, 2022				
	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	Total
	(RMB in thousand)				
Public medical institutions[(1)]	152,727	52,966	20,020	3,743	**229,456**
Non-public medical institutions[(2)]	67,615	9,960	7,180	–	**84,755**
Individual customers	822	–	–	–	**822**
Intermediaries	9,362	–	–	–	**9,362**
Others[(3)]	2,636	27	7	–	**2,670**
Total	**233,162**	**62,953**	**27,207**	**3,743**	**327,065**

	As of December 31, 2023				
	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	Total
			(RMB in thousand)		
Public medical institutions[1]	261,666	23,691	36,569	4,334	**326,260**
Non-public medical institutions[2]	50,221	18,692	6,615	–	**75,528**
Individual customers	811	–	–	–	**811**
Intermediaries	17,600	2,750	–	–	**20,350**
Others[3]	4,099	1,788	26	–	**5,913**
Total	**334,397**	**46,921**	**43,210**	**4,334**	**428,862**

Notes:

(1) Public medical institutions refer to medical institutions that are economically categorized as state-owned and collectively operated (including government-operated medical institutions).

(2) Non-public medical institutions refer to medical institutions other than public medical institutions, including joint ventures, shareholder cooperatives, privately-owned medical institutions and medical institutions funded by investment from Taiwan, Hong Kong, Macau, and foreign investment medical institutions.

(3) Others mainly include corporation customers, such as health management companies.

As of December 31, 2023, our trade receivables and long-term trade receivables was RMB428.9 million, of which RMB160.9 million was overdue, representing 37.5% of our total trade receivables and long-term trade receivables. As of December 31, 2023, we had made provisions of RMB38.5 million in relation to our total trade receivables and long-term trade receivables. We generally review our recoverability of trade receivables and long-term trade receivables by taking into account factors including but not limited to (i) the on-going business performance and financial condition of our customers, (ii) the expected business performance and financial condition of our customers in the near future, (iii) the shareholding background of our customers, relevant credit supporting and their plan to settle the corresponding trade receivables and long-term trade receivables, and (iv) the negotiation results with the relevant customers. We may make relevant provisions of expected credit losses as necessary. We engaged an independent external valuer to assess the recoverable amounts of total trade receivables and long-term trade receivables as of December 31, 2021, 2022 and 2023, respectively, and we have made relevant provisions as advised by the independent external valuer in each corresponding year. In addition, historically, there were limited occasions where we made individually impaired provisions as a result of customers' non-repayment with extremely low willingness to repay. Furthermore, for the trade receivables and long-term trade receivables remained overdue as of December 31, 2023, we have arranged relevant discussions and communications with certain customers regarding their plans to settle relevant late payments and most of which have confirmed that they would settle the relevant late payments pursuant to relevant payment schedule agreed between us and those customers. As such, we believe that we have made sufficient provisions in relation to our total trade receivables and long-term trade receivables. As of March 31, 2024, RMB101.4 million, or approximately 23.6% of our trade receivables and long-term trade receivables as of December 31, 2023 had been settled. Based on the above, we believe that there is no recoverability issue in relation to trade receivables and long-term trade receivables that could have a material adverse effect on our business operations.

During the Track Record Period, most of our trade receivables were outstanding for less than one year. The following table sets forth the turnover days of our trade receivables, including: (i) trade receivables; (ii) long-term trade receivables — current portion; and (iii) long-term trade receivables, for the years indicated:

	Year ended December 31,		
	2021	2022	2023
		(days)	
Trade receivables turnover days[(1)]	125	124	137

Note:

(1) Trade receivables turnover days equal the average of the opening and closing balances of trade receivables, including: (i) trade receivables; (ii) long-term trade receivables — current portion; and (iii) long-term trade receivables, divided by total revenue for the same year and multiplied by 365 days for 2021, 2022 and 2023.

Our trade receivables turnover days remained relatively stable at 125 in 2021 and 124 and 2022, respectively. Our trade receivables turnover days increased from 124 in 2022 to 137 in 2023, due to an increase in the amount of our total trade receivables as of December 31, 2023 primarily because some outstanding trade receivables had not reached their due date by the end of 2023.

Prepayments, Deposits and Other Receivables

Our prepayments, deposits and other receivables primarily comprise (i) deposits, (ii) prepayment to suppliers, and (iii) prepayments for purchase of property, plant and equipment. The following table sets forth our prepayments, deposits and other receivables as of the dates indicated:

	As of December 31,		
	2021	2022	2023
		(RMB in thousand)	
Included in non-current assets			
Other receivables			
Deposits — non-current portion[1]	40,603	37,777	14,839
Less: provision for impairment	(587)	(579)	(740)
Loans to related party	–	–	3,450
Receivables from disposal of subsidiaries	–	–	9,302
	40,016	37,198	26,851
Prepayments			
Prepayments for equity investments	–	23,100	600
Prepayments for purchase of property, plant and equipment	38,208	135,834	87,970
Deductible value-added tax input	25,001	19,185	15,309
Prepayments for intangible assets	2,051	2,249	2,157
	65,260	180,368	106,036
Total	105,276	217,566	132,887
Included in current assets			
Other receivables			
Other receivables from related parties	–	–	236
Deposits — current portion[1]	19,663	15,426	23,465
Advances to employees	1,342	1,816	618
Loans to a third party	–	3,600	–
Receivables from disposal of subsidiaries	–	–	2,360
Others	438	458	829
	21,443	21,300	27,508
Less: provision for impairment	(38)	(80)	(80)
	21,405	21,220	27,428

	As of December 31,		
	2021	2022	2023
		(RMB in thousand)	
Prepayments			
Prepayment to a related party	24,700	4,546	3,240
Prepayment to suppliers[(2)]	61,665	53,774	5,217
Deductible value-added tax input[(3)]	36,851	14,273	23,601
Prepayment for listing expenses	3,825	5,707	13,011
Prepaid expenses	13,224	11,248	13,590
	140,265	89,548	58,659
Total	161,670	110,768	86,087

Notes:

(1) Deposits mainly represent security deposits for our borrowings from financial leasing companies, rental of buildings and the bidding.

(2) Prepayment to suppliers mainly represents advance payments to vendors to purchase raw material and machinery for the business.

(3) Input VAT to be deducted is mainly input VAT arising from the acquisition of property, plant and equipment, intangible assets and materials. According to the Announcement of the General Administration of Taxation and Customs of the Ministry of Finance on Policies for Deepening the Reform of Value-Added Tax (Announcement of the General Administration of Taxation and Customs of the Ministry of Finance, (2019) No. 39) (《財政部稅務總局海關總署關於深化增值稅改革有關政策的公告》(財政部稅務總局海關總署公告2019年第39號)), enterprises with value-added tax recoverable balances can, starting from April 1, 2019, apply for the refund with a percentage of 10% of the current deductible input tax.

We granted a loan to the Shanghai Zhengying Medical Imaging Diagnosis Center Co., Ltd. (上海正影醫學影像診斷中心有限公司) ("**Shanghai Zhengying**") in 2023. The principal of the loan was RMB3.45 million, which was fully granted in August 2023, bearing an effective interest rate of 5.0% per annum, and will be fully repayable in 2025. The purpose of the loan is to support Shanghai Zhengying's imaging center business operations. To measure the expected credit losses, the receivables have been individually assessed on credit risk characteristics. Based on the on-going business performance and financial conditions of Shanghai Zhengying and the analysis prepared by the independent valuer, we have made provisions of RMB12.0 thousand as expected credit losses as of December 31, 2023. As of the Latest Practicable Date, we believe that there was no material recoverability issue with respect to the remaining amount of the loan, because (i) the loan agreement expressly sets out our rights and Shanghai Zhengying's obligations, and (ii) Shanghai Zhengying is an associate of our Company in which we hold 15.0% equity interest. We had no plan to grant any further loan to Shanghai Zhengying or any other related parties. As advised by our PRC Legal Advisor, such loan arrangement between us and Shanghai Zhengying does not violate the currently effective mandatory laws and regulations of the PRC based on the following:

(i) According to the General Lending Provisions (《貸款通則》), an administrative regulation promulgated by the PBOC in 1996, only financial institutions may legally engage in the business of extending loans, and enterprises shall not engage in lending or disguised lending and financing businesses in violation of laws and regulations. According to the PBOC's response to the inquiry on the PBOC headquarters' website, it was confirmed that the General Lending Provisions regulate lending behaviors between a borrower and a lender (which, according to the General Lending Provisions, refers to a Chinese-invested financial institution lawfully established in the PRC that is engaged in the loan business), and the loan arrangement described in the inquiry (where a private company using its own funds to support its business partners while receiving compensation in return) does not constitute behaviors regulated under the General Lending Provisions.

(ii) According to the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (《最高人民法院關於審理民間借貸案件適用法律若干問題的規定》) (the "**Judicial Interpretations on Private Lending Cases**") promulgated on August 6, 2015, last revised on December 29, 2020 and effective on January 1, 2021, in terms of a private lending contract concluded between legal persons or non-legal-person organizations or between a legal person and a non-legal-person organization for their production and operational need with interest rates that do not exceed four times the market interest rate for loans with a maturity of one year or less at the conclusion of the contract, except under any of the circumstances as prescribed in Articles 146, 153 and 154 of the Civil Code of the PRC and Article 13 of the Judicial Interpretations on Private Lending Cases, relevant people's court shall recognize the validity of the private lending contract.

(iii) The facts that (a) the loan arrangement is made for the purpose of Shanghai Zhengying's imaging center business operations, and we do not conduct the loan arrangement as a money-lending business, (b) the loan arrangement did not involve the circumstances as set forth in Articles 146, 153 and 154 of the Civil Code of the PRC or Article 13 of the Judicial Interpretations on Private Lending Cases, (c) the interest rates of the loan arrangement did not exceed four times the market interest rate for loans with a maturity of one year or less at the conclusion of the contract.

(iv) As of the Latest Practicable Date, we had not been subject to any administrative penalties, investigations, enforcement actions or received any notice from any regulatory authority as a result of the loan arrangement with Shanghai Zhengying.

We granted a loan to the Wenzhou Rimag Yiying Medical Imaging Diagnosis Co., Ltd. (溫州一脈頤影醫學影像診斷有限公司) ("**Wenzhou Yiying**") in 2022 as part of the acquisition transaction in relation to Wenzhou Yiying. We entered into a share transfer agreement on September 28, 2022 with Wenzhou Yiying Health Clinic Hospital Co., Ltd. (溫州頤影健診醫院有限公司) (the "**Wenzhou Yiying Vendor**"), pursuant to which we agreed to acquire 60% equity interest in Wenzhou Yiying from the Wenzhou Yiying Vendor at a consideration of RMB26.4 million (the "**Acquisition of Wenzhou Yiying**"), with the remaining equity interest being held by the Wenzhou Yiying Vendor. Wenzhou Yiying is a company incorporated in the PRC primarily engaged in the provision of medical imaging and diagnostic service in Zhejiang Province. As part of the Acquisition of Wenzhou Yiying, we granted a loan to Wenzhou Yiying. The principal of the loan was RMB3.6 million, which was fully granted on December 15, 2022 on an interest-free basis for a period of 12 months and the purpose of the loan is to fund the Wenzhou Yiying's working capital, mainly to purchase PET-CT equipment. As of the Latest Practicable Date, the Acquisition of Wenzhou Yiying had been fully completed and we had no plan to grant any further loan to the Wenzhou Yiying or any other third parties.

As of December 31, 2021, 2022 and 2023, our prepayments, deposits and other receivables were RMB266.9 million, RMB328.3 million and RMB219.0 million, respectively. The increase in our prepayments, deposits and other receivables as of December 31, 2022 compared to December 31, 2021 was primarily due to an increase in prepayments for purchase of property, plant and equipment as a result of our procurement projects for the construction of imaging centers. The decrease in our prepayments, deposits and other receivables as of December 31, 2023 compared to December 31, 2022 was primarily due to (i) the decrease in prepayments for purchase of property, plant and equipment, (ii) the decrease in prepayment to suppliers, because our procurement projects for imaging centers were completed in 2023 and the relevant prepayment for equipment were accounted as assets or construction in progress and the advance payment to vendors to purchase raw material and machinery for the business decreased correspondingly.

Financial assets at FVPL

The financial asset at FVPL was generated from the disposal of the equity interest in Wuhan Rimag in 2022. For details of the disposal of Wuhan Rimag, see "Business — Imaging Center Services — Overview."

On September 28, 2022, we entered into an equity transfer agreement with Shangyi Bangkang Hospital Management Co., Ltd. ("**Bangkang**"), a related party of the non-controlling shareholder which then held 40% equity interest in Wuhan Rimag. Established in September 2016, Bangkang has been primarily engaging in health management and medical services in Wuhan. Mr. LI Xinyun, the ultimate beneficial owner of Bangkang, is also the director of Yichang Rimag Medical Imaging Diagnosis Center Co., Ltd., one of our subsidiaries. Bangkang was renamed Youyihui Hospital Management (Hubei) Group Co., Ltd. in March 2023.

Pursuant to the equity transfer agreement, we agreed to dispose of our entire 60% equity interest in Wuhan Rimag to Bangkang. In addition, Mr. LI Xinyun provided credit support in forms of asset-based mortgages of two properties with joint and several liability for the repayment arrangement as below.

Wuhan Rimag originally had an amount of RMB121.7 million due to us, while at the time of the disposal, Wuhan Rimag recorded net liabilities and had limited capacity to repay the due amount prior to the disposal. We engaged an independent appraiser for Wuhan Rimag's business and the expected recoverability of the due amount. The consideration of the equity transfer and the repayment arrangement by Wuhan Rimag were determined by taking reference to Wuhan Rimag's financial condition at the time of the disposal and its expected business performance in the future.

We agreed that Wuhan Rimag shall settle the due amount by the following repayment arrangement: upon completion of the equity transfer, Wuhan Rimag shall repay RMB41.1 million immediately and RMB25.6 million over the following 10 years, in addition, Wuhan Rimag should continue to pay us at the amount of certain percentages of its annual sales over the following 10 years. Given the total cash flow from the above payment would vary according to future sales, it is accounted for as financial asset at FVPL excluding the first repayment of RMB41.1 million, the fair value of the remaining repayment schedule is RMB50.3 million. The sum of the first repayment and fair value of the remaining payment schedule was RMB91.4 million, which shall be regarded as the consideration for the equity transfer.

For detailed information on the financial asset at FVPL, please refer to note 11(b) in the Accountant's Report in Appendix I to this prospectus, and for fair value measurement of financial instruments, please refer to note 3.3(e) to the Accountant's Report in Appendix I to this prospectus.

We will comply with the appropriate disclosure requirements under the Chapter 14 of the Listing Rules in relation to the financial assets at FVPL.

Trade Payables

Our trade payables represent obligations to pay for goods or services that have been acquired by us in the ordinary course of business from suppliers. The following table sets forth an ageing analysis of our trade payables as of the dates indicated:

	As of December 31,		
	2021	2022	2023
		(RMB in thousand)	
Within 1 year	24,187	16,549	20,018
1–2 years	2,753	1,093	2,692
2–3 years	86	1,536	–
Over 3 years	–	86	772
Total	**27,026**	**19,264**	**23,482**

As of March 31, 2024, RMB14.7 million, or approximately 62.6% of our trade payables as of December 31, 2023 had been settled.

As of December 31, 2021, 2022 and 2023, our trade payables were RMB27.0 million, RMB19.3 million and RMB23.5 million, respectively. The decrease in our trade payables from December 31, 2021 to 2022 was primarily because we made more advance payments to imaging equipment suppliers in 2021 as compared to 2022. The increase in our trade payables as of December 31, 2023 compared to December 31, 2022 was mainly in line with our revenue growth.

The following table sets forth the turnover days of our trade payables for the years indicated:

	Year ended December 31,		
	2021	2022	2023
		(days)	
Trade payables turnover days(1)	26	15	13

Note:

(1) Trade payables turnover days equal the average of the opening and closing balances of trade payables divided by total cost of sales for the same year and multiplied by 365 days for 2021, 2022 and 2023.

Our trade and other payables turnover days decreased from 26 in 2021 to 15 in 2022, and further decreased to 13 in 2023, primarily due to a continual increase in the revenue of our imaging solution services, while its turnover days were generally lower than our other business lines.

Contract Liabilities

Our contract liabilities represent prepayments we received from imaging center services, imaging solution services and Rimag Cloud services. We have recognized the following contract liabilities as of the dates indicated:

	As of December 31,		
	2021	2022	2023
		(RMB in thousand)	
Contract liabilities related to imaging center services .	1,770	5,038	3,492
Contract liabilities related to imaging solution services.	57,821	63,793	5,139
Contract liabilities related to Rimag Cloud services . .	–	329	328
Total.	**59,591**	**69,160**	**8,959**

As of December 31, 2021, 2022 and 2023, our contract liabilities were RMB59.6 million, RMB69.2 million and RMB9.0 million, respectively. The increase in our contract liabilities as of December 31, 2022 as compared to December 31, 2021 was primarily due to an increase in contract liabilities related to imaging solution services resulting from increases in prepayments received under this business line. The decrease in our contract liabilities as of December 31, 2023 as compared to December 31, 2022 was primarily because we recognized revenue for the relevant imaging solution projects.

Net Current Assets

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

	As of December 31,			As of March 31,
	2021	2022	2023	2024
	(RMB in thousand)			
				(Unaudited)
Current assets				
Inventories	6,952	6,684	5,333	6,832
Long-term trade receivables	11,552	11,631	23,232	23,277
Trade receivables	177,571	263,960	308,796	355,519
Prepayments, deposits and other receivables	161,670	110,768	86,087	91,419
Restricted cash	–	2	2	–
Cash and cash equivalents	490,007	340,194	188,835	149,926
Financial assets at fair value through other comprehensive income	–	–	3,491	3,491
Assets classified as held for sale	–	–	4,703	4,703
Total current assets	**847,752**	**733,239**	**620,479**	**635,167**
Current liabilities				
Trade payables	27,026	19,264	23,482	36,631
Other payables and accruals	64,855	69,532	75,869	50,751
Contract liabilities	59,591	69,160	8,959	19,712
Current tax liabilities	24,376	29,951	42,662	42,004
Borrowings	174,125	187,137	125,042	126,693
Lease liabilities	17,648	22,052	39,731	50,202
Other non current liability — current portion	–	–	439	439
Total current liabilities	**367,621**	**397,096**	**316,184**	**326,432**
Net current assets(1)	**480,131**	**336,143**	**304,295**	**308,735**
Net assets(2)	**1,303,255**	**1,316,239**	**1,335,114**	**1,337,697**

Notes:

(1) Net current assets equal total current assets less total current liabilities as of the dates indicated.

(2) Net assets equal total assets less total liabilities as of the dates indicated.

We had net current assets of RMB308.7 million as of March 31, 2024 compared to net current assets of RMB304.3 million as of December 31, 2023, primarily due to (i) an increase in trade receivables generally in line with our business growth, partially offset by (ii) a decrease in cash and cash equivalents mainly as we used cash for the purchase of equipment for our imaging centers.

We had net current assets of RMB304.3 million as of December 31, 2023 compared to net current assets of RMB336.1 million as of December 31, 2022, primarily due to (i) a decrease in cash and cash equivalents as we repaid some bank borrowings and borrowings to financial leasing companies, (ii) a decrease in prepayments, deposits and other receivables primarily as a result of the decrease in prepayment to suppliers, partially offset by (iii) an increase in trade receivables as a result of the increase in trade receivables due from third parties, (iv) a decrease in contract liabilities related to imaging solution services, and (v) a decrease in borrowings as we repaid some bank borrowings and borrowings to financial leasing companies.

We had net current assets of RMB336.1 million as of December 31, 2022 compared to net current assets of RMB480.1 million as of December 31, 2021, primarily due to (i) a decrease in cash and cash equivalents, mainly due to an increase in repayment of debt and capital expenditures, and (ii) an increase in borrowings, mainly as a result of an increase in the balances of bank loans and borrowings from financial leasing companies to meet the needs of our business growth, partially offset by (iii) an increase in trade receivables generally in line with our business growth.

Our net assets remained relatively stable at RMB1,337.7 million as of March 31, 2024 and RMB1,335.1 million as of December 31, 2023.

We had net assets of RMB1,335.1 million as of December 31, 2023 compared to net assets of RMB1,316.2 million as of December 31, 2022, primarily due to (i) profit for the year of RMB36.6 million, (ii) capital injection of RMB3.6 million from non-controlling interests, (iii) share-based payments for our employees of RMB2.6 million, partially offset by (iv) transactions with non-controlling interests of RMB39.7 million.

We had net assets of RMB1,316.2 million as of December 31, 2022 compared to net assets of RMB1,303.3 million as of December 31, 2021, primarily due to (i) the disposal of subsidiaries of RMB22.3 million, (ii) capital injection of RMB3.7 million, (iii) share-based payments expenses for our employees of RMB3.2 million, and partially offset by (iv) loss for the year of RMB15.1 million in 2022 and (v) dividend distribution of RMB1.2 million.

Indebtedness

The table below sets forth some details of our indebtedness as of the dates indicated:

	As of December 31,			As of March 31,
	2021	2022	2023	2024
	(RMB in thousand)			
				(Unaudited)
Current				
Borrowings	174,125	187,137	125,042	126,693
Lease liabilities	17,648	22,052	39,731	50,202
Non-trade other payables to related parties	5,436	5,945	13	–
Non-current				
Borrowings	208,048	165,147	84,966	113,425
Lease liabilities	169,505	108,785	136,280	116,294
Total indebtedness	**574,762**	**489,066**	**386,032**	**406,614**

Our Directors confirm that as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt and there was no breach of any covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that our Group did not experience any difficulty in obtaining credit facilities or other borrowings, default in payment of credit facilities or other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Save as disclosed in the table above, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of the Latest Practicable Date. Our Directors confirm that there had not been any material change in our indebtedness since the Latest Practicable Date up to the date of this prospectus.

Borrowings

The table below sets forth some details of our borrowings as of the dates indicated:

	As of December 31,			As of March 31,
	2021	2022	2023	2024
	(RMB in thousand)			
				(Unaudited)
Non-current:				
Long-term bank borrowings	45,311	80,073	55,904	56,884
Loans from financial leasing companies	291,033	228,211	130,302	160,417
Less: Current portion of long-term bank borrowings	(15,587)	(35,990)	(28,324)	(25,646)
Current portion of loans from financial leasing companies	(112,709)	(107,147)	(72,916)	(78,230)
	208,048	**165,147**	**84,966**	**113,425**
Current:				
Short-term bank borrowings	45,000	44,000	23,280	22,280
Current portion of long-term bank borrowings	15,587	35,990	28,324	25,646
Current portion of loans from financial leasing companies	112,709	107,147	72,916	78,230
Loans from a third party	829	–	522	537
	174,125	**187,137**	**125,042**	**126,693**
Total borrowings	**382,173**	**352,284**	**210,008**	**240,118**

As of December 31, 2021, 2022 and 2023 and March 31, 2024, the aggregate balance of our borrowings was RMB382.2 million, RMB352.3 million, RMB210.0 million and RMB240.1 million, respectively. As of March 31, 2024, all of our borrowings had been fully drawdown, and there was no unutilized loan facilities from banks or financial leasing companies.

As of March 31, 2024, bank borrowings of RMB35.4 million were guaranteed by an employee of our Company. According to the relevant banks' internal policies in relation to granting facilities to private companies, it is a compulsory requirement to have a personal guarantee as a form of credit support. We and the relevant banks believe that the aforementioned employee, being our shareholder and a member of our senior management, has appropriate capacity to provide such credit support, who was willing to facilitate those transactions. As of the Latest Practicable Date, other than being our shareholder and a vice president of our internet hospital, the aforementioned employee was not the family member (as defined under Rule 14A.12(2)(a) of the Listing Rules) and had no employment, business, financing or other relationship with our Company and our subsidiaries, their current shareholders, directors, senior management or any of their respective associates, and there was no side agreements or arrangements among the shareholders, our Company, our subsidiaries, their shareholders, directors, senior management or any of their respective associates, with respect to those bank borrowings guaranteed by such employee. Our Directors believe that the aforementioned bank borrowings will not materially and adversely affect our financial condition or results of operations because (i) we have sufficient net cash generated from operating activities, bank borrowings, finance leases and equity financing to fund our working capital, (ii) as of March 31, 2024, we had cash and cash equivalent amounted to RMB149.9 million, and (iii) during the period from January 1, 2024 to the Latest Practicable Date, we had obtained facilities from a bank of RMB10.0 million and a financing company of RMB40 million without relying on any personal guarantee granted by any employee or shareholder of us. The aforementioned guarantees will be released, or the corresponding bank borrowings will be fully repaid, within six months after the Listing.

Our bank borrowings agreements contain standard terms, conditions and covenants that are customary for commercial bank loans. As of the Latest Practicable Date, the agreements under our borrowings did not contain any covenant that would have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. For details, see note 31 to the Accountant's Report in Appendix I to this prospectus.

Lease Liabilities

Our lease liabilities primarily arise from leases of certain office and imaging centers properties from third parties. As of December 31, 2021, 2022 and 2023 and March 31, 2024, the aggregate balance of our lease liabilities was RMB187.2 million, RMB130.8 million, RMB176.0 million and RMB166.5 million, respectively.

Contingent Liabilities

As of December 31, 2023, we did not have any material contingent liabilities, guarantees, legal, arbitration or administrative proceedings that were expected to materially and adversely affect our financial condition or results of operations, although there can be no assurance that this will be the case in the future. Our Directors confirm that there has been no material change in our contingent liabilities since December 31, 2023 to the date of this prospectus.

Liquidity and Capital Resources

Overview

Historically, we funded our working capital primarily from net cash generated from operating activities, bank borrowings, finance leases and equity financing. We expect to use a portion of the proceeds from the Global Offering to fund our working capital requirements.

Working Capital Sufficiency

Taking into account the net proceeds from the Global Offering and the financial resources available to us, our Directors believe that we have sufficient working capital for our present requirements, that is, for at least 12 months from the date of this prospectus.

Cash Flows

The following table sets forth selected cash flow statement information for the years indicated:

	Year ended December 31,		
	2021	2022	2023
		(RMB in thousand)	
Cash generated from operations	28,008	206,598	209,768
Interest received	1,039	4,730	2,897
Income tax paid	(11,047)	(13,159)	(11,230)
Net cash generated from operating activities	**18,000**	**198,169**	**201,435**
Net cash used in investing activities	**(151,033)**	**(251,536)**	**(117,072)**
Net cash generated from/(used in) financing activities	**452,921**	**(96,446)**	**(235,722)**
Net increase/(decrease) in cash and cash equivalents	**319,888**	**(149,813)**	**(151,359)**
Cash and cash equivalents at the beginning of the year	**170,119**	**490,007**	**340,194**
Cash and cash equivalents at the end of the year	**490,007**	**340,194**	**188,835**

Net Cash Generated from Operating Activities

Our net cash generated from or used in operating activities mainly consists of profit/loss before income tax adjusted for (i) non-cash items, such as net finance costs, depreciation of property, plant and equipment and depreciation of right-of-use assets, (ii) the effects of changes in working capital, such as contract liabilities, trade payables, other payables and accruals, trade receivables and other receivables and prepayments, and (iii) the effects of interest received and income tax paid.

In 2023, we had net cash generated from operating activities of RMB201.4 million, primarily attributable to our profit before income tax of RMB43.4 million, as adjusted for non-cash items, and changes in working capital including trade receivables, other receivables and prepayments, trade payable, other payables and accruals and contract liabilities.

In 2022, we had net cash generated from operating activities of RMB198.2 million, primarily attributable to our profit before income tax of RMB0.9 million, as adjusted for non-cash items, and changes in working capital including an increase in trade receivables, other receivables and prepayments, an increase in trade payables, other payables and accruals and an increase in inventories.

In 2021, we had net cash generated from operating activities of RMB18.0 million, primarily attributable to our loss before income tax of RMB362.7 million, as adjusted by non-cash items, and changes in working capital including decreases in trade receivables, other receivables and prepayments, contract liabilities, trade payables, other payables and accruals and inventories.

Net Cash Used in Investing Activities

Our cash used in investing activities primarily consists of proceeds from write-off subsidiaries and proceeds from the disposal of property, plant and equipment. Our cash outflows from investing activities primarily consist of purchases of property, plant and equipment, investment in associates and the acquisition of a subsidiary.

In 2023, we had net cash used in investing activities of RMB117.1 million, which was primarily attributable to (i) payment of our purchases of property, plant and equipment of RMB92.3 million and (ii) investment in associates and joint ventures of RMB17.3 million.

In 2022, we had net cash used in investing activities of RMB251.5 million, which was primarily attributable to (i) payment of our purchases of property, plant and equipment of RMB267.2 million, (ii) prepayment on equity investment of RMB23.1 million, and (iii) investment in associates and joint ventures of RMB8.6 million.

In 2021, we had net cash used in investing activities of RMB151.0 million, which was primarily attributable to (i) payment of our purchases of property, plant and equipment of RMB138.0 million, (ii) investment in associates and joint ventures of RMB26.0 million, and (iii) acquisition of a subsidiary of RMB8.3 million, partially offset by (iv) the proceeds from disposal of property, plant and equipment of RMB25.9 million.

Net Cash Generated from/Used in Financing Activities

Our cash generated from financing activities primarily includes a capital injection from our Company's shareholders and borrowings from banks and financial leasing companies. Our cash used in financing activities primarily includes repayments of borrowings to banks and financial leasing companies.

In 2023, we had net cash used in financing activities of RMB235.7 million, which was primarily attributable to (i) repayment of loans from financial leasing companies of RMB127.5 million and (ii) repayment of bank borrowings of RMB82.8 million, partially offset by (iii) proceeds from loans from financial leasing companies of RMB29.6 million.

In 2022, we had net cash used in financing activities of RMB96.4million, which was primarily attributable to (i) repayments of borrowings to financial leasing companies of RMB115.3 million, and (ii) repayment of borrowings to banks of RMB68.4 million, partially offset by (iii) borrowings from financial leasing companies of RMB52.5 million.

In 2021, we had net cash generated from financing activities of RMB452.9 million, which was primarily attributable to (i) a capital injection from our Company's shareholders of RMB616.4 million, (ii) borrowings from banks of RMB115.3 million, and (iii) borrowings from financial leasing companies of RMB61.8 million, partially offset by (iv) repayments of borrowings to financial institution of RMB152.5 million, and (v) repayment of borrowings to banks of RMB132.4 million.

Selected Financial Ratios

The following table sets forth our key financial ratios for the years or as of the dates indicated:

	Year ended December 31,		
	2021	2022	2023
		(%)	
Profitability ratios			
Gross profit margin[(1)]	29.6	30.2	35.8
Net (loss)/profit margin[(2)]	(64.5)	(1.9)	3.9
Non-IFRS measures			
Adjusted EBITDA margin (non-IFRS measure)[(3)]	25.1	27.1	29.8
Adjusted net (loss)/profit margin (non-IFRS measure)[(4)]	(12.0)	(0.7)	6.5

	As of December 31,		
	2021	2022	2023
Liquidity ratios			
Current ratio[(5)] *(times)*	2.31	1.85	1.96
Quick ratio[(6)] *(times)*	2.29	1.83	1.95
Capital adequacy ratio			
Gearing ratio[(7)] *(%)*	29.3[(8)]	26.8	15.7

Notes:

(1) Gross profit margin is calculated based on gross profit divided by revenue and multiplied by 100%.

(2) Net (loss)/profit margin is calculated based on (loss)/profit for the year divided by revenue and multiplied by 100%.

(3) Adjusted EBITDA margin (non-IFRS measure) is calculated based on adjusted EBITDA (non-IFRS measure) divided by revenue and multiplied by 100%. See "— Principal Components of Our Consolidated Statements of Profit or Loss — Non-IFRS Measures" for a reconciliation from our (loss)/profit before income tax to EBITDA (non-IFRS measure) and adjusted EBITDA (non-IFRS measure).

(4) Adjusted net (loss)/profit margin (non-IFRS measure) is calculated based on adjusted net (loss)/profit (non-IFRS measure) divided by revenue and multiplied by 100%. See "— Principal Components of Our Consolidated Statements of Profit or Loss — Non-IFRS Measures" for a reconciliation from our (loss)/profit for the year to adjusted net (loss)/profit (non-IFRS measure).

(5) Current ratio is calculated based on total current assets divided by total current liabilities.

(6) Quick ratio is calculated based on total current assets less inventories divided by total current liabilities.

(7) Gearing ratio is calculated based on total borrowings divided by total equity and multiplied by 100%.

(8) The higher gearing ratio in 2021 as compared to 2022 was mainly due to the lower outstanding borrowings as a result of our repayments in 2022.

Gross Profit Margin and Net (Loss)/Profit Margin

See "— Results of Operations" for a discussion of the factors affecting our gross margins during the Track Record Period.

Current Ratio

Our current ratio decreased from 2.31 as of December 31, 2021 to 1.85 as of December 31, 2022, primarily because our current liabilities increased while our current assets decreased in 2022. The increase in our current liabilities was primarily due to an increase in borrowings of RMB13.0 million and contract liabilities of RMB9.6 million. Our current ratio increased from 1.85 as of December 31, 2022 to 1.96 as of December 31, 2023, primarily because while (i) our total current assets decreased primarily due to a decrease in cash and cash equivalents, partially offset by an increased in trade receivables, (ii) our total current liabilities decreased primarily due to a decrease in our borrowings, the decrease rate of total current liabilities was higher than that of total current assets.

Quick Ratio

Consistent with the changes in our current ratio, our quick ratio decreased from 2.29 as of December 31, 2021 to 1.83 as of December 31, 2022 and then increased to 1.95 as of December 31, 2023.

Capital Expenditures and Commitments

Capital Expenditures

During the Track Record Period, we incurred capital expenditures mainly for the purchase of property, plant and equipment as well as purchases of intangible assets such as software and goodwill. The following table sets forth a breakdown of our capital expenditures for the years indicated:

	Year ended December 31,		
	2021	2022	2023
		(RMB in thousand)	
Purchases of property, plant and equipment	(137,984)	(267,193)	(92,320)
Purchases of intangible assets.	(4,695)	(4,440)	(4,197)

Capital Commitments

The table below sets forth our capital commitments as of the dates indicated:

	As of December 31,		
	2021	2022	2023
		(RMB in thousand)	
Contracted but not recognized as liabilities			
— Commitments for acquisition of property, plant and equipment and intangible assets	14,206	16,770	10,987

We funded and expect to continue to fund our capital commitments by cash generated from our operations and borrowings. During the Track Record Period, our capital commitments were mainly attributable to purchases of imaging equipment.

Related Party Transactions and Balances

During the Track Record Period, we entered into a number of related party transactions, pursuant to which, among others, (i) we purchased goods from certain related parties, (ii) we sold services and goods to certain related parties, and (iii) we paid compensation to key management personnel who are related parties of our Company, among other things. In particular, other payables and the outstanding contracts relating to non-trade balances of prepayments are non-trade in nature and will be settled or utilized before the Listing. For further details, see note 39 to the Accountant's Report in Appendix I to this prospectus.

Our Directors believe that our transactions with related parties during the Track Record Period were conducted on normal commercial terms and on an arm's-length basis, and would not distort our results of operations or make our historical results not reflective of our future performance.

Off-balance Sheet Arrangements

As of the Latest Practicable Date, we did not have any outstanding off-balance sheet arrangements.

Quantitative and Qualitative Disclosures About Financial Risks

Our activities expose us to a variety of financial risks: market risk (including currency risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. Risk management is carried out by our senior management.

Market Risk

Cash Flow and Fair Value Interests Rate Risk

Our interest rate risk arises from bank deposits and borrowings. Borrowings obtained at variable rates expose us to cash flow interest rate risk which is partially offset by cash at bank with variable interest rates. Borrowings obtained at fixed rates expose us to fair value interest rate risk. During the Track Record Period, our borrowings bore interest both at variable rates and fixed rates.

Bank deposits carried at prevailing market interest rates expose us to cash flow interest rate risk. We closely monitor interest rate trends and their impact on our interest rate risk exposure to ensure it is within an acceptable level. During the Track Record Period, we have not used any interest rate swap arrangements.

As of December 31, 2021, 2022 and 2023, if our interest rate on borrowings had been higher/lower by 50 basis points of the current interest rate, with other variables held constant, profit in 2021, 2022 and 2023 would have been approximately RMB1,002,000, RMB860,000 and RMB509,000 lower/higher, respectively.

Credit Risk

Credit risk arises from cash and cash equivalents and restricted cash, trade receivables, long-term trade receivables and other receivables. The carrying amount of each class of the above financial assets and liabilities represents our maximum exposure to credit risk in relation to the corresponding class of financial assets.

Credit Risk of Cash and Cash Equivalents and Restricted Cash

To manage this risk, cash deposits at bank are mainly placed with state-owned and reputable financial leasing companies in the PRC. There has been no recent history of default in relation to these financial leasing companies. These instruments are considered to have low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. The identified credit losses are immaterial.

Impairment of Financial Assets

We have the following three types of financial assets and liabilities that are subject to the expected credit loss model.

–Trade Receivables

We apply the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. The expected loss rates are based on the ageing profiles of trade receivables over a period of 36 months before December 31, 2021, 2022 and 2023, respectively. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle such receivables.

We assessed that the expected credit loss rate for trade receivables from related parties were low since related parties have a strong capacity to meet their contractual cash flow obligations in the near term. We have assessed that the expected credit loss rate for trade receivables from related parties is immaterial and consider them to have a low credit risk, and thus the loss allowance is immaterial.

Individually impaired trade receivables are related to the deterioration of the customer's financial position or the customer's extremely low willingness to repay, thus some trade receivables cannot be collected. We expect that the amounts of such receivables will be partially or entirely difficult to recover, and have recognized impairment losses.

−Long-term Trade Receivables

We apply the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all long-term trade receivables. To measure expected credit losses, long-term trade receivables have been individually assessed on credit risk characteristics. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle such receivables.

The expected credit loss rate for long-term trade receivables remained relatively stable at 3.3% and 2.8% as of December 31, 2021 and 2022, respectively, and increased to 11.8% as of December 31, 2023, mainly due to the increased provision of long-term trade receivables of a hospital customer in 2023. See "— Description of Certain Components of Our Consolidated Statements of Financial Position — Trade Receivables and Long-term Trade Receivables" and note 21 to the Accountant's Report in Appendix I to this prospectus

−Other Receivables

Other receivables have been assessed for impairment on a collective basis based on different credit risk characteristics.

For other receivables, management makes periodic collective assessments as well as individual assessments on the recoverability of other receivables based on historical settlement records, past experience, existing market conditions as well as forward-looking estimates at the end of each reporting period. Our Directors believe that there is no material credit risk inherent in our outstanding balance of other receivables.

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

We have assessed that there was no significant increase in credit risk for other receivables. Thus, we used the 12-month expected credit losses model to assess credit loss of other receivables.

Liquidity Risk

To manage liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance our operations and mitigate the effects of fluctuations in cash flows. We expect to fund our future cash flow needs through internally generated cash flows from operations and borrowings from financial leasing companies. Management believes that there is no significant liquidity risk in view of the expected cash flows from operations and continuous support from banks in the coming 12 months.

For details, see note 3 to the Accountant's Report in Appendix I to this prospectus.

Dividend Policy

Our Company is a joint stock company incorporated in the People's Republic of China with limited liability. The payment and amount of any future dividend depend on the availability of dividends received from our subsidiaries.

During the Track Record Period, no dividend was declared or paid by our Company. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future.

Pursuant to the relevant provisions of the Company Law of the PRC, prior to the allocation of post-tax profits to shareholders, a company is mandated to make up any accrued losses and adhere to the prescribed extraction of statutory reserves as per regulatory requirements. Consequently, if the post-tax profits of a company prove insufficient to adequately offset extant losses, the company remains proscribed from distributing post-tax profits amongst its shareholders.

Any proposed distribution of dividends shall be formulated by our Board and will be subject to approval in our Shareholders' meeting. We do not currently have any pre-determined dividend payout ratio. A decision to declare or to pay any dividends in the future, and the amount of any such dividends, will depend on a number of factors, including our results of operations, cash flows, financial condition, payments by our subsidiaries of cash dividends to us, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends and other factors that our Board may consider important. No dividend will be declared or payable except out of our profits and reserves lawfully available for distribution. There can be no assurance that dividends of any amount will be declared or distributed in any year.

As advised by our PRC Legal Advisor, we may pay dividends only out of our accumulated profit and is not permitted to distribute any profits until any losses from prior fiscal years have been offset and statutory reserves for the current year have been drawn. Therefore, we do not expect to be able to pay dividends in 2024 given our accumulated losses of RMB447.8 million as of December 31, 2023.

Distributable Reserves

As of December 31, 2023, our Company did not have any distributable reserves available for distribution to our shareholders in view of our accumulated losses.

Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets

Please refer to Appendix II to this prospectus for details.

Disclosure Required Under the Listing Rules

Our Directors confirm that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

No Material Adverse Change

Our Directors have confirmed that up to the date of this prospectus there has been no material adverse change in our financial or trading position or prospects since December 31, 2023 (being the date of our latest audited financial statements) and there has been no event since December 31, 2023 which would materially affect the information shown in the Accountant's Report set out in Appendix I to this prospectus.

Listing Expenses

Listing expenses represent professional fees, underwriting commissions and other fees incurred in connection with the Global Offering. We estimate that our listing expenses will be approximately RMB76.4 million (assuming an Offer Price of HK$15.70 per Offer Share (being the mid-point of the indicative Offer Price range)), representing 30.1% of the gross proceeds (based on the mid-point of our indicative price range for the Global Offering) of the Global Offering. During the Track Record Period, we incurred listing expenses of RMB46.1 million, of which approximately RMB33.1 million was charged to the consolidated statements of profit or loss as administrative expenses and approximately RMB13.0 million was recorded as prepayment for listing expenses in the consolidated statements of financial position as of December 31, 2023 to be charged against equity upon the Listing. We expect to incur additional listing expenses of approximately RMB30.3 million, of which approximately RMB27.6 million is expected to be recognized in the consolidated statements of profit or loss as administrative expenses and approximately RMB2.7 million is expected to be recognized as a deduction in equity directly upon the Listing. Our Directors do not expect such expenses to materially impact our results of operations in the year ending December 31, 2024. By nature, our listing expenses are composed of (i) underwriting commission of approximately RMB10.2 million, and (ii) non-underwriting related expenses of approximately RMB66.2 million, which consist of fees and expenses of legal advisors and Reporting Accountant of approximately RMB45.5 million and other fees and expenses of approximately RMB20.7 million.

Future Plans

See "Business — Our Strategies" in this prospectus for a detailed description of our future plans.

Use of Proceeds

After deducting the underwriting commissions and other estimated offering expenses payable by us in connection with the Global Offering, and assuming an Offer Price of HK$15.70 per Share (being the mid-point of the indicative Offer Price range of HK$14.60 to HK$16.80), we estimate that we will receive net proceeds of approximately HK$223.8 million from the Global Offering. We intend to use the proceeds from the Global Offering for the purposes and in the amounts set forth below:

- approximately 50.0% of the net proceeds, or HK$111.9 million, for expanding our medical imaging center network. In particular, we plan to allocate:

  — approximately 30.8% of the net proceeds, or HK$68.9 million, for developing our imaging center services business in regions with relatively uneven distribution of medical resources. The overall size of the medical imaging equipment solutions market in China has been steadily expanding, and is expected to reach RMB190.0 billion in 2030, with a CAGR of 8.2% from 2023 to 2030, according to Frost & Sullivan. To pave the way for long-term success in this fast-growing market, we seek to focus on growing our customer base and improving market penetration by expanding our network and enriching our service offerings. With the successful implementation of such strategies, we have experienced robust growth in revenue from 2020 to 2022 at a CAGR of 25.1%. We plan to expand our network through continually constructing regional collaborative imaging centers in the following types of regions: (i) regions where we have existing business and support from business partners; (ii) regions that are not fully exploited yet; and (iii) regions with market demand for medical imaging services, such as Jiangxi province, Hubei province, Hunan province, Henan province and Guangdong province. We plan to establish approximately 11 regional collaborative imaging centers by the end of 2025 in line with market condition and our expansion plan;

  — approximately 10.2% of the net proceeds, or HK$22.8 million, for further developing specialized medical consortium imaging centers and operational management imaging centers in regions where we have already made investment to establish imaging centers, to further extend our medical imaging service capabilities and increase market penetration in such regions. We plan to establish approximately 17 specialized medical consortium imaging centers or operational management imaging centers by the end of 2025 in line with market condition and our expansion plan; and

— approximately 9.0% of the net proceeds, or HK$20.1 million, for (i) continually establishing flagship imaging centers in more developed cities such as provincial capital cities, to aggregate quality medical resources and increase our market share and penetration rate; and (ii) continually developing our existing flagship imaging centers in key provincial capital cities to achieve sustainable development, including enhancing marketing and branding efforts and advertisement activities, and optimizing service portfolios. In particular, we plan to expand our service offerings from precise diagnosis to precise prevention by including medical imaging-based specialized health screening programs targeted at individual healthcare consumers with suboptimal health status. We plan to approximately two flagship imaging center in provincial capitals by the end of 2025 in line with market condition and our expansion plan;

- approximately 20.0% of the net proceeds, or HK$44.8 million, for pursuing strategic cooperation and mergers and acquisitions in the medical imaging field and seeking strategic partnerships and investment opportunities along the medical imaging service industry chain. To complement our growth strategy, we will continue to enrich out network by selectively pursuing suitable strategic partnerships, investments and acquisitions in China. We will mainly seek opportunities with target companies that possess cutting-edge technologies such as big data analytics, machine learning and other technologies related to our business that would allow us to enhance our data intelligence infrastructure, or help us develop more medical specialty-based service offering. We also plan to seek partnerships with upstream and downstream companies, such as equipment providers, maintenance companies, AI service providers and industry associations. Apart from assessing the compatibility with our growth strategies, we would further review the operation and financial performance, management capabilities, compliance history, and other risk factors of the target businesses. In particular, we plan to focus on suitable targets which (i) strong track record of profitability, (ii) companies along the value chain of medical imaging for us to generate synergistic effects or reach scale or economics, and (iii) satisfactory expected return of investment. We plan to primarily consider majority investments for horizontal investments and minority investments for vertical acquisitions, as such are considered common business operation in the industry to strengthen the competitiveness of technology and offerings. According to Frost & Sullivan, as medical imaging industry is growing fast, there are adequate potential acquisition targets available in the market that satisfy our criteria. As a result, our Directors are of the view that such acquisition targets are widely available on the market and our acquisition plans are highly feasible. As of the Latest Practicable Date, we had not identified or pursued any strategic investment or acquisition target, and had not set any definitive investment or acquisition timeframe. In particular, we plan to allocate:

— approximately 12.0% of the net proceeds, or HK$26.9 million, for actively pursuing strategic cooperation, acquisition or investment opportunities to continue enhancing our industry integration and platform service capabilities in the medical imaging field; and

— approximately 8.0% of the net proceeds, or HK$17.9 million, for incubating companies along the value chain of the medical imaging industry chain and cooperating with potential strategic partners to enhance our service capabilities in each specialized area and abilities to integrate resources along the industry value chain.

- approximately 20.0% of the net proceeds, or HK$44.8 million, for extending our business to overseas countries and regions which (i) are relatively lacking in medical resources, such as Southeast Asia, and (ii) have high per capita disposable income and great growth potential for medical imaging services, such as the Middle East. In the face of differences between domestic and overseas markets in terms of target clientele, operational licensing, and revenue-cost structures, we will adopt the following measures: (i) we will re-evaluate the characteristics of the target overseas clients, such as their needs, habits, and purchasing power; (ii) we will adjust or redesign our medical imaging service model or products accordingly; (iii) we will research into the laws and regulations of the target countries and plan to hire local legal counsel or consultancy firms to advise on the application and maintenance of operational licenses in these overseas markets; and (iv) based on the economic conditions, consumer levels, and competitive dynamics of the targeted country or region, we will consider revising our pricing strategy.

We plan to recruit around six marketing and operational personnel, and around 80 medical personnel (including radiologists, radiologic technologists and nurses) in Hong Kong and Southeast Asia market. The following table sets forth a breakdown of estimated investments from net proceeds for the years indicated:

	Estimated investments from net proceeds for the eight months ending December 31,	Estimated investments from net proceeds for the year ending December 31,
	2024	2025
	(HK$ in million)	
Marketing and operation teams	1.0	1.4
Radiologist, radiologic technologist and nurses	1.7	6.8
Total	**2.7**	**8.2**

The remaining net proceeds for extending our business to overseas countries and regions will be used primarily for (i) sales and marketing activities to enhance our brand recognition and enlarge our customer base at the local market; (ii) engagement of local legal counsel or consultancy firms to research on laws and regulations of the target countries; and (iii) rental of offices and purchase of office equipment and devices, furnitures, utilities for our local imaging offices. As of the Latest Practicable Date, we had been continuously conducting our market research into overseas market.

- approximately 10.0% of the net proceeds, or HK$22.4 million, as working capital and for general corporate uses.

In the event that the Offer Price is set at the maximum Offer Price or the minimum Offer Price of the indicative Offer Price range, the net proceeds of the Global Offering will increase or decrease by approximately HK$18.8 million, respectively.

To the extent that the net proceeds from the Global Offering are either more or less than expected, we will adjust our allocation of the net proceeds for the above purposes on a pro-rata basis. To the extent that the net proceeds of the Global Offering are not immediately used for the above purposes or if we are unable to effect any part of our future development plans as intended, we will only deposit such proceeds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the SFO or applicable laws and regulations in other jurisdictions) for so long as it is deemed to be in the best interests of the Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

IMPLEMENTATION PLAN

Purposes		Implementation targets	Estimated investments from net proceeds for the eight months ending December 31, 2024	Estimated investments from net proceeds for the year ending December 31, 2025
1. Expand our medical imaging center network	(a)	Develop our imaging center services business in regions with uneven distribution of medical resources	Approximately HK$18.8 million	Approximately HK$50.1 million
	(b)	Develop specialized consortium imaging centers and operational management imaging centers	Approximately HK$6.7 million	Approximately HK$16.1 million
	(c)	Establish and develop flagship imaging centers	Approximately HK$10.1 million	Approximately HK$10.1 million
	Total		**Approximately HK$35.6 million**	**Approximately HK$76.3 million**

Set forth below are the breakdown of the number and targeted region of imaging centers to be established in each period till 2025 by type and the breakdown of the use of proceeds for establishing such new imaging centers by nature of expenses:

	Estimated investments from net proceeds for the eight months ending December 31, 2024	Estimated investments from net proceeds for the year ending December 31, 2025
Flagship imaging centers	1	1
targeted regions including Liaoning province, Shanghai		
Regional collaborative imaging centers	3	8
targeted regions including Jiangxi province, Hubei province, Hunan province, Henan province, Guangdong province		
Specialized medical consortium imaging centers and operational management imaging centers	5	12
targeted regions including regions where we have existing business and support from business partners		

	Estimated investments from net proceeds for the eight months ending December 31, 2024	Estimated investments from net proceeds for the year ending December 31, 2025
	(HK$ in million)	
Purchase of equipment	21.3	45.8
Renovation	14.3	30.5
Total	**35.6**	**76.3**

Purposes		Implementation targets		Estimated investments from net proceeds for the eight months ending December 31, 2024	Estimated investments from net proceeds for the year ending December 31, 2025
2.	**Pursue strategic cooperation and mergers and acquisitions in the medical imaging field and strategic partnerships and investment opportunities along the industry chain**	(a)	Actively pursue strategic cooperation, acquisition, or investment opportunities	Approximately HK$9.9 million	Approximately HK$16.9 million
		(b)	Incubate companies along the value chain of the medical imaging industry and cooperate with potential strategic partners	Approximately HK$7.2 million	Approximately HK$10.7 million
		Total		**Approximately HK$17.1 million**	**Approximately HK$27.7 million**
3.	**Extend our business to overseas countries and regions**			Approximately 20.0% of the net proceeds, or HK$44.8 million, will be used to extend our business to overseas countries and regions	
4.	**Working capital and general corporate uses**			Approximately 10.0% of the net proceeds, or HK$22.4 million, will be used on working capital and general corporate uses	

Hong Kong Underwriters

CLSA Limited
CMB International Capital Limited
Huatai Financial Holdings (Hong Kong) Limited
Fosun International Securities Limited
ABCI Securities Company Limited
China Galaxy International Securities (Hong Kong) Co., Limited
Futu Securities International (Hong Kong) Limited
ICBC International Securities Limited
Patrons Securities Limited
Quam Securities Limited
SPDB International Capital Limited
TradeGo Markets Limited
Victoria Harbour International Financial Holdings Limited
Yue Xiu Securities Company Limited
Zhongtai International Securities Limited

Underwriting

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between the Overall Coordinators and our Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 1,782,000 Hong Kong Offer Shares and the International Offering of initially 16,034,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed "Structure of the Global Offering" in this prospectus.

Underwriting Arrangements and Expenses

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering the Hong Kong Offer Shares for subscription on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Listing Committee granting approval for the listing of, and permission to deal in, the H Shares to be offered pursuant to the Global Offering on the Main Board of the Hong Kong Stock Exchange and such approval not subsequently having been revoked prior to the commencement of trading of the H Shares on the Hong Kong Stock Exchange and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

−Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination. If at any time prior to 8:00 a.m. on the day that trading in the H Shares commences on the Stock Exchange:

(a) there develops, occurs, exists or comes into force:

(i) any new law or regulation or any change or development involving a prospective change (whether or not permanent) or any event or series of events or circumstance likely to result in any change or development involving a prospective change (whether or not permanent) in existing law or regulation (or in the interpretation or application thereof by any court or other competent authority), in each case, in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof) or any other jurisdiction where any member of our Group is incorporated or established or operates or any other jurisdiction relevant to any member of our Group or the Global Offering (each a "**Relevant Jurisdiction**"); or

(ii) any change or development involving a prospective change (whether or not permanent), or any event or circumstance or series of events or circumstances likely to result in a change or development or prospective change (whether or not permanent), in local, national, regional or international financial, legal, political, military, industrial, economic, fiscal, regulatory, currency, credit or market conditions or sentiments, equity securities or other financial markets (including, without limitation, conditions and sentiments in stock and bond markets, money and foreign exchange markets, investment market and the inter-bank markets and credit markets) or currency exchange rate or controls in or affecting any Relevant Jurisdiction; or

(iii) any event or circumstance or series of events or circumstances in the nature of force majeure (including, without limitation, any act of government, declaration of a regional, national or international emergency or war, calamity, crisis, economic sanctions, strikes, lock-outs, fire, explosion, flooding, tsunami, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, acts of God, epidemic, pandemic, outbreak or escalation or mutation or aggravation of disease (including without limitation COVID-19, SARS, MERS, H5N1, H1N1, H1N7, H7N9, Ebola virus, Middle East respiratory syndrome (MERS), swine or avian influenza or such related/mutated forms), accident or interruption or delay in transportation, or without limiting the foregoing, any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared), act of terrorism (whether or not responsibility has been claimed), or other state of emergency or calamity or crisis in whatever form) in or affecting any of the Relevant Jurisdictions; or

(iv) the imposition or declaration of (a) any moratorium, suspension or limitation (including without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on trading in shares or securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market or the London Stock Exchange; or (b) any moratorium on banking activities in or affecting any of the Relevant Jurisdictions or any disruption in commercial banking or foreign exchange trading or securities settlement or clearing services or matters in or affecting any of the Relevant Jurisdictions; or

(v) a change or development involving a prospective change or amendment in or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a devaluation of the Hong Kong dollar, United States dollar or Renminbi against any foreign currencies, a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or the Renminbi is linked to any foreign currency or currencies), or the implementation of any exchange control, in or affecting any of the Relevant Jurisdictions or affecting investment in the Shares; or

(vi) the imposition of sanctions or the withdrawal of trading privileges, in whatever form, in or affecting any Relevant Jurisdiction; or

(vii) any change or development or event involving a prospective change in our Group's assets, liabilities, profits, losses, performance, condition, business, financial position, earnings, trading position or prospects, or any change in capital stock or long-term debt of our Group, or any loss or interference with the assets, operations or business of our Group, which (in any such case) is not set out in the Prospectus; or

(viii) an order or petition is presented for the winding-up or liquidation of any member of our Group, or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or

(ix) the issue of, or requirement to issue, any supplement or amendment to any of the Offer Related Documents (as defined below), pursuant to the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Listing Rules, the CSRC Rules (as defined in the Hong Kong Underwriting Agreement) or any requirement or request of the Stock Exchange, the CSRC and/or the SFC; or

(x) any event, act or omission which gives rise or is likely to give rise to any liability of any of the Indemnifying Parties (as defined in the Hong Kong Underwriting Agreement) pursuant to the indemnities in the Hong Kong Underwriting Agreement; or

(xi) that any certificate given by our Company or any of its respective officers under or in connection with the Hong Kong Underwriting Agreement or the Global Offering is false or misleading in any material respect; or

(xii) any Director, the chief executive officer or the chief financial officer of our Company vacates, seeks to retire, or is removed from his/her office; or

(xiii) any contravention by any member of our Group, Nanchang Rimag or any Director of the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Listing Rules, the CSRC Rules (as defined in the Hong Kong Underwriting Agreement) or other applicable laws; or

(xiv) the commencement by any Authority (as defined in the Hong Kong Underwriting Agreement) or other regulatory or political body or organization of any action or investigation against any member of our Group, Nanchang Rimag or any Director or the chief executive officer or the chief financial officer of our Company or an announcement by any Authority (as defined in the Hong Kong Underwriting Agreement) or regulatory or political body or organization that it intends to take any such action or investigation; or

(xv) a demand by any creditor for repayment or payment of any indebtedness of any member of our Group in respect of which any member of our Group is liable prior to its stated maturity; or

(xvi) any Director (other than any independent non-executive Director), supervisor or any member of senior management as named in this Prospectus is being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the directorship, supervisorship or management of a company; or

(xvii) any non-compliance of this Prospectus (or any other documents used in connection with the contemplated offering, allotment, issue, subscription or sale of any of the Offer Shares), the CSRC Filings (as defined in the Hong Kong Underwriting Agreement) or any aspect of the Global Offering with the Listing Rules, the CSRC Rules (as defined in the Hong Kong Underwriting Agreement) or any other applicable law; or

(xviii) any litigation, regulatory or disciplinary proceeding, legal action, dispute or claim being threatened or instigated against any member of our Group, any Director or the chief executive officer or the chief financial officer of our Company or Nanchang Rimag; or

(xix) any change, development or event involving a prospective change in, or a materialization of, any of the risks set out in the section headed “Risk Factors” in this Prospectus;

which, in any such case individually or in the aggregate, in the sole and absolute opinion of the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters): (A) has or will or may or is likely or could be reasonably expected to have a material adverse change or a material adverse effect or any development involving a prospective material adverse change or a prospective material adverse effect, on or affecting profits, losses, assets, liabilities, general affairs, performance, prospects, shareholders' equity, position or condition (financial or otherwise), results of operations, business, management or prospects of our Company or other members of our Group (taken as a whole); (B) has or will have or may or is likely or could be reasonably expected to have a material adverse effect on the success or marketability of the Global Offering or the level of Offer Shares being applied for or accepted or subscribed for or purchased under the Hong Kong Public Offering or the level of interest under the International Offering or anticipated dealings in the H Shares in the secondary market; or (C) makes or will or may or is likely or could be reasonably expected to make it inadvisable or inexpedient or impracticable or not commercially viable to proceed with or market the Global Offering; or (D) has or will or may or is likely or could be reasonably expected to have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms; or

(b) there has come to the notice of any the Sole Sponsor and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

(i) that any statement contained in any of the Offering Documents (as defined in the Hong Kong Underwriting Agreement) and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) (collectively, the "**Offer Related Documents**") was, when it was issued, or has become untrue, incorrect, inaccurate or incomplete in any material respect or deceptive or misleading in any respect; or

(ii) that any estimate, forecast, expression of opinion, intention or expectation contained in any of the Offer Related Documents was, when it was issued, or has become unfair, dishonest or misleading or based on untrue, dishonest or unreasonable grounds or assumptions or given in bad faith, when taken as a whole; or

(iii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this Prospectus, constitute a material omission from, any of the Offer Related Documents; or

(iv) any material breach of, or any event or circumstance rendering untrue, misleading or incorrect or incomplete in any respect, any of the representations, warranties, agreements or undertakings given by our Company in the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement; or

(v) any material breach of any of the obligations of any party (other than the Sole Sponsor, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters or the Capital Market Intermediaries) to the Hong Kong Underwriting Agreement, the Cornerstone Investment Agreements or the International Underwriting Agreement; or

(vi) any material adverse change, or any development or any prospective material adverse change or development, in the condition (financial or otherwise) or in the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Group as a whole; or

(vii) our Company withdraws the Global Offering or any of the Offer Related Documents or any other documents issued or used in connection with the Global Offering; or

(viii) any prohibition applicable to our Company by any Authority (as defined in the Hong Kong Underwriting Agreement) for whatever reason from offering, allotting, issuing or selling the Shares pursuant to the terms of the Global Offering; or

(ix) any expert (as named in this Prospectus and other than the Sole Sponsor) whose consent is required for the issue of this Prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) or to references to its name included in the form and context in which it respectively appears, has withdrawn its consent prior to the issue of this Prospectus; or

(x) a material portion of the orders placed or confirmed in the bookbuilding process have been withdrawn, terminated or cancelled; or

(xi) any of the investment commitments made by any cornerstone investor under the Cornerstone Investment Agreements signed with such cornerstone investor, has been withdrawn, terminated or cancelled;

then the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) may, in their sole and absolute discretion and upon giving notice orally or through electronic means or in writing to our Company, terminate the Hong Kong Underwriting Agreement with immediate effect.

−Undertakings by Our Company to the Stock Exchange Pursuant to the Listing Rules

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that it will not issue any further Shares, or securities convertible into equity securities of our Company (whether or not of a class already listed) or enter into any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except (a) pursuant to the Global Offering or (b) under any of the circumstances provided under Rule 10.08 of the Listing Rules.

−Undertakings by Our Company Pursuant to the Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, except for the offer and sale of the Offer Shares pursuant to the Global Offering and otherwise pursuant to the Listing Rules, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the "**First Six-Month Period**"), our Company has undertaken to each of the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters, the Capital Market Intermediaries and the Sole Sponsor not to, without the prior written consent of the Sole Sponsor and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a). allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, assign, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create a mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, claim, defect, right, interest or preference granted to any third party, or any other encumbrance or security interest of any kind (an "**Encumbrance**") over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any legal or beneficial interest in the share capital or any other equity securities of our Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase any share capital or other equity securities of our Company, as applicable), or deposit any share capital or other equity securities of our Company, as applicable, with a depositary in connection with the issue of depositary receipts; or

(b). enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of the Shares or any other equity securities of our Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any other equity securities of our Company, as applicable); or

(c). enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above; or

(d). offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above,

in each case, whether any of the foregoing transactions is to be settled by delivery of share capital or such other equity securities in cash or otherwise (whether or not the issue of such share capital or other equity securities will be completed within the First Six-Month Period). Our Company further agreed that, in the event our Company is allowed to enter into any of the transactions described in (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction during the period of six months commencing on the date on which the First Six-Month Period expires, it will take all reasonable steps to ensure that such an issue or disposal will not, and no other act of our Company will, create a disorderly or false market for any Shares or other equity securities of our Company.

Our Company has agreed and undertaken to each of the Sole Sponsor, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries that it will comply with the minimum public float requirements as allowed by the Stock Exchange (the "**Minimum Public Float Requirement**"), and it will not effect any purchase of the Shares, or agree to do so, which may reduce the holdings of the H Shares held by the public (as defined in Rule 8.24 of the Listing Rules) to below the Minimum Public Float Requirement prior to the expiration of the First Six-Month Period without first having obtained the prior written consent of the Sole Sponsor and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters).

–Hong Kong Underwriters' Interests in Our Company

Save for their respective obligations under the Hong Kong Underwriting Agreement, as of the Latest Practicable Date, none of the Hong Kong Underwriters was interested, legally or beneficially, directly or indirectly, in any Shares or any securities of any member of the Group or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any Shares or any securities of any member of the Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the H Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement.

International Offering

International Underwriting Agreement

In connection with the International Offering, our Company expects to enter into the International Underwriting Agreement with the International Underwriters on or around the Price Determination Date. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions set out therein, agree severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the International Offer Shares initially being offered pursuant to the International Offering. It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors should note that in the event that the International Underwriting Agreement is not entered into or is terminated, the Global Offering will not proceed. See the section headed "Structure of the Global Offering — The International Offering" in this prospectus.

Commissions and Expenses

The Underwriters and the Capital Market Intermediaries will receive an underwriting commission of 2.5% of the aggregate Offer Price of all the Offer Shares (the "**Fixed Fees**"), out of which they will pay any sub-underwriting commissions and other fees.

The Underwriters and the Capital Market Intermediaries may receive a discretionary incentive fee of up to 1.5% of the aggregate Offer Price of all the Offer Shares (the "**Discretionary Fees**").

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the relevant International Underwriters.

The aggregate underwriting commissions payable to the Underwriters and the Capital Market Intermediaries in relation to the Global Offering (assuming an Offer Price of HK$15.70 per Offer Share (being the mid-point of the Offer Price range) and the full payment of the discretionary incentive fee) will be approximately HK$10.2 million. The amount and respective entitlement among the Underwriters and the Capital Market Intermediaries of which is expected to be determined before the Listing Date in compliance with the Listing Rules. Assuming the Discretionary Fees are paid in full, the ratio of the Fixed Fees and the Discretionary Fees paid or payable to all Underwriters and all Capital Market Intermediaries is 62.5:37.5.

The aggregate underwriting commissions and fees together with the Stock Exchange listing fees, the SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering are estimated to be approximately HK$76.4 million (assuming an Offer Price of HK$15.70 per Offer Share (being the mid-point of the Offer Price range) and the full payment of the discretionary incentive fee), which will be made by our Company.

Indemnity

Our Company has agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer or incur, including losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by our Company of the Hong Kong Underwriting Agreement.

Activities by Syndicate Members

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of our Company and/or persons and entities with relationships with our Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group's loans and other debt.

In relation to the H Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the H Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the H Shares (which financing may be secured by the H Shares) in the Global Offering, proprietary trading in the H Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the H Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the H Shares, which may have a negative impact on the trading price of the H Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the H Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the H Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the H Shares in most cases.

Such activities may affect the market price or value of the H Shares, the liquidity or trading volume in the H Shares and the volatility of the price of the H Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) the Syndicate Members must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to our Company and each of its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

The Global Offering

This Prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. CLSA Limited is the Sole Sponsor-Overall Coordinator of the Global Offering.

The listing of the H Shares on the Stock Exchange is sponsored by the Sole Sponsor. The Sole Sponsor have made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the H Shares in issue and to be issued as mentioned in this prospectus.

17,816,000 Offer Shares will initially be made available under the Global Offering comprising:

(a) the Hong Kong Public Offering of initially 1,782,000 H Shares (subject to reallocation) in Hong Kong as described in the sub-section "The Hong Kong Public Offering" in this section below; and

(b) the International Offering of initially 16,034,000 H Shares (subject to reallocation) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, as described in the sub-section headed "The International Offering" in this section below.

Investors may either:

(i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or

(ii) apply for or indicate an interest for International Offer Shares under the International Offering,

but may not do both.

The Offer Shares will represent approximately 5.0% of the total Shares in issue immediately following the completion of the Global Offering.

References in this prospectus to applications, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

The Hong Kong Public Offering

Number of Offer Shares Initially Offered

Our Company is initially offering 1,782,000 H Shares (subject to reallocation) for subscription by the public in Hong Kong at the Offer Price, representing approximately 10.0% of the total number of Offer Shares initially available under the Global Offering. The number of Offer Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 0.5% of the total Shares in issue immediately following the completion of the Global Offering.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in the sub-section headed "Conditions of the Global Offering" in this section.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally into two pools (with any odd lots being allocated to pool A): pool A and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of HK$5 million (excluding the brokerage, the SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of more than HK$5 million (excluding the brokerage, the SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable) and up to the total value in pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the "price" for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 891,000 Hong Kong Offer Shares is liable to be rejected.

Reallocation

The allocation of Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation under the Listing Rules. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares to be offered in the Global Offering if certain prescribed total demand levels in the Hong Kong Public Offering are reached. 1,782,000 Offer Shares are initially available in the Hong Kong Public Offering, representing approximately 10.0% of the Offer Shares initially available for subscription under the Global Offering; and in the event of full subscription or over-subscription of the International Offer Shares, the Overall Coordinators shall apply a clawback mechanism following the closing of the application lists on the following basis, subject to the allocation basis as stated in Chapter 4.14 of the Guide for New Listing Applicants:

- If the Hong Kong Public Offering is not fully subscribed for, the Overall Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Overall Coordinators deem appropriate, and the Allocation Cap as defined in and stated under Chapter 4.14 of the Guide for New Listing Applicants will not be triggered;

- If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 5,345,000 Offer Shares, representing approximately 30% of the Offer Shares initially available under the Global Offering;

- If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 7,126,500 Offer Shares, representing approximately 40% of the Offer Shares initially available under the Global Offering;

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more than the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 8,908,000 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Overall Coordinators deem appropriate.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may be reallocated as between these offerings at the discretion of the Overall Coordinators. Subject to the foregoing paragraph, the Overall Coordinators may in their discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

In accordance with Chapter 4.14 of the Guide for New Listing Applicants, if (i) the International Offering is not fully subscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed irrespective of the number of times; or (ii) the International Offering is fully subscribed or oversubscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed with the number of Offer Shares validly applied for in the Hong Kong Public Offering representing less than 15 times of the number of H Shares initially available for subscription under the Hong Kong Public Offering, the Overall Coordinators have the authority to reallocate International Offer Shares originally included in the International Offering to the Hong Kong Public Offering in such number as they deem appropriate, provided that the total number of Offer Shares available under the Hong Kong Public Offering following such reallocation shall be not more than 3,563,500 Offer Shares (representing approximately 20% of the total number of

Offer Shares initially available under the Global Offering), and the final Offer Price shall be fixed at the low-end of the indicative Offer Price range (i.e., HK$14.60 per Offer Share) stated in this prospectus.

Details of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the results announcement of the Global Offering, which is expected to be published on Thursday, June 6, 2024.

Where the International Offer Shares are undersubscribed, if the Hong Kong Offer Shares are also undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this prospectus and the Underwriting Agreements.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it and any person(s) for whose benefit he/she/it is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be) or if he/she/it has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the maximum Offer Price of HK$16.80 per Offer Share in addition to the brokerage, the SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK$8,484.71 for one board lot of 500 H Shares. If the Offer Price, as finally determined in the manner described in the sub-section headed "Pricing and Allocation" in this section below, is less than the maximum Offer Price of HK$16.80 per Offer Share, appropriate refund payments (including the brokerage, the SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants (subject to application channels), without interest. Further details are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

The International Offering

Number of Offer Shares Initially Offered

The International Offering will consist of an offering of initially 16,034,000 H Shares, representing approximately 90.0% of the total number of Offer Shares initially available under the Global Offering. The number of Offer Shares initially offered under the International Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 4.5% of the total Shares in issue immediately following the completion of the Global Offering.

Allocation

The International Offering will include institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in sub-section headed "Pricing and Allocation" in this section and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further H Shares and/or hold or sell its H Shares after the Listing. Such allocation is intended to result in a distribution of the H Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Group and the Shareholders as a whole.

The Overall Coordinators (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Overall Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allocation of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in the subsection "The Hong Kong Public Offering — Reallocation" in this section above and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

Pricing and Allocation

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or about Wednesday, June 5, 2024, by agreement between the Overall Coordinators and our Company, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$16.80 per Offer Share and is expected to be not less than HK$14.60 per Offer Share, unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the maximum Offer Price of HK$16.80 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%, amounting to a total of HK$8,484.71 for one board lot of 500 H Shares. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the minimum Offer Price stated in this prospectus.**

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

The Overall Coordinators (on behalf of the Underwriters) may, where they deem appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with the consent of our Company, reduce the number of Offer Shares offered and/or the Offer Price Range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the websites of our

Company and the Stock Exchange at **www.rimag.com.cn** and **www.hkexnews.hk**, respectively, notices of the reduction. Upon the issue of such a notice, the revised number of Offer Shares and/or the Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Overall Coordinators and our Company, will be fixed within such revised Offer Price Range. Our Company will also, as soon as practicable following the decision to make such change, issue a supplemental prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the Offer Price. The Global Offering must first be canceled and subsequently relaunched on FINI pursuant to the supplemental prospectus.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Overall Coordinators and our Company, will under no circumstances be set outside the Offer Price Range as stated in this prospectus. However, if the number of Offer Shares and/or the Offer Price is reduced, our Company will issue a supplemental prospectus or new prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the Offer Price. The Global Offering must first be canceled and subsequently relaunched on FINI pursuant to the supplemental prospectus.

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in the section headed "How to Apply for Hong Kong Offer Shares — B. Publication of Results" in this prospectus.

Underwriting

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to, among other things, the Overall Coordinators and our Company agreeing on the Offer Price.

Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

These underwriting arrangements, including the Underwriting Agreements, are summarized in the section headed "Underwriting" in this prospectus.

Conditions of the Global Offering

Acceptance of all applications for Offer Shares will be conditional on:

(a) the Listing Committee granting approval for the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering on the Main Board of the Stock Exchange and such approval and permission not subsequently having been withdrawn or revoked prior to the Listing Date;

(b) the Offer Price having been agreed between the Overall Coordinators and our Company;

(c) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and

(d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this Prospectus.

If, for any reason, the Offer Price is not agreed between the Overall Coordinators and our Company on or before 12:00 noon on Wednesday, June 5, 2024, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the websites of our Company and the Stock Exchange at **www.rimag.com.cn** and **www.hkexnews.hk**, respectively, on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Offer

Shares — D. Despatch/ Collection of H Share Certificates and Refund of Application Monies" in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

H Share certificates for the Offer Shares will only become valid evidence of title at 8:00 a.m. on Friday, June 7, 2024, provided that the Global Offering has become unconditional in all respects at or before that time.

Dealings in the H Shares

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, June 7, 2024, it is expected that dealings in the H Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, June 7, 2024.

The H Shares will be traded in board lots of 500 H Shares each and the stock code of the H Shares will be 2522.

IMPORTANT NOTICE TO INVESTORS
OF HONG KONG OFFER SHARES

FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering and below are the procedures for application.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the "HKEXnews > New Listings > New Listing Information" section, and our website at www.rimag.com.cn.

The contents of this prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

A. APPLICATION FOR HONG KONG OFFER SHARES

1. Who Can Apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are 18 years of age or older; and
- have a Hong Kong address *(for the **HK eIPO White Form** service only)*.

Unless permitted by the Listing Rules or a waiver and/or consent has been granted by the Stock Exchange to us, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are an existing Shareholder or close associates; or
- are a Director or a Supervisor or any of his/her close associates.

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 a.m. on Thursday, May 30, 2024 and end at 12:00 noon on Tuesday, June 4, 2024 (Hong Kong time).

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
HK eIPO White Form service	**IPO App** (which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**) or **www.hkeipo.hk**;	Investors who would like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Thursday, May 30, 2024 to 11:30 a.m. on Tuesday, June 4, 2024, Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Tuesday, June 4, 2024, Hong Kong time.
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit an EIPO application on your behalf through HKSCC's FINI system in accordance with your instruction	Investors who would not like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

The **HK eIPO White Form** service and the HKSCC EIPO channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

For those applying through the **HK eIPO White Form** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the electronic application instructions are given, you shall be deemed to have declared that only one set of electronic application instructions has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of electronic application instructions for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **HK eIPO White Form** service, you are deemed to have authorized the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the HKSCC EIPO Channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through HKSCC EIPO channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this prospectus.

3. *Information Required to Apply*

You must provide the following information with your application:

For Individual Applicants

- Full name(s)[2] as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  - i. HKID card; or
  - ii. National identification document; or
  - iii. Passport; and
- Identity document number

For Corporate Applicants

- Full name(s)[2] as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  - i. LEI registration document; or
  - ii. Certificate of incorporation; or
  - iii. Business registration certificate; or
  - iv. Other equivalent document; and
- Identity document number

Notes:

1. If you are applying through the **HK eIPO White Form** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card. The number of joint applicants may not exceed four. If you are a firm, the applicant must be in the individual members' names.

2. The applicant's full name as shown on their identity document must be used. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card, the HKID number must be used when making an application to subscribe for shares in a public offer. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.

3. If the applicant is a trustee, the client identification data ("**CID**") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.

4. The maximum number of joint account holders on FINI is capped at 4[1] in accordance with market practice.

5. If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii), the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

6. If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

   "Unlisted company" means a company with no equity securities listed on the Stock Exchange or any other stock exchange.

   "Statutory control" means you:

   - control the composition of the board of directors of the company;
   - control more than half of the voting power of the company; or
   - hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

[1] Subject to change, if the Company's Articles of Incorporation and applicable company law prescribe a lower cap.

For those applying through HKSCC EIPO channel, and making an application under a power of attorney, we and the Overall Coordinators, as our agent, have discretion to consider whether to accept it on any conditions we think fit, including evidence of the attorney's authority.

Failing to provide any required information may result in your application being rejected.

4. Permitted Number of Hong Kong Offer Shares for Application

Board lot size	: 500
Permitted number of Hong Kong Offer Shares for application and amount payable on application/successful allotment:	: Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below. The maximum Offer Price is HK$16.80 per Share. If you are applying through the HKSCC EIPO channel, you are required to prefund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong. By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the HKSCC EIPO Channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the final Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the designated bank for your broker or custodian. If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of H Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

No. of Hong Kong Offer Shares applied for	Maximum Amount payable[2] on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable[2] on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable[2] on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable[2] on application/ successful allotment
	HK$		*HK$*		*HK$*		*HK$*
500	8,484.71	8,000	135,755.42	70,000	1,187,859.95	600,000	10,181,656.80
1,000	16,969.43	9,000	152,724.85	80,000	1,357,554.25	700,000	11,878,599.60
1,500	25,454.14	10,000	169,694.28	90,000	1,527,248.52	800,000	13,575,542.40
2,000	33,938.86	15,000	254,541.42	100,000	1,696,942.80	891,000[1]	15,119,760.35
2,500	42,423.56	20,000	339,388.55	150,000	2,545,414.20		
3,000	50,908.29	25,000	424,235.70	200,000	3,393,885.60		
3,500	59,393.00	30,000	509,082.85	250,000	4,242,357.00		
4,000	67,877.71	35,000	593,929.98	300,000	5,090,828.40		
4,500	76,362.42	40,000	678,777.12	350,000	5,939,299.80		
5,000	84,847.15	45,000	763,624.25	400,000	6,787,771.20		
6,000	101,816.57	50,000	848,471.40	450,000	7,636,242.60		
7,000	118,786.00	60,000	1,018,165.68	500,000	8,484,714.00		

(1) Maximum number of Hong Kong Offer Shares you may apply for and this is 50% of the Hong Kong Offer Shares initially offered.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** Service Provider) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed *"— A. Applications for Hong Kong Offer Shares — 3. Information Required to Apply"* in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **HK eIPO White Form** service, (ii) HKSCC EIPO channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **HK eIPO White Form** service or HKSCC EIPO channel, you or the person(s) for whose benefit you have made the application shall not apply further for any Offer Shares in the Global Offering.

The H Share Registrar would record all applications into its system and identify suspected multiple applications with identical names and identification document numbers according to the Best Practice Note on Treatment of Multiple/Suspected Multiple Applications ("**Best Practice Note**") issued by the Federation of Share Registrars Limited.

Since applications are subject to personal information collection statements, identification document numbers displayed are redacted.

6. Terms and Conditions of An Application

By applying for Hong Kong Offer Shares through the **HK eIPO White Form** service or HKSCC EIPO channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

(i) undertake to execute all relevant documents and instruct and authorise us and/or the Overall Coordinators, as our agent, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the HKSCC EIPO channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant's stock account on your behalf;

(ii) confirm that you have read and understand the terms and conditions and application procedures set out in this prospectus, the **IPO App** and the designated website of the **HK eIPO White Form** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;

(iii) (if you are applying through the HKSCC EIPO channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;

(iv) confirm that you are aware of the restrictions on offers and sales of shares set out in this prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;

(v) confirm that you have read this prospectus and any supplement to it and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made) and will not rely on any other information or representations;

(vi) agree that the Relevant Persons[(2)], the H Share Registrar and HKSCC will not be liable for any information and representations not in this prospectus and any supplement to it;

(vii) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to us, the Relevant Persons, the H Share Registrar, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under the paragraph headed "*— G. Personal Data — 3. Purposes and 4. Transfer of personal data*" in this section;

(viii) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees' application) has been accepted) that you will not rescind it because of an innocent misrepresentation;

(ix) agree that subject to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the H Share Registrar by way of publication of the results at the time and in the manner as specified in the paragraph headed "*— B. Publication of Results*" in this section;

(x) confirm that you are aware of the situations specified in the paragraph headed "*— C. Circumstances In Which You Will Not Be Allocated Hong Kong Offer Shares*" in this section;

(xi) agree that your application or HKSCC Nominees' application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

(xii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Articles of Association and laws of any place outside Hong Kong that apply to your application and that neither we nor the Relevant Persons will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

(xiii) confirm that (a) your application or HKSCC Nominees' application on your behalf is not financed directly or indirectly by the Company, any of the directors, chief executives, substantial Shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from the Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the H Shares registered in your name or otherwise held by you;

(xiv) warrant that the information you have provided is true and accurate;

(xv) confirm that you understand that we and the Overall Coordinators will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xvi) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;

(xvii) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving electronic application instructions to HKSCC directly or indirectly or through the application channel of the **HK eIPO White Form** Service Provider or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (1) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving electronic application instructions to HKSCC and the **HK eIPO White Form** Service Provider and (2) you have due authority to give electronic application instructions on behalf of that other person as its agent.

[2] Relevant Persons include our Company, the Sole Sponsor, the Sole Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters, the Capital Market Intermediaries, any of their or the Company's respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering.

B. PUBLICATION OF RESULTS

Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

Platform		Date/Time
Applying through the **HK eIPO White Form** service or HKSCC EIPO channel:		
Website	From the "IPO Results" function in the **IPO App** or at **www.hkeipo.hk/IPOResult** (or **www.tricor.com.hk/ipo/result**) with a "search by ID" function	24 hours, from 11:00 p.m. on Thursday, June 6, 2024 to 12:00 midnight on Wednesday, June 12, 2024 (Hong Kong time)
	The full list of (i) wholly or partially successful applicants using the **HK eIPO White Form** service and HKSCC EIPO channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed at **www.hkeipo.hk/IPOResult** or **www.tricor.com.hk/ipo/result**.	
	The Stock Exchange's website at **www.hkexnews.hk** and our website at **www.rimag.com.cn** which will provide links to the above mentioned websites of the H Share Registrar.	No later than 11:00 p.m. on Thursday, June 6, 2024 (Hong Kong time).
Telephone	+852 3691 8488 — the allocation results telephone enquiry line provided by the H Share Registrar	between 9:00 a.m. and 6:00 p.m., from Friday, June 7, 2024 to Thursday, June 13, 2024 (Hong Kong time) on a business day

For those applying through HKSCC EIPO channel, you may also check with your broker or custodian from 6:00 p.m. on Wednesday, June 5, 2024 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Wednesday, June 5, 2024 (Hong Kong time) on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

Allocation Announcement

We expect to announce the results of the final Offer Price, the level of indications of interest in the Global Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Hong Kong Offer Shares on the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.rimag.com.cn** by no later than 11:00 p.m. on Thursday, June 6, 2024 (Hong Kong time).

C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying for:

1. If your application is revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

2. If we or our agents exercise our discretion to reject your application:

We, the Overall Coordinators, the H Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

3. If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the H Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

4. If:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed "*— A. Applications for Hong Kong Offer Shares — 5. Multiple Applications Prohibited*" in this section on what constitutes multiple applications;

- your application instruction is incomplete;

- your payment (or confirmation of funds, as the case may be) is not made correctly;

- the Underwriting Agreements do not become unconditional or are terminated;

- we or the Overall Coordinators believe that by accepting your application, it or we would violate applicable securities or other laws, rules or regulations.

5. If there is money settlement failure for allotted H Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their designated bank before balloting. After balloting of Hong Kong Offer Shares, the Receiving Bank will collect the portion of these funds required to settle each HKSCC Participant's actual Hong Kong Offer Share allotment from their designated bank.

There is a risk of money settlement failure. In the extreme event of money settlement failure by a HKSCC Participant (or its designated bank), who is acting on your behalf in settling payment for your allotted shares, HKSCC will contact the defaulting HKSCC Participant and its designated bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the Global Offering. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons, the H Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

D. DESPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one H Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the HKSCC EIPO channel where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the H Shares. No receipt will be issued for sums paid on application.

H Share certificates will only become valid evidence of title at 8:00 a.m. on Friday, June 7, 2024 (Hong Kong time), provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" has not been exercised. Investors who trade H Shares prior to the receipt of H Share certificates or the H Share certificates becoming valid evidence of title do so entirely at their own risk.

The right is reserved to retain any H Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

The following sets out the relevant procedures and time:

	HK eIPO White Form service	HKSCC EIPO channel
Despatch/collection of H Share certificate[3]		
For application of 500,000 Hong Kong Offer Shares or more	Collection in person at the H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong **Time:** 9:00 a.m. to 1:00 p.m. on Friday, June 7, 2024 (Hong Kong time) If you are an individual, you must not authorise any other person to collect for you. If you are a corporate applicant, your authorised representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar. **Note:** If you do not collect your H Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk	H Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant's stock account No action by you is required
For application of less than 500,000 Hong Kong Offer Shares	Your H Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk **Date:** Thursday, June 6, 2024	

	HK eIPO White Form service	HKSCC EIPO channel
Refund mechanism for surplus application monies paid by you		
Date	Friday, June 7, 2024	Subject to the arrangement between you and your broker or custodian
Responsible party	H Share Registrar	Your broker or custodian
Application monies paid through single bank account	**HK eIPO White Form** e-Auto Refund payment instructions to your designated bank account	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it
Application monies paid through multiple bank accounts	Refund cheque(s) will be despatched to the address as specified in your application instructions by ordinary post at your own risk	

[3] Except in the event of a tropical cyclone warning signal number 8 or above, a black rainstorm warning and/or an "extreme conditions" announcement issued after a super typhoon in force in Hong Kong in the morning on Thursday, June 6, 2024 rendering it impossible for the relevant H Share certificates to be dispatched to HKSCC in a timely manner, the Company shall procure the H Share Registrar to arrange for delivery of the supporting documents and H Share certificates in accordance with the contingency arrangements as agreed between them. You may refer to *"— E. Severe Weather Arrangements"* in this section.

E. SEVERE WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Tuesday, June 4, 2024 if, there is:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- Extreme Conditions, (collectively, "**Severe Weather Signals**"),

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, June 4, 2024.

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have **Severe** Weather Signals in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the listing date. Should there be any changes to the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made and published on the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.rimag.com.cn** of the revised timetable.

If a **Severe** Weather Signal is hoisted on Thursday, June 6, 2024, the H Share Registrar will make appropriate arrangements for the delivery of the H Share certificates to the CCASS Depository's service counter so that they would be available for trading on Friday, June 7, 2024.

If a **Severe** Weather Signal is hoisted on Thursday, June 6, 2024, for application of less than 500,000 Offer Shares, the despatch of physical H Share certificate(s) will be made by ordinary post when the post office re-opens after the **Severe** Weather Signal is lowered or cancelled (e.g. in the afternoon of Thursday, June 6, 2024 or on Friday, June 7, 2024.

If a **Severe** Weather Signal is hoisted on Friday, June 7, 2024, for application of 500,000 Offer Shares or more, physical H Share certificate(s) will be available for collection in person at the H Share Registrar's office after the **Severe** Weather Signal is lowered or cancelled (e.g. in the afternoon of Friday, June 7, 2024 or on Tuesday, June 11, 2024).

Prospective investors should be aware that if they choose to receive physical H Share certificates issued in their own name, there may be a delay in receiving the H Share certificates.

F. ADMISSION OF THE H SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisor for details of the settlement arrangement as such arrangements may affect your rights and interests.

G. PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data collected and held by the Company, the H Share Registrar, the receiving bank and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

1. Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of the Company and the H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

2. Reasons for the collection of your personal data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to the Company or its agents and the H Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of the Company or the H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the despatch of Share certificate(s) to which you are entitled. It is important that applicants for and holders of Hong Kong Offer Shares inform the Company and the H Share Registrar immediately of any inaccuracies in the personal data supplied.

3. Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque and **HK eIPO White Form** e-Auto Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the H Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of the Company;
- verifying identities of applicants for and holders of the H Shares and identifying any duplicate applications for the H Shares;
- facilitating Hong Kong Offer Shares balloting;
- establishing benefit entitlements of holders of the H Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the H Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the H Share Registrar to discharge their obligations to applicants and holders of the H Shares and/or regulators and/or any other purposes to which applicants and holders of the H Shares may from time to time agree.

4. Transfer of personal data

Personal data held by the Company and the H Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but the Company and the H Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisers, receiving bank and overseas principal share registrar;
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the H Share Registrar, in each case for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the H Share Registrar in connection with their respective business operation;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and
- any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

5. RETENTION OF PERSONAL DATA

The Company and the H Share Registrar will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and correction of personal data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether the Company or the H Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the H Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company and the H Share Registrar, at their registered address disclosed in the section headed "Corporate information" in this prospectus or as notified from time to time, for the attention of the company secretary, or the H Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of HKSIR 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

pwc 羅兵咸永道

Accountant's Report on Historical Financial Information to the Directors of Jiangxi Rimag Group Co., Ltd. and CITIC Securities (Hong Kong) Limited

Introduction

We report on the historical financial information of Jiangxi Rimag Group Co., Ltd. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-4 to I-157, which comprises the consolidated statements of financial position as at 31 December 2021, 2022 and 2023, the statements of financial position of the Company as at 31 December 2021, 2022 and 2023, and the consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2021, 2022 and 2023 (the "**Track Record Period**") and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-4 to I-157 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 30 May 2024 (the "**Prospectus**") in connection with the initial listing of H Shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' Responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

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Reporting Accountant's Responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at 31 December 2021, 2022 and 2023 and the consolidated financial position of the Group as at 31 December 2021, 2022 and 2023 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on Matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 28 to the Historical Financial Information which states that no dividends have been paid by Jiangxi Rimag Group Co., Ltd. in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
30 May 2024

I. Historical Financial Information of the Group

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The financial statements of the Group for Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the "**IAASB**") ("**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (**RMB'000**) except when otherwise indicated.

Consolidated Statements of Profit or Loss

FOR THE YEARS ENDED 31 DECEMBER 2021, 2022 AND 2023

		Year ended 31 December		
	Note	**2021**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*
Revenue	5	592,013	784,444	928,914
Cost of sales	8	(416,825)	(547,494)	(596,317)
Gross profit		175,188	236,950	332,597
Selling expenses	8	(75,950)	(48,725)	(65,562)
Administrative expenses	8	(389,750)	(144,712)	(181,675)
Research and development expenses	8	(11,869)	(11,483)	(12,844)
Net impairment losses on financial assets	3.1(b)	(10,886)	(3,517)	(16,874)
Other income	6	7,065	7,139	10,753
Other gains — net	7	8,343	3,297	5,849
Operating (loss)/profit		(297,859)	38,949	72,244
Finance income	10	1,039	4,730	3,263
Finance costs	10	(62,170)	(37,338)	(24,791)
Finance costs — net		(61,131)	(32,608)	(21,528)
Share of loss of investments accounted for using the equity method	12	(3,670)	(5,406)	(5,801)
Impairment losses on investment in the joint venture accounted for using the equity method		–	–	(1,534)
(Loss)/profit before income tax		(362,660)	935	43,381
Income tax expense	13	(19,300)	(15,993)	(6,807)
(Loss)/profit for the year		(381,960)	(15,058)	36,574
(Loss)/profit for the year attributable to:				
Owners of the Company		(360,731)	364	44,415
Non-controlling interests		(21,229)	(15,422)	(7,841)
		(381,960)	(15,058)	36,574
(Loss)/profit per share attributable to owners of the Company for the year				
Basic (expressed in RMB per share)	14	(1.172)	0.001	0.131
Diluted (expressed in RMB per share)	14	(1.172)	0.001	0.131

Consolidated Statements of Comprehensive Income

FOR THE YEARS ENDED 31 DECEMBER 2021, 2022 AND 2023

	Year ended 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
(Loss)/profit for the year	(381,960)	(15,058)	36,574
Items that may be reclassified to profit or loss			
Changes in the fair value of debt instruments at fair value through other comprehensive income	–	–	(22)
Items that will not be reclassified to profit or loss			
Changes in the fair value of equity investments at fair value through other comprehensive income	–	–	3,204
Other comprehensive income for the year, net of tax	–	–	3,182
Total comprehensive (loss)/income for the year	(381,960)	(15,058)	39,756
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company	(360,731)	364	47,597
Non-controlling interests	(21,229)	(15,422)	(7,841)
	(381,960)	(15,058)	39,756

Consolidated Statements of Financial Position

AS AT 31 DECEMBER 2021, 2022 AND 2023

	Note	As at 31 December		
		2021	2022	2023
		RMB'000	RMB'000	RMB'000
Assets				
Non-current assets				
Property, plant and equipment	16	822,300	766,846	741,122
Right-of-use assets	15(a)	180,100	122,544	159,904
Intangible assets	17	30,988	31,976	46,214
Deferred income tax assets	32(a)	4,680	7,197	24,208
Investments accounted for using the equity method	12	27,032	26,252	30,760
Prepayments, deposits and other receivables	22	105,276	217,566	132,887
Financial asset at fair value through other comprehensive income	19	–	–	4,772
Financial assets at fair value through profit or loss	23	–	50,341	53,869
Long-term trade receivables	21	37,604	29,692	58,339
Restricted cash	24	–	3,765	6,104
Total non-current assets		1,207,980	1,256,179	1,258,179
Current assets				
Financial assets at fair value through other comprehensive income	19	–	–	3,491
Inventories	20	6,952	6,684	5,333
Long-term trade receivables — current portion	21	11,552	11,631	23,232
Trade receivables	21	177,571	263,960	308,796
Prepayments, deposits and other receivables	22	161,670	110,768	86,087
Restricted cash	24	–	2	2
Cash and cash equivalents	24	490,007	340,194	188,835
Asset classified as held for sale	12(b)(ii)	–	–	4,703
Total current assets		847,752	733,239	620,479
Total assets		2,055,732	1,989,418	1,878,658

	Note	As at 31 December 2021	2022	2023
		RMB'000	RMB'000	RMB'000
EQUITY				
Equity attributable to owners of the Company				
Share capital	25	338,496	338,496	338,496
Paid-in capital	25	–	–	–
Treasury stock	26	–	–	–
Reserves	26	1,423,279	1,426,432	1,401,974
Accumulated losses		(492,622)	(492,258)	(447,843)
Equity attributable to owners of the Company		1,269,153	1,272,670	1,292,627
Non-controlling interests		34,102	43,569	42,487
Total equity		1,303,255	1,316,239	1,335,114
LIABILITIES				
Non-current liabilities				
Borrowings	31	208,048	165,147	84,966
Lease liabilities	15(b)	169,505	108,785	136,280
Financial instruments issued to investors	33	–	–	–
Deferred income tax liabilities	32(b)	2,375	2,151	4,414
Other non-current liabilities	34	4,928	–	1,700
Total non-current liabilities		384,856	276,083	227,360
Current liabilities				
Trade payables	29	27,026	19,264	23,482
Other payables and accruals	30	64,855	69,532	75,869
Contract liabilities	5(c)	59,591	69,160	8,959
Current tax liabilities		24,376	29,951	42,662
Borrowings	31	174,125	187,137	125,042
Lease liabilities	15(b)	17,648	22,052	39,731
Other non current liability — current portion	34	–	–	439
Total current liabilities		367,621	397,096	316,184
Total liabilities		752,477	673,179	543,544
Total equity and liabilities		2,055,732	1,989,418	1,878,658

Statements of Financial Position of the Company

AS AT 31 DECEMBER 2021, 2022 AND 2023

		As at 31 December		
	Note	**2021**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*
Assets				
Non-current assets				
Property, plant and equipment		905	641	4,835
Right-of-use assets		525	1,067	1,190
Investments in subsidiaries	*11*	317,715	331,231	383,285
Intangible assets		734	614	1,449
Deferred income tax assets		–	–	7,124
Investments accounted for using the equity method	*12*	9,760	15,028	12,536
Prepayments, deposits and other receivables	*22*	19,071	140,883	111,593
Financial assets at fair value through other comprehensive income	*19*	–	–	4,772
Financial assets at fair value through profit or loss	*23*	–	50,341	53,869
Long-term trade receivables	*21*	–	–	4,215
Restricted cash	*24*	–	3,765	6,104
Total non-current assets		348,710	543,570	590,972
Current assets				
Trade receivables	*21*	1,329	21,201	83,346
Long-term trade receivables — current portion	*21*	–	–	1,307
Prepayments, deposits and other receivables	*22*	733,436	787,559	878,097
Cash and cash equivalents	*24*	357,364	191,734	67,520
Asset classified as held for sale	*12(a)(ii)*	–	–	4,703
Total current assets		1,092,129	1,000,494	1,034,973
Total assets		1,440,839	1,544,064	1,625,945

	Note	As at 31 December		
		2021	2022	2023
		RMB'000	RMB'000	RMB'000
Equity				
Share capital	25	338,496	338,496	338,496
Paid-in capital	25	–	–	–
Treasury stock	26	–	–	–
Reserves	26	1,296,256	1,298,233	1,302,940
Accumulated losses		(201,995)	(192,047)	(115,134)
Total equity		1,432,757	1,444,682	1,526,302
Liabilities				
Non-current liabilities				
Borrowings	31	–	10,208	9,608
Lease liabilities		321	546	672
Deferred income tax liabilities		–	–	1,068
Financial instruments issued to investors	33	–	–	–
Total non-current liabilities		321	10,754	11,348
Current liabilities				
Trade payables	29	–	7,334	9,271
Other payables and accruals	30	7,351	19,411	43,163
Contract liabilities	5(c)	–	38,708	5,139
Borrowings	31	–	22,500	30,124
Lease liabilities		410	675	598
Total current liabilities		7,761	88,628	88,295
Total liabilities		8,082	99,382	99,643
Total equity and liabilities		1,440,839	1,544,064	1,625,945

Consolidated Statements of Changes in Equity

FOR THE YEARS ENDED 31 DECEMBER 2021, 2022 AND 2023

		Equity attributable to owners of the Company							
		Share capital	Paid-in capital	Treasury stock	Reserves	Accumulated losses	Subtotal	Non-controlling interests	Total equity
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2021		–	97,055	(896,702)	949,280	(499,735)	(350,102)	49,642	(300,460)
Loss for the year		–	–	–	–	(360,731)	(360,731)	(21,229)	(381,960)
Other comprehensive income		–	–	–	–	–	–	–	–
Total comprehensive loss		–	–	–	–	(360,731)	(360,731)	(21,229)	(381,960)
Capital injection	25	15,777	–	–	600,639	–	616,416	311	616,727
Conversion into a joint stock company	25, 26	97,055	(97,055)	–	(367,844)	367,844	–	–	–
Termination of preferred rights granted to investors of the Company	26	–	–	896,702	177,094	–	1,073,796	–	1,073,796
Increase in share capital from capital reserve	25	225,664	–	–	(225,664)	–	–	–	–
Share-based payments expenses	27	–	–	–	289,774	–	289,774	1,343	291,117
Liquidation of subsidiaries		–	–	–	–	–	–	(70)	(70)
Non-controlling interests on step acquisition of a subsidiary	38	–	–	–	–	–	–	4,825	4,825
Dividend distribution		–	–	–	–	–	–	(720)	(720)
Total transactions with owners		338,496	(97,055)	896,702	473,999	367,844	1,979,986	5,689	1,985,675
As at 31 December 2021		338,496	–	–	1,423,279	(492,622)	1,269,153	34,102	1,303,255

		Equity attributable to owners of the Company							
		Share capital	Paid-in capital	Treasury stock	Reserves	Accumulated losses	Subtotal	Non-controlling interests	Total equity
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022		338,496	–	–	1,423,279	(492,622)	1,269,153	34,102	1,303,255
Profit/(loss) for the year		–	–	–	–	364	364	(15,422)	(15,058)
Other comprehensive income		–	–	–	–	–	–	–	–
Total comprehensive income/(loss)		–	–	–	–	364	364	(15,422)	(15,058)
Capital injection		–	–	–	–	–	–	3,734	3,734
Dividend distribution		–	–	–	–	–	–	(1,227)	(1,227)
Disposal of subsidiaries	*11*	–	–	–	–	–	–	22,320	22,320
Share-based payments expenses	*27*	–	–	–	3,153	–	3,153	62	3,215
Total transactions with owners		–	–	–	3,153	–	3,153	24,889	28,042
As at 31 December 2022		338,496	–	–	1,426,432	(492,258)	1,272,670	43,569	1,316,239
As at 1 January 2023		338,496	–	–	1,426,432	(492,258)	1,272,670	43,569	1,316,239
Profit/(loss) for the year		–	–	–	–	44,415	44,415	(7,841)	36,574
Other comprehensive loss		–	–	–	3,182	–	3,182	–	3,182
Total comprehensive (loss)/income		–	–	–	3,182	44,415	47,597	(7,841)	39,756
Capital injection		–	–	–	–	–	–	3,595	3,595
Liquidation of subsidiaries		–	–	–	–	–	–	(41)	(41)
Disposal of subsidiaries	*11*	–	–	–	–	–	–	1,497	1,497
Acquisition of a subsidiary	*38(ii)*	–	–	–	–	–	–	11,138	11,138
Transactions with non-controlling interests	*37, 26(i)*	–	–	–	(30,197)	–	(30,197)	(9,473)	(39,670)
Share-based payments expenses	*27*	–	–	–	2,557	–	2,557	43	2,600
Total transactions with owners		–	–	–	(27,640)	–	(27,640)	6,759	(20,881)
As at 31 December 2023		338,496	–	–	1,401,974	(447,843)	1,292,627	42,487	1,335,114

Consolidated Statements of Cash Flows
FOR THE YEARS ENDED 31 DECEMBER 2021, 2022 AND 2023

		Year ended 31 December		
		2021	2022	2023
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Cash flows from operating activities				
Cash generated from operations	*35(a)*	28,008	206,598	209,768
Interest received		1,039	4,730	2,897
Income tax paid		(11,047)	(13,159)	(11,230)
Net cash generated from operating activities		18,000	198,169	201,435
Cash flows from investing activities				
Acquisition of subsidiaries, net of cash acquired		(8,258)	–	(2,304)
Prepayment on equity investments		–	(23,100)	(600)
Investments in associates and joint ventures	*12*	(26,010)	(8,620)	(17,280)
Proceeds from disposal of subsidiaries		–	44,469	634
Proceeds from disposal of property, plant and equipment	*35(b)*	25,914	7,348	2,445
Loans to related parties		–	–	(3,450)
Purchases of intangible assets		(4,695)	(4,440)	(4,197)
Purchases of property, plant and equipment		(137,984)	(267,193)	(92,320)
Net cash used in investing activities		(151,033)	(251,536)	(117,072)
Cash flows from financing activities				
Capital injection from the Company's shareholders		629,058	–	–
Financial advisory fee directly attributable to series D financing		(12,642)	–	–
Capital injection from non-controlling interests in subsidiaries		311	3,734	3,595
Dividends paid to non-controlling interests of subsidiaries		(720)	(1,227)	–
Transaction with non-controlling interests		–	–	(38,080)
Proceeds from bank borrowings		115,300	102,121	37,888
Repayment of bank borrowings		(132,425)	(68,359)	(82,777)
Proceeds from loans from financial leasing companies		61,800	52,478	29,572
Repayment of loans from financial leasing companies		(152,489)	(115,300)	(127,481)
Loans from a third party		–	–	2,922
Repayments of loans from third parties		(1,960)	(829)	(2,400)
Repayments to non-controlling shareholders due to liquidation of subsidiaries		(70)	–	(41)
Principal elements of lease payments		(22,622)	(25,474)	(25,516)
Listing expense		(2,574)	(1,882)	(5,853)
(Increase)/decrease in restricted cash		20,154	(3,767)	(2,339)
Interest paid		(48,200)	(37,941)	(25,212)
Net cash generated from/(used in) financing activities		452,921	(96,446)	(235,722)
Net increase/(decrease) in cash and cash equivalents		319,888	(149,813)	(151,359)
Cash and cash equivalents at the beginning of year		170,119	490,007	340,194
Cash and cash equivalents at the end of year	*24*	490,007	340,194	188,835

II. Notes to the Historical Financial Information

1 General Information

Jiangxi Rimag Group Co., Ltd. formerly known as Shenzhen RIMAG Sunshine Medical Technology Co., Ltd. ("**the Company**") was incorporated as a limited liability company on 30 October 2014 in Shenzhen, Guangdong Province, People's Republic of China (the "**PRC**"). The registered office of the Company is Room 1002, 10th Floor, No.10 Building Public R&D Centre Xinqi Zhoudong Avenue South Chinese Medicine Science and Technology Innovation City Ganjiang New District Jiangxi Province, PRC. In June 2021, the Company was converted into a joint stock company with limited liabilities. The Company provides medical imaging services through the establishment of medical imaging network, as well as operational management services, imaging solution services and Rimag Cloud services.

The Company and its subsidiaries (collectively, the "**Group**") are principally engaged in the providing medical imaging services, imaging solution services and Rimag Cloud services in the PRC.

2 Summary of Material and Other Accounting Policy Information

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied throughout the Track Record Period, unless otherwise stated.

2.1 Basis of Preparation

The Historical Financial Information of the Company has been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board ("**IASB**"). The Historical Financial Information has been prepared under the historical cost convention, except for certain financial assets that are measured at fair value.

The preparation of Historical Financial Information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in note 4.

(i) Changes in accounting policy and disclosures

(1) New and amended standards adopted by the Group

All effective standards, amendments to standards and interpretations are mandatory for the financial year beginning after 1 January 2021, are consistently applied to the Group for the Track Record Period.

(2) New standards and amendments not yet adopted

Standards and amendments that have been issued but not yet effective for the Track Record Period and have not been early adopted by the Group during the Track Record Period are as follows:

New standards and amendments		Effective for annual periods beginning on or after
IAS 1 (Amendments)	Classification of liabilities as current or non-current	1 January 2024
IAS 1 (Amendments)	Non-current liabilities with covenants	1 January 2024
IFRS 16 (Amendments)	Lease liability in sale and leaseback	1 January 2024
IAS 7 and IFRS 7 (Amendments)	Supplier finance arrangements	1 January 2024
IAS 21 (Amendments)	Lack of exchangeability	1 January 2025
IFRS 18	Presentation and disclosure in financial statements	1 January 2027
IFRS 19	Subsidiaries without public accountability: disclosures	1 January 2027
IFRS 10 and IAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards and amendments, which are relevant to the Group's operations. According to the preliminary assessment made by the directors, no significant impact on the financial performance and positions of the Group is expected when they become effective.

2.2 Principles of Consolidation and Equity Accounting

2.2.1 Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (Note 2.3).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of financial position respectively.

2.2.2 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (Note 2.2.4), after initially being recognised at cost.

2.2.3 Joint Ventures

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Interests in joint ventures are accounted for using the equity method (Note 2.2.4), after initially being recognised at cost in the consolidated statements of financial position.

2.2.4 Equity Method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.9.

2.2.5 Changes in Ownership Interests in Subsidiaries Without Change of Control

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

2.3 Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

— fair values of the assets transferred

— liabilities incurred to the former owners of the acquired business

— equity interests issued by the Group

— fair value of any asset or liability resulting from a contingent consideration arrangement, and

— fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2.4 Separate Financial Statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable. Investments in joint ventures and associates are initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income.

Impairment testing of the investments in subsidiaries is required upon receiving dividend from these investments if the dividend exceeds the total comprehensive income of the investment in the period the dividend is declared or if the carry amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial information of the investee's net assets including goodwill.

2.5 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The chief operating decision-maker ("**CODM**"), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chairman and executive directors of the Company that makes strategic decisions.

2.6 Foreign Currency Translation

(i) Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("**the functional currency**"). Since the majority of the assets and operations of the Group are located in the PRC, the Historical Financial Information are presented in RMB, which is the Company's functional and the Group's presentation currency.

(ii) Transactions and Balances

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statements of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statements of profit or loss on a net basis within other gains — net.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

2.7 Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statements of profit or loss during the periods in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their costs, net of their residual values, over their estimated useful lives as follows:

Machineries	8–10 years
Office furniture and fixtures	5 years
Electronic equipment	3 years
Leasehold improvements	Shorter of remaining lease term or estimated useful life

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated statements of profit or loss.

Construction-in-progress (the "**CIP**") represents machineries, office furniture and fixtures, electronic equipment and leasehold improvements under construction and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction and acquisition and capitalised borrowing costs. No provision for depreciation is made on CIP until such time as the relevant assets are completed and ready for intended use. When the assets concerned are available for use, the cost are transferred to relevant categories of property, plant and equipment and depreciated in accordance with the policy as stated above.

2.8 Intangible Assets

(i) Goodwill

Goodwill on acquisitions of a subsidiary is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Impairment testing of goodwill is described in note 2.9.

(ii) Software

Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring the specific software into usage. Costs associated with maintaining software programmes are recognised as an expense as incurred. These costs are amortised using the straight-line method over their estimated useful lives varying from 5 to 10 years based on managements expectation on the technological lives of the software. Costs associated with maintaining computer software programmes are recognised as expense as incurred.

The length of useful life of an intangible asset is determined in accordance to the shortest of period among the three, the period during which such assets is expected to bring economic benefits to the Group, the beneficial life specified in the contract and the legal life for software, patents and licences laws and regulations of the PRC.

The amortisation period and amortisation method of intangible assets are reviewed at each reporting period. The effects of any revision are recognised as profit or loss when the changes arise.

(iii) Research and Development

Research expenditures are charged to profit or loss as an expense in the period the expenditures are incurred. Development costs are recognised as assets if only when the following can be demonstrated (if applicable):

— the technical feasibility of completing the intangible assets so that it will be available for use or sale;

— the intention to complete the intangible asset and use or sell it;

— the ability to use or sell the intangible assets;

— the intangible asset will generate probable future economic benefits;

— the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

— the ability to measure reliably the expenditure attributable to the intangible asset during its development.

(iv) Licences and client relationships

Licences and client relationships acquired in business combinations and are recognised at fair value at the acquisition date. They have a definite useful lives of 10 years and 12 years based on the licence term and period of cooperation respectively and are subsequently carried at cost less accumulated amortisation and impairment losses.

2.9 Impairment of Non-financial Assets

Goodwill that has an indefinite useful life is not subject to amortization and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other assets that are subject to amortization are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). Non-financial assets, except for goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting date.

2.10 Assets classified as held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the asset is recognised at the date of derecognition.

Assets are not depreciated or amortised while they are classified as held for sale.

Assets classified as held for sale are presented separately from the other assets in the balance sheet.

2.11 Investments and Other Financial Assets

(i) Classification

The Group classifies its financial assets in the following categories:

— those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

— those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("**FVOCI**").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and Derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("**FVPL**"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

−Debt Instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

— Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains — net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statements of profit or loss.

— FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

— FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the consolidated statements of profit or loss within other gains — net in the period in which it arises.

–*Equity Instruments*

— The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss when the Group's right to receive payments is established.

— Changes in the fair value of financial assets measured at FVPL are recognised in "other gains — net" in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment of Financial Assets

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1(b) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables and long-term trade receivables arising from the sales of goods and rendering of services in the ordinary course of operating activities, the Group applies the simplified approach permitted by IFRS 9 regardless of whether a significant financing component exists, which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

Impairment of other receivables are measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.12 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.13 Contract Assets and Contract Liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer. The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining rights exceeds the measure of the remaining performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

2.14 Trade and Other Receivables

Trade receivables are amounts due from clients for service performed in imaging center business, imaging solution services, and cloud platform services rendered in the ordinary course of business. Majority of other receivables are staff advance and rental deposit. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

2.15 Cash and Cash Equivalents

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions.

2.16 Paid-in Capital and Share Capital and Treasury Share Reserve

Ordinary shares are classified as equity (Note 25).

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where the Company issued shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums over share capital shall be classified as share premium.

Where any company purchases the company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

2.17 Financial Instruments Issued to Investors

A contract that contains an obligation for an entity to purchase its own equity instruments for cash or another financial asset gives rise to a financial liability for the present value of the redemption amount. If the contract expires without delivery, the carrying amount of the financial liability is reclassified to equity.

2.18 Trade and Other Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.19 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting year.

2.20 Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.21 Current and Deferred Income Tax

The income tax expense or credit for the period is the tax payable or recoverable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred Income Tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.22 Employee Benefits

(i) Pension Obligations

In accordance with the rules and regulations in the PRC, the employees of the Group based in the PRC participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries, subject to certain ceiling. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired employees based in the PRC payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post retirement benefits of its employees. The assets of these plans are held separately from those of the Group in an independent fund managed by the PRC government. The Group's contributions to these plans are expensed as incurred.

(ii) Housing Funds, Medical Insurances and Other Social Insurances

The employees of the Group based in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each period. Contributions to these funds are expensed as incurred.

(iii) Short-term Obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulated sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees rendered the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statements of financial position.

(iv) Employee Leave Entitlement

Employee entitlement to annual leave are recognised when they have accrued to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to each reporting date. Employees entitlement to sick leave and maternity leave are not recognised until the time of leave.

(v) Bonus Plan

The expected cost of bonuses is recognised as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

2.23 Share-based Payments

(i) Share Incentive Plan

The Group operates equity-settled share-based payment plans, under which the Group receives service from its employees and the strategic investors in exchange for the equity instruments of the Group. As disclosed in note 27, during the Track Record Period, certain shares were granted to certain directors, senior management, employees and the strategic investors. The fair value of the service received in exchange for the grant of shares is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

— including any market performance conditions (e.g. the entity's share price)

— excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and

— including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time).

Non-market performance and service conditions are included in assumptions about the number of equity instruments that are expected to vest. The total expense is recognised over the vesting period, in which all of the specified vesting conditions are to be satisfied.

At the end of each period, the Group revises its estimates of the number of shares that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(ii) Share-based Payments Transaction Among Group Entities

The grant by the Company of its equity instruments to the employees of its subsidiaries is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investments in subsidiaries, with a corresponding credit to equity.

(iii) Share-Based Payments to Strategic Investors

The Company issued common shares to series D1 strategic investors in July 2021. Upon issuance of common shares, the difference between the consideration received and the fair value of common shares is recorded into administrative expenses in the consolidated statements of profit or loss and in share-based payment reserve in the consolidated statements of financial position.

2.24 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.25 Revenue Recognition

The Group is engaged in imaging business during the Track Record Period including 3 categories of business:

- Imaging center services
- Imaging solution services
- Rimag Cloud services

Revenue is measured at the consideration received or receivable for the services or products in the ordinary course of the Group's activities. Revenue is shown after eliminating sales between the Group companies. The Group recognises revenue when it transfers control of the services or products to a customer. All revenue contracts are for periods of one year or less or are billed based on time incurred. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(a) Imaging Center Services

The Group provides imaging examination and diagnostic services in form of flagship imaging centers, and regional collaborative imaging centers to

(i) hospitals and other medical institutions as well as health management companies to serve their customers, or

(ii) individual patients and other healthcare consumers.

Revenue from imaging examination and diagnostic services is recognised when diagnostic reports are delivered and accepted by customers.

The Group also provides medical imaging operational management services in form of specialised medical consortium imaging centers and operational management imaging centers to hospitals and other medical institutions as well as health management companies. Such services aim at optimising customers' operations and management model, including: professional skill improvement, operational management consulting, and informatization construction.

Revenue from medical imaging operational management services is recognised in the period in which the services are rendered in accordance with fixed service fee per month and floating service fee based on certain percentages of monthly operating results because the customer receives and uses the benefits simultaneously.

(b) Imaging solution services

Imaging solution services provided by the Group mainly include imaging equipment solutions and equipment maintenance services.

–(i) Imaging equipment solutions

The Group provides imaging equipment solutions to hospitals and other medical institutions as well as health management companies, mainly including equipment selection, acquisition and configuration, repair and maintenance services.

Revenue from the portion of equipment selection, acquisition and configuration is recognised when equipment is delivered and accepted by customers while the portion of short-term repair and maintenance is recognised when the service is performed.

The Group has certain contracts with customers of imaging equipment solutions with financing components where the period between the transfer of the promising equipment to the customer and payment by the customer exceeds one year.

As a consequence, the transaction price for these contracts is discounted, using the prevailing interest rates in the relevant market. This rate is commensurate with the rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

Revenue from intermediaries is included in the revenue stream of imaging equipment solutions, and the accounting treatment is consistent under the same revenue stream. The Group enters into sales contracts with the intermediaries, which specifies the name of the medical institution to which the Group directly delivers the products. Revenue is recognised when the Group transfers control of products directly to the end medical institutions customer as specified in the agreement. The intermediaries do not obtain control of the products in the delivery process of sales arrangement.

–(ii) Equipment maintenance services

The Group also provides long-term maintenance services to certain customers. Contract duration is generally more than one year and the contract contains a single performance obligation as delivery of integrated maintenance services over a period of time. The contract is normally at fixed price and paid according to payment terms specified in the contract. Upfront payments received by the Group are initially recognised as a contract liability. Services revenue is recognised as the performance obligation satisfied over time based on the stage of completion of the contract. The Group uses straight-line method to measure progress towards complete satisfaction of the performance obligation under IFRS 15. Costs including raw materials, labour and other maintenance costs attributable to the services are included in "cost of sales".

(c) Rimag Cloud services

The Group developed a cloud platform that enables the imaging centers with digitised operations and accumulated valuable data assets and data service capabilities. Leverage such cloud platform, the Group offers the cloud platform-based services and diagnostic report management system softwares to customers such as hospitals and other medical institutions as well as health management companies.

Revenue from cloud platform services business is recognised when customers get the access to the cloud platform as the services are rendered.

Revenue from softwares is recognised when the softwares are delivered and accepted by customers.

2.26 Earnings per Share

(i) Basic earnings per share is calculated by dividing:

— The profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares.

— by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

— the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

— the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.27 Interest Income

Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in profit or loss as part of other income. Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

2.28 Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred revenue and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

2.29 Leases

The Group leases various buildings and machines. Rental contracts are typically made for a fixed period of 2 to 14 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

— fixed payments (including in-substance fixed payments), less any lease incentives receivable

— variable lease payment that are based on an index or a rate

— amounts expected to be payable by the lessee under residual value guarantees

— the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and

— payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Right-of-use assets are measured at cost comprising the following:

— the amount of the initial measurement of lease liability

— any lease payments made at or before the commencement date less any lease incentives received

— any initial direct costs, and

— restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 month or less.

The Group, as seller-lessee, acquires certain equipment through sale and leaseback arrangement with financial leasing company. The transfer of such equipment by the Group does not satisfy the requirement of IFRS 15 to be accounted for a sale of the asset due to the fact that it does not meet requirement that the transfer of control of the equipment.

As such, the Group continues to recognise the transferred asset in "Property, plant and equipment" and recognise a financial liability equal to the transfer proceeds in "Borrowing".

2.30 Dividend Distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.31 Other Accounting Policies

2.31.1 Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the relevant company or the counterparty.

3 Financial Risk Management

3.1 Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

(a) Market Risk

–(i) Foreign Exchange Risk

The Group is engaged in the provision of medical imaging services through the establishment of medical imaging network, as well as operational management services, imaging solution services and Rimag Cloud services in the PRC with almost all the transactions denominated and settled in RMB, which is the functional currency of the group companies. Therefore, its foreign exchange risk is limited. The Group currently does not have a foreign currency hedging policy, and manages its foreign currency risk by closely monitoring the movement of the foreign currency rates.

As at 31 December 2021, 2022 and 2023, the Group had no material foreign currency denominated assets and liabilities. Therefore, the Group did not have any significant foreign exchange risk.

–(ii) Cash Flow and Fair Value Interests Rate Risk

The Group's interest rate risk arises from bank deposits and borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash at bank with variable interest rates. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. During the Track Record Period, the Group's borrowings bore interest both at variable rates and fixed rates.

Bank deposits carried at prevailing market interest rate expose the Group to cash flow interest rate risk. The Group closely monitors trend of interest rate and its impact on the Group's interest rate risk exposure to ensure it is within an acceptable level. The Group has not used any interest rate swap arrangements.

As at 31 December 2021, 2022 and 2023, if interest rate on borrowings had been higher/lower by 50 basis points of current interest rate, with other variables held constant, profit for the years ended 31 December 2021, 2022 and 2023 would have been approximately RMB1,002,000, RMB860,000 and RMB509,000 lower/higher, respectively.

(b) Credit risk

Credit risk arises from cash and cash equivalents and restricted cash, trade receivables, long-term trade receivables, other receivables and debt investments carried at FVOCI. The carrying amount of each class of the above financial assets and liabilities represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

–(i) Credit Risk of Cash and Cash Equivalents and Restricted Cash

To manage this risk, cash deposits at banks are mainly placed with state-owned and reputable financial institutions in the PRC. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. The identified credit losses are immaterial.

–*(ii) Impairment of Financial Assets*

The Group has three types of financial assets and liabilities that are subject to the expected credit loss model:

— Trade receivables

— Long-term trade receivables

— Other receivables

— Debt investments carried at FVOCI

Trade Receivables

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. The expected loss rates are based on the ageing profiles of trade receivables over a period of 36 months before 31 December 2023, 31 December 2022 and 31 December 2021, respectively. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The Group assessed that the expected credit loss rate for trade receivables from the related parties were low since its related parties have a strong capacity to meet its contractual cash flow obligation in the near term. The Group assessed that the expected credit losses rate for trade receivables from related parties are immaterial and considered them to have a low credit risk, and thus the loss allowance is immaterial.

Individually impaired trade receivables are related to the deterioration of the customer's financial position or the customer's extremely low willingness to repay, thus some of trade receivables can not be collected. The Group expects that the amounts of the receivables will partially or entirely have difficulty to be recovered and has recognised impairment losses.

Long-term Trade Receivables

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all long-term trade receivables. To measure the expected credit losses, long-term trade receivables have been individually assessed on credit risk characteristics. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Other Receivables

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records, past experience, existing market conditions as well as forward looking estimates at the end of each reporting period. The directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

As at 31 December 2021, 2022 and 2023, the loss allowance provision for the trade receivables was determined as follow:

	Less than 1 year	**1 year to 2 years**	**2 years to 3 years**	**Over 3 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
On collective basis:					
As at 31 December 2021					
Gross carrying amount — trade receivables *(Note 21)*	164,234	14,257	–	–	178,491
Expected loss rate	0.40%	4.88%	–	–	0.75%
Loss allowance provision *(Note 21)*	651	696	–	–	1,347
On individual basis:					
As at 31 December 2021					
Gross carrying amount — trade receivables *(Note 21)*					15,726
Expected loss rate					97.28%
Loss allowance provision *(Note 21)*					15,299
On collective basis:					
As at 31 December 2022					
Gross carrying amount — trade receivables *(Note 21)*	231,052	28,896	8,706	–	268,654
Expected loss rate	0.56%	4.95%	29.63%	–	1.98%
Loss allowance provision *(Note 21)*	1,301	1,429	2,580	–	5,310

	Less than 1 year	1 year to 2 years	2 years to 3 years	Over 3 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
On individual basis:					
As at 31 December 2022					
Gross carrying amount — trade receivables *(Note 21)*					15,917
Expected loss rate					96.13%
Loss allowance provision *(Note 21)*					15,301
On collective basis:					
As at 31 December 2023					
Gross carrying amount — trade receivables *(Note 21)*	274,180	25,570	6,341	–	306,091
Expected loss rate	0.98%	7.72%	30.28%	–	2.15%
Loss allowance provision *(Note 21)*	2,688	1,975	1,920	–	6,583
On individual basis:					
As at 31 December 2023					
Gross carrying amount — trade receivables *(Note 21)*					30,295
Expected loss rate					69.34%
Loss allowance provision *(Note 21)*					21,007

As at 31 December 2021, 2022 and 2023, the loss allowance provision for the long-term trade receivables was determined as follow:

	Total
	RMB'000
On individual basis:	
As at 31 December 2021	
Gross carrying amount — long-term trade receivables *(Note 21)*	50,809
Expected loss rate	3.25%
Loss allowance provision *(Note 21)*	1,653
On individual basis:	
As at 31 December 2022	
Gross carrying amount — long-term trade receivables *(Note 21)*	42,494
Expected loss rate	2.76%
Loss allowance provision *(Note 21)*	1,171
On individual basis:	
As at 31 December 2023	
Gross carrying amount — long-term trade receivables *(Note 21)*	92,476
Expected loss rate	11.79%
Loss allowance provision *(Note 21)*	10,905

The Group has assessed that there was no significant increase of credit risk for other receivables. Thus, the Group used the 12 months expected credit losses model to assess credit loss of other receivables. As at 31 December 2021, 2022 and 2023, the loss allowance for other receivables excluding deductible value-added tax input and prepayments were determined as follows:

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2021				
Gross carrying amount — other receivables *(Note 22)*	61,546	–	500	62,046
Expected loss rate	0.22%	–	97.40%	1.01%
Loss allowance provision *(Note 22)*	138	–	487	625
As at 31 December 2022				
Gross carrying amount — other receivables *(Note 22)*	58,577	–	500	59,077
Expected loss rate	0.30%	–	96.20%	1.12%
Loss allowance provision *(Note 22)*	178	–	481	659
As at 31 December 2023				
Gross carrying amount — other receivables *(Note 22)*	54,599	–	500	55,099
Expected loss rate	0.65%	–	93.20%	1.49%
Loss allowance provision *(Note 22)*	354	–	466	820

The loss allowances for trade receivables (including long-term trade receivables) and other receivables as at 31 December 2021, 2022 and 2023 reconcile to the opening loss allowances as follows:

	Trade receivables	Other receivables	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2021	7,652	386	8,038
Increase in loss allowance recognised in profit or loss	13,462	625	14,087
Reversal of impairment loss	(2,815)	(386)	(3,201)
As at 31 December 2021	18,299	625	18,924
As at 1 January 2022	18,299	625	18,924
Increase in loss allowance recognised in profit or loss	8,171	659	8,830
Reversal of impairment loss	(4,688)	(625)	(5,313)
As at 31 December 2022	21,782	659	22,441
As at 1 January 2023	21,782	659	22,441
Increase in loss allowance recognised in profit or loss	24,605	441	25,046
Reversal of impairment loss	(7,892)	(280)	(8,172)
As at 31 December 2023	38,495	820	39,315

(c) Liquidity Risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group expects to fund its future cash flow needs through internally generated cash flows from operations and borrowings from financial institutions. Management believes that there is no significant liquidity risk in view of the expected cash flows from operations and continuous support from banks in the coming twelve months.

The tables below analyse the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2021					
Borrowings and interests	195,496	121,220	112,330	–	429,046
Trade payables	27,026	–	–	–	27,026
Other payables and accruals (excluding non-financial)	24,034	–	–	–	24,034
Lease liabilities	32,247	32,537	96,966	75,573	237,323
Other non-current liabilities	–	5,788	–	–	5,788
	278,803	159,545	209,296	75,573	723,217
As at 31 December 2022					
Borrowings and interests	207,246	120,849	56,252	–	384,347
Trade payables	19,264	–	–	–	19,264
Other payables and accruals (excluding non-financial)	27,549	–	–	–	27,549
Lease liabilities	29,560	29,470	78,708	15,783	153,521
	283,619	150,319	134,960	15,783	584,681
As at 31 December 2023					
Borrowings and interests	126,822	64,188	24,133	–	215,143
Trade payables	23,482	–	–	–	23,482
Other payables and accruals (excluding non-financial)	48,818	–	–	–	48,818
Lease liabilities	42,972	43,323	92,712	13,594	192,601
Other non-current liabilities	478	478	1,433	–	2,389
	242,572	107,989	118,278	13,594	482,433

3.2 Capital Management

The Group monitors capital (including shares and borrowings) by regularly reviewing the capital structure. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the costs of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt.

The Group monitors its capital structure on the basis of liability-to-asset ratio, which is calculated as total liabilities divided by total assets. The liability-to-asset ratio of the Group as at 31 December 2021, 2022 and 2023 was as follows:

The gearing ratios during the Track Record Period were as follows:

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
The liability-to-asset ratio	36.60%	33.84%	28.93%

There were no changes in the Group's approach to capital management during the Track Record Period.

Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements.

3.3 Fair Value Estimation

(a) Fair value hierarchy

Financial instruments carried at fair value or where fair value was disclosed can be categorised by levels of the inputs to valuation techniques used to measure fair value. The inputs are categorised into three levels within a fair value hierarchy as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The Group did not change any valuation techniques in determining the level 2 and level 3 fair values.

The following table presents the Group's assets that were measured at fair value at 31 December 2022 and 2023:

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB '000*	*RMB'000*	*RMB'000*
As at 31 December 2022				
Assets:				
Financial assets carried at FVPL *(Note 23)*	–	–	50,341	50,341

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB '000*	*RMB'000*	*RMB'000*
As at 31 December 2023				
Assets:				
Financial assets carried at FVPL	–	–	53,869	53,869
Financial assets carried at FVOCI				
— Bank acceptance notes *(Note 19)*	–	–	3,491	3,491
— Unlisted equity investments *(Note 19)*	–	–	4,772	4,772
	–	–	8,263	8,263
	–	–	62,132	62,132

(b) Valuation techniques used to determine level 3 fair values specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments; and

- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

There were no changes in valuation techniques during the Track Record Period.

The fair value of trade receivables, other receivables, long-term trade receivables, restricted cash, and cash and cash equivalents approximated their carrying amounts.

The fair value of trade payables, other payables and accruals (excluding payroll and welfare payables and other tax payables) and current borrowings approximated their carrying amounts. The fair value of non-current borrowings was disclosed in note 31.

(c) The Group's policy is to recognize transfers into and out of fair value hierarchy levels as at the end of each reporting period. During the year ended 31 December 2021, 2022 and 2023, there are no transfers among levels of the fair value hierarchy used in measuring the fair value of financial instruments, and also no changes in the classification of financial assets as a result of a change in the purpose or use of those assets.

(d) *Fair value measurements using significant unobservable inputs (level 3)*

The following table presents the changes in level 3 instruments for the years ended 31 December 2021, 2022 and 2023:

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at FVPL			
Opening Balance	–	–	50,341
Additions	–	50,341	–
Fair value changes — gain to profit or loss	–	–	4,548
Settlement	–	–	(1,020)
Closing balance	–	50,341	53,869

	As at 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at FVOCI			
Opening Balance	–	–	–
Additions	–	–	14,362
Disposal	–	–	(10,371)
Fair value change — gain to other comprehensive income	–	–	4,272
Closing balance	–	–	8,263

(e) Valuation inputs of financial assets at FVPL and FVOCI

The following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

	Fair Value at 31 December				Range of inputs		
Description	2021	2022	2023	Unobservable inputs	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*				
Unlisted debt instruments at FVPL	–	50,341	53,869	Discount rate	NA	9.7%~15%	9.2%~15%
Debt instruments at FVOCI	–	–	3,491	Discount rate	NA	NA	3.6%
Unlisted equity investments at FVOCI	–	–	4,772	Capital injection price per share	NA	NA	32

As at 31 December 2022, if expected rate of return higher/lower by 0.5%, fair value of financial assets at FVPL would have been approximately RMB1,414,000 and RMB1,364,000 lower/higher respectively.

As at 31 December 2023, if expected rates of return higher/lower by 0.5%, fair value of financial assets at FVPL would have been approximately RMB1,254,000 and RMB1,295,000 lower/higher respectively.

As at 31 December 2023, if expected rate of return higher/lower by 0.5%, fair value of debt instruments at FVOCI would have been approximately RMB4,000 and RMB4,000 lower/higher respectively.

As at 31 December 2023, if expected capital injection price per share higher/lower by 0.5%, fair value of unlisted equity instruments at FVOCI would have been approximately RMB24,000 and RMB24,000 lower/higher respectively.

(f) Valuation process

External valuation experts will be involved when necessary. The Group engaged an independent valuer to assist them on valuation of unlisted debt instruments at FVPL, debt instruments at FVOCI and unlisted equity investments at FVOCI.

4 Critical Accounting Estimates and Judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Estimated Useful Lives and Residual Values of Property, Plant and Equipment

The Group's management determines the estimated useful lives and residual values and consequently the related depreciation charges for its property, plant and equipment, and reviews the useful lives and residual values periodically to ensure that the method and rates of depreciation are consistent with the expected pattern of realisation of economic benefits from property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. If there are significant changes from previously estimated useful lives and residual values, the amount of depreciation expenses may change.

(b) Impairment of Financial Assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the note 3.1(b).

(c) Income Taxes and Deferred Tax Asset

There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

The Group recognises deferred tax assets based on estimates that is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilised. The recognition of deferred tax assets mainly involved management's judgements and estimations about the timing and the amount of taxable profits of the companies who had tax losses. During the Track Record Period, deferred tax assets have not been recognised in respect of these accumulated tax losses and other deductible temporary differences based on the fact that the future taxable profits would be uncertain.

(d) Share-based Payments

As disclosed in note 27, the Company granted equity-settled restricted share units to certain directors, senior management and employees. Significant estimate on assumptions in determining the fair value of the Share Incentive Plan include risk-free interest rate and expected volatility.

5 Revenue and Segment Information

(a) Description of Segment and Principal Activities

During the Track Record Period, the Group is engaged in imaging business in the Mainland China. The Group's chief operating decision maker ("**CODM**") has been identified as the chairman and executive directors of the Board who are responsible for allocating resources and assessing performance of the operating segment.

Management reviews the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the executive directors of the Company regards that there is only one segment which is used to make strategic decisions. Revenue and profit/(loss) before income tax are the measures reported to the chairman and executive directors for the purpose of resources allocation and performance assessment.

Throughout the years, the Group has constructed, and shaped the competency in, the infrastructure supporting the operations of the imaging center and enrichment imaging services business, such as cloud platform services which represents less than 5% of the Group's total revenue.

All of the Group's business and operations are conducted in Mainland China and currently, the Group's principal market, majority of revenue, operating loss and non-current assets are derived from/located in the Mainland China. Accordingly, no geographical segment information is presented.

(b) Revenue During the Track Record Period

An analysis of the Group's revenue by category for the years ended 31 December 2021, 2022 and 2023 is as follows:

The revenue segment information reported to CODM for the Track Record Period is as follows:

		Year ended 31 December		
		2021	2022	2023
		RMB'000	*RMB'000*	*RMB'000*
Imaging center services	**Satisfaction of performance obligation**			
— Flagship imaging centers	Point in time	103,037	102,968	133,454
— Regional collaborative imaging centers	Point in time	249,792	270,326	355,379
— Specialized medical consortium imaging centers	Overtime	76,715	89,300	109,638
— Operational management imaging centers	Overtime	12,768	35,149	39,603
		442,312	497,743	638,074
Imaging solution services				
— Imaging equipment solutions	Point in time	139,252	269,589	277,671
— Equipment maintenance services	Overtime	–	–	701
		139,252	269,589	278,372
Rimag Cloud services				
— Cloud platform services	Overtime	10,401	10,917	12,468
— Sales of software	Point in time	48	6,195	–
		10,449	17,112	12,468
		592,013	784,444	928,914

Please refer to note 2.25 for more details about the revenue recognised by the Group.

The Group has a large number of customers, no single customer accounted for more than 10% of the Group's revenue during the Track Record Period.

(c) Contract Liabilities

The Group

The Group has recognised the following contract liabilities which are the advances from customers:

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities related to imaging center services	1,770	5,038	3,492
Contract liabilities related to imaging solution services	57,821	63,793	5,139
Contract liabilities related to Rimag Cloud services	–	329	328
	59,591	69,160	8,959

The following table shows how much of the revenue recognised in Track Record Period relates to carried-forward contract liabilities:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year			
Imaging center services	8,118	1,770	3,121
Imaging solution services	22,412	57,821	63,793
Cloud platform services	–	–	329
	30,530	59,591	67,243

The Company

The Company has recognised the following contract liabilities which are the advances from customers:

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities related to imaging solution services	–	38,708	5,139

The following table shows how much of the revenue recognised in Track Record Period relates to carried-forward contract liabilities:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year			
Imaging solution services	–	–	38,708

6 Other Income

	Year ended 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Government grants and subsidies (a)	4,128	2,315	4,108
Tax refund	766	2,189	3,384
Interest income of installment sales	1,892	2,150	2,778
Rental income of leasing equipment	279	478	478
Others	–	7	5
	7,065	7,139	10,753

(a) Government grants and subsidies mainly included government grants from the local government in Jiangxi Province in recognition of the contribution of the Group to local economy's development. There were no unfulfilled conditions or other contingencies attaching to these grants.

7 Other gains — net

	Year ended 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Net gains on disposals of property, plant and equipment and right-of-use assets	8,356	757	202
Net losses of the remeasurement during step acquisition	(834)	–	–
Net gain on disposal of subsidiaries *(Note 11)*	–	3,169	1,618
Net fair value gains on financial assets at fair value through profit or loss *(Note 3.3)*	–	–	4,548
Deemed disposal of an associate *(Note 17(a))*	–	–	118
Others	821	(629)	(637)
	8,343	3,297	5,849

8 Expenses by Nature

The detailed analysis of cost of sales, selling expenses, administrative expenses and research and development expenses is as follows:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Raw materials and trading medical equipment	155,783	266,517	268,675
Employee benefit expenses *(Note 9)*	384,246	179,610	201,651
Share-based payment expenses for strategic investors *(Note 27)*	67,702	–	–
Depreciation of property, plant and equipment *(Note 16)*	125,780	139,758	151,545
Depreciation of right-of-use assets *(Note 15)*	25,790	26,808	33,156
Amortization of intangible assets *(Note 17)*	1,475	3,017	3,330
Repair and maintenance	31,711	39,467	55,052
Listing expenses	5,842	6,389	20,822
Rental expenses and property fees	9,001	9,205	10,712
Travelling expenses	10,830	7,640	14,825
Office expenses	7,039	7,494	11,019
Entertainment fees	9,790	11,013	13,936
Utilities	5,574	5,322	5,568
Professional service fees	5,719	3,514	2,300
System service fees	9,060	7,261	11,496
Marketing fees	32,576	31,221	41,427
Business tax and other taxes	1,464	1,913	2,442
Auditor remuneration			
— Audit services	431	–	–
Others	4,581	6,265	8,442
Total	894,394	752,414	856,398

9 Employee Benefit Expenses

	Year ended 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and bonuses	148,655	159,646	179,629
Contributions to pension plan (a)	6,373	8,746	9,202
Housing fund, medical insurance and other social insurance	5,803	8,003	10,220
Share-based payments expenses *(Note 27)*	223,415	3,215	2,600
	384,246	179,610	201,651

(a) Contributions to Pension Plan

The employees of the Group in the PRC are members of a state-managed pension obligations operated by the PRC Government. The Group is required to contribute a specified percentage of payroll costs as determined by respective local government authority to the pension obligations to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions under the scheme.

No forfeited contributions were utilised during the years end 31 December 2021, 2022 and 2023 to offset the Group's contribution to the abovementioned retirement benefit schemes.

(b) Five Highest Paid Individuals

The five individuals whose emoluments were the highest in the Group include 2, 1 and 1 directors for the years ended 31 December 2021, 2022 and 2023. Their emoluments are reflected in the analysis presented in note 40. Details of the remunerations of the remaining highest paid non-director individuals during the Track Record Period are as follows:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and bonuses	1,443	2,756	4,556
Pension cost — defined contribution plans	12	236	251
Housing fund, medical insurance and other social benefits	11	237	274
Share-based payments expenses	83,113	284	142
	84,579	3,513	5,223

The emoluments of the five highest paid individuals except for director(s), whose emoluments have been disclosed in note 40, fell within the following bands:

	Year ended 31 December		
	2021	2022	2023
Emolument band (HK$1 to HK$1,000,000)	–	2	–
Emolument band (HK$1,000,001 to HK$1,500,000)	–	2	4
Emolument band (HK$29,500,001 to HK$30,000,000)	1	–	–
Emolument band (HK$30,000,001 to HK$30,500,000)	1	–	–
Emolument band (HK$43,500,001 to HK$44,000,000)	1	–	–
	3	4	4

During the Track Record Period, none of the five highest paid individuals waived or has agreed to waive any emoluments, and none of the five highest paid individuals received emoluments from the Group as inducement to join or upon joining the Group, or as compensation for loss of office.

10 Finance Income and Costs

	Year ended 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Finance income:			
— Interest income from bank deposits	1,039	4,730	3,263
Finance costs:			
— Interest expense of financial instruments issued to investors *(Note 33)*	(14,180)	–	–
— Interest expenses on bank borrowings	(4,711)	(5,299)	(4,845)
— Interest expenses on other borrowings	(32,379)	(22,754)	(11,552)
— Finance expenses on lease liabilities *(Note 15)*	(11,110)	(9,888)	(8,815)
	(62,380)	(37,941)	(25,212)
Amount capitalised *(Note 16)*	210	603	421
Total finance costs	(62,170)	(37,338)	(24,791)
Finance costs — net	(61,131)	(32,608)	(21,528)

11 Investments in Subsidiaries — the Company

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	293,264	317,715	331,231
Investment in unlisted shares, at costs	43,112	13,161	55,590
Liquidation of subsidiaries	(200)	–	(450)
Provision for impairment losses	(19,250)	–	(3,355)
Addition arising from share-based payments for subsidiaries	789	355	269
At the end of the year	317,715	331,231	383,285

(a) Subsidiaries of the Company

Entity name	Date of incorporation	Country/ Place of incorporation, legal status	Registered/ Issued and paid-up capital	Attributable equity interest of the Group — As at 31 December 2021	2022	2023	As at the date of this report	Principal activities
			RMB					
Directly held:								
Jiangxi Rimag Medical Investment Management Co., Ltd. 江西一脈陽光醫療投資管理有限公司	19 September 2014	PRC, Limited Liability Company	100,000,000	100%	100%	100%	100%	Medical equipment and consumables sales
Jiangxi Rimag Sunshine Medical Science and Technology Service Co., Ltd. 江西一脈陽光醫學科技服務有限公司	23 October 2018	PRC, Limited Liability Company	2,000,000	100%	100%	100%	100%	Medical equipment sales
Beijing Rimag Medical Information Technology Co., Ltd. 北京一脈陽光醫學信息技術有限公司	24 August 2015	PRC, Limited Liability Company	10,000,000	100%	100%	100%	100%	Research and development center
Lianyungang Rimag Sunshine Medical Imaging Co., Ltd. 連雲港一脈陽光醫學影像有限公司	27 September 2018	PRC, Limited Liability Company	1,000,000	100%	100%	100%	100%	Medical imaging services and device sales

Entity name	Date of incorporation	Country/ Place of incorporation, legal status	Registered/ Issued and paid-up capital	Attributable equity interest of the Group As at 31 December 2021	2022	2023	As at the date of this report	Principal activities
			RMB					
Yantai Rimag Sunshine Medical Imaging Diagnosis Center Co. Ltd. 煙台一脈陽光醫學影像診斷中心有限公司	14 December 2020	PRC, Limited Liability Company	20,000,000	100%	100%	100%	100%	Medical imaging services and device sales
Beijing Rimag Medical Imaging Diagnosis Center Co. Ltd. 北京一脈陽光醫學影像診斷中心有限公司	13 February 2015	PRC, Limited Liability Company	50,000,000	100%	100%	100%	100%	Medical imaging services and medical device sales
Shaoxing Keqiao Rimag Sunshine Medical Imaging Hospital Co. Ltd. 紹興柯橋一脈陽光醫學影像醫院有限公司	1 June 2017	PRC, Limited Liability Company	3,000,000	100%	100%	100%	100%	Medical imaging services
Xinyang Rimag Sunshine Medical Imaging Diagnosis Center Co. Ltd. 信陽一脈陽光醫學影像診斷中心有限公司	28 June 2018	PRC, Limited Liability Company	2,000,000	100%	100%	100%	100%	Medical imaging services
Chengdu Wenjiang Rimag Sunshine Internet Hospital Co. Ltd. 成都溫江一脈陽光互聯網醫院有限公司	24 August 2021	PRC, Limited Liability Company	50,000,000	100%	100%	100%	100%	Medical imaging services
Rimag Sunshine Internet Hospital (Shandong) Co., Ltd. 一脈陽光互聯網醫院(山東)有限公司	27 August 2021	PRC, Limited Liability Company	3,000,000	100%	100%	100%	N/A	Medical imaging services
Shandong Sunshine Doctor Group Management Co. Ltd. 山東陽光醫生集團管理有限公司	24 August 2020	PRC, Limited Liability Company	3,000,000	98%	98%	98%	98%	Medical imaging services

Entity name	Date of incorporation	Country/ Place of incorporation, legal status	Registered/ Issued and paid-up capital	Attributable equity interest of the Group — As at 31 December 2021	2022	2023	As at the date of this report	Principal activities
			RMB					
Suihua Rimag Sunshine Medical Imaging Center Co. Ltd. 綏化一脈陽光醫學影像中心有限公司	7 July 2021	PRC, Limited Liability Company	5,000,000	95%	95%	95%	95%	Medical imaging services
Qiqihar Nianzishan Rimag Medical Imaging Diagnosis Center Co., Ltd. ("**Qiqihar Nianzishan Rimag**") 齊齊哈爾市碾子山區一脈陽光醫學影像診斷中心有限公司 *(Note 37(iii))*	11 September 2018	PRC, Limited Liability Company	10,000,000	93%	93%	100%	100%	Medical imaging services
Shandong Rimag Sunshine Medical Imaging Diagnosis Center Co. Ltd. 山東一脈陽光醫學影像診斷中心有限公司	21 July 2019	PRC, Limited Liability Company	50,000,000	90%	90%	N/A	N/A	Medical imaging services
Qixia Rimag Sunshine Medical Imaging Diagnosis Co., Ltd 棲霞一脈陽光醫學影像診斷有限公司 (ii)	5 March 2018	PRC, Limited Liability Company	10,000,000	N/A	N/A	N/A	N/A	Medical imaging services
Hubei Rimag Sunshine Medical Investment Management Co., Ltd. 湖北一脈陽光醫療投資管理有限公司 (ii)	27 July 2015	PRC, Limited Liability Company	20,000,000	N/A	N/A	N/A	N/A	Medical imaging services
Ningjin County Rimag Sunshine Hospital Co., Ltd 寧津縣一脈陽光醫院有限公司 (ii).	14 June 2018	PRC, Limited Liability Company	10,000,000	N/A	N/A	N/A	N/A	Medical imaging services

				Ownership interest held by the Group				
			Registered/ Issued and paid-up	Effective interest held as at 31 December			As at the date of this	
Company name	Date of incorporation	Country/ Place of incorporation, legal status	capital	2021	2022	2023	report	Principal Activities
			RMB					
Directly held:								
Changchun Rimag Sunshine Medical Imaging Diagnosis Center Co. Ltd. 長春一脈陽光醫學影像診斷中心有限公司	03 July 2017	PRC, Limited Liability Company	10,000,000	85%	85%	85%	85%	Medical imaging services
Anyang Rimag Sunshine Medical Imaging Co., Ltd. 安陽一脈陽光醫學影像有限公司	8 August 2022	PRC, Limited Liability Company	10,000,000	N/A	85%	85%	85%	Medical imaging services
Hubei Zhiying Rimag Sunshine Medical Technology Co., Ltd. ("**Hubei Zhiying**") 湖北智影一脈陽光醫療科技有限公司 *(Note 38(i))*	1 December 2016	PRC, Limited Liability Company	13,333,000	80%	80%	90%	90%	Medical imaging services
Wan'an Rimag Medical Imaging Center Ltd. 萬安一脈陽光醫學影像中心有限公司	17 May 2019	PRC, Limited Liability Company	5,000,000	76%	76%	76%	76%	Medical imaging services
Liaoning Rimag Sunshine Medical Imaging Diagnosis Center Co. Ltd. 遼寧一脈陽光醫學影像診斷中心有限公司	18 May 2017	PRC, Limited Liability Company	10,000,000	70%	70%	70%	70%	Medical imaging services
Shandong Rimag Sunshine Medical Technology Co. Ltd. 山東一脈陽光醫療科技有限公司	25 February 2016	PRC, Limited Liability Company	10,000,000	70%	70%	70%	70%	Medical equipment sales

Company name	Date of incorporation	Country/ Place of incorporation, legal status	Registered/ Issued and paid-up capital	Ownership interest held by the Group — Effective interest held as at 31 December 2021	2022	2023	As at the date of this report	Principal Activities
			RMB					
Enshi Rimag Sunshine Medical Imaging Co., Ltd. 恩施市一脈陽光醫學影像有限公司	16 May 2017	PRC, Limited Liability Company	15,000,000	70%	70%	70%	70%	Medical imaging services
Xinbin Manchu Autonomous County Rimag Sunshine Medical Imaging Diagnosis Center Co. Ltd. 新賓滿族自治縣一脈陽光醫學影像診斷中心有限公司 ((iii), *note 11(b)(2)*)	25 August 2017	PRC, Limited Liability Company	7,000,000	65%	65%	N/A	N/A	Medical imaging services
Shenyang Rimag Sunshine Shennan Medical Imaging Diagnosis Co., Ltd. 瀋陽一脈陽光瀋南醫學影像診斷有限公司	20 September 2017	PRC, Limited Liability Company	8,000,000	65%	65%	65%	65%	Medical imaging services
Gengma Rimag Sunshine Medical Imaging Co., Ltd. 耿馬一脈陽光醫學影像有限公司	23 November 2018	PRC, Limited Liability Company	5,000,000	65%	65%	65%	65%	Medical imaging services
Xixian Xinqu Rimag Medical Imaging Diagnosis Ltd. 西咸新區一脈陽光醫學影像診斷有限公司	30 January 2019	PRC, Limited Liability Company	20,000,000	65%	65%	65%	65%	Medical imaging services
Jinan Rimag Sunshine Xinglin Medical Imaging Diagnosis Co., Ltd. 濟南一脈陽光杏林醫學影像診斷有限公司	14 January 2022	PRC, Limited Liability Company	10,000,000	N/A	65%	65%	65%	Medical imaging services

Company name	Date of incorporation	Country/ Place of incorporation, legal status	Registered/ Issued and paid-up capital	Ownership interest held by the Group — Effective interest held as at 31 December 2021	2022	2023	As at the date of this report	Principal Activities
			RMB					
Xiangtan Rimag Sunshine Medical Imaging Diagnosis Co., Ltd. 湘潭一脈陽光醫學影像診斷有限公司	12 October 2018	PRC, Limited Liability Company	8,000,000	55%	64%	64%	64%	Medical imaging services
Chengdu Rimag Jiashi Medical Imaging Center Ltd. 成都一脈佳士醫學影像診斷中心有限公司	17 December 2019	PRC, Limited Liability Company	5,000,000	61%	61%	61%	61%	Medical imaging services
Zhengzhou Rimag Sunshine Medical Imaging Diagnosis Center Co. Ltd. 鄭州一脈陽光醫學影像診斷中心有限公司	15 January 2020	PRC, Limited Liability Company	10,000,000	60%	60%	60%	60%	Medical imaging services
Yichang Rimag Sunshine Medical Imaging Diagnosis Center Co. Ltd. 宜昌市一脈陽光醫學影像診斷中心有限公司	29 August 2017	PRC, Limited Liability Company	8,000,000	60%	60%	60%	60%	Medical imaging services
Jiangxi Rimag Sunshine Bohai Medical Imaging Co., Ltd. 江西一脈陽光博海醫學影像有限公司	16 March 2022	PRC, Limited Liability Company	10,000,000	N/A	60%	60%	60%	Medical imaging services
Qiqihar Rimag Medical Imaging Diagnosis Center Co., Ltd. ("**Qiqihar Rimag Medical**") 齊齊哈爾一脈陽光醫學影像診斷中心有限公司 *(Note 37(i))*	24 October 2018	PRC, Limited Liability Company	30,000,000	58%	58%	73%	73%	Medical imaging services

Company name	Date of incorporation	Country/ Place of incorporation, legal status	Registered/ Issued and paid-up capital	Ownership interest held by the Group: Effective interest held as at 31 December 2021	2022	2023	As at the date of this report	Principal Activities
			RMB					
Hunan Rimag Sunshine Medical Imaging Diagnosis Center Co. Ltd. 湖南一脈陽光醫學影像診斷中心有限公司	23 September 2020	PRC, Limited Liability Company	20,000,000	55%	55%	55%	55%	Medical imaging services
Liaocheng Rimag Sunshine Medical Imaging Diagnosis Co. Ltd. 聊城市一脈陽光醫學影像診斷有限公司	08 January 2018	PRC, Limited Liability Company	10,000,000	55%	55%	55%	55%	Medical imaging services
Hainan Rimag Sunshine Medical Investment Management Co. Ltd. 海南一脈陽光醫療投資管理有限公司	15 August 2016	PRC, Limited Liability Company	10,000,000	51%	51%	51%	51%	Investment holding
Fuzhou Rimag Sunshine Medical Imaging Diagnosis Center Co. Ltd. 福州一脈陽光醫學影像診斷中心有限公司	29 December 2016	PRC, Limited Liability Company	10,000,000	51%	51%	51%	51%	Medical imaging services
Shehong Jiashi Rimag Medical Imaging Diagnosis Ltd. 射洪佳士一脈醫學影像診斷有限公司	28 April 2020	PRC, Limited Liability Company	6,000,000	51%	51%	51%	51%	Medical imaging services
Wuhan Rimag Sunshine Shangyi Medical Imaging Diagnosis Center Co., Ltd. 武漢一脈陽光尚醫醫學影像診斷中心有限公司 (ii) . . .	23 April 2019	PRC, Limited Liability Company	50,000,000	N/A	N/A	N/A	N/A	Medical imaging services

Company name	Date of incorporation	Country/ Place of incorporation, legal status	Registered/ Issued and paid-up capital	Ownership interest held by the Group — Effective interest held as at 31 December 2021	2022	2023	As at the date of this report	Principal Activities
			RMB					
Yichang Rimag Medical Technology Co., Ltd. 宜昌一脈陽光醫學科技有限公司(ii)	21 January 2021	PRC, Limited Liability Company	1,000,000	N/A	N/A	N/A	N/A	Medical equipment sales
Kunming Rimag Sunshine Medical Imaging Co., Ltd. 昆明一脈陽光醫學影像有限公司(ii)	25 March 2019	PRC, Limited Liability Company	10,000,000	N/A	N/A	N/A	N/A	Dormant
Wuhan Rimag Sunshine Medical Imaging Diagnosis Center Co., Ltd. 武漢一脈陽光醫學影像診斷中心有限公司((iii), *Note 11(b)(1)*) . .	29 December 2017	PRC, Limited Liability Company	16,000,000	60%	N/A	N/A	N/A	Medical imaging services
Shaanxi Yimai Yutai Medical Technology Co., Ltd. 陝西一脈裕泰醫療科技有限公司	16 May 2023	PRC, Limited Liability Company	5,000,000	N/A	N/A	51%	51%	Medical imaging services and medical device sales
Wenzhou Rimag Yiying Medical Imaging Diagnosis Co., Ltd. ("**Wenzhou Yiying**") 溫州一脉頤影醫學影像診斷有限公司 *(Note 38(ii))* (formerly known as "溫州頤影醫學影像診斷有限公司")	11 November 2020	PRC, Limited Liability Company	50,000,000	N/A	N/A	60%	60%	Medical imaging services
Enshi Prefecture Jianshi County Yimai Sunshine Medical Technology Co., Ltd. 恩施州建始縣一脈陽光醫療科技有限公司.	18 August 2023	PRC, Limited Liability Company	3,000,000	N/A	N/A	100%	100%	Medical imaging services and medical device sales

Company name	Date of incorporation	Country/ Place of incorporation, legal status	Registered/ Issued and paid-up capital	Ownership interest held by the Group — Effective interest held as at 31 December 2021	2022	2023	As at the date of this report	Principal Activities
			RMB					
Jiaozuo Yimai Sunshine Medical Imaging Co., Ltd. 焦作一脈陽光醫學影像有限公司	15 December 2023	PRC, Limited Liability Company	3,000,000	N/A	N/A	100%	100%	Medical imaging services and medical device sales
Chibi Yimai Sunshine Medical Technology Co., Ltd. 赤壁市一脈陽光醫療科技有限公司	4 January 2024	PRC, Limited Liability Company	5,000,000	N/A	N/A	N/A	100%	Medical imaging services and medical device sales
Rimag Cloud Medical Technology (Beijing) Co., Ltd. 一脈雲醫學科技(北京)有限公司.	22 January 2024	PRC, Limited Liability Company	5,000,000	N/A	N/A	N/A	60%	Technical support services
Beijing Rimag Yuntai Medical Devices Co., Ltd. 北京一脈雲泰醫療器械有限公司. . .	2 April 2024	PRC, Limited Liability Company	2,000,000	N/A	N/A	N/A	100%	Medical device sales
Rimag Medical Imaging (Hong Kong) Co., Limited 一脈陽光醫學影像(香港)有限公司	8 April 2024	PRC, Limited Liability Company	2,000,000	N/A	N/A	N/A	100%	Medical services
Weifang Rimag Medical Imaging Diagnosis Co., Ltd. 濰坊一脈陽光醫學影像診斷有限公司	7 May 2024	PRC, Limited Liability Company	5,000,000	N/A	N/A	N/A	70%	Medical imaging services and medical device sales
Indirectly held:								
Shicheng Rimag Sunshine Medical Imaging Co., Ltd. 石城一脈陽光醫學影像有限公司	1 December 2015	PRC, Limited Liability Company	30,000,000	100%	100%	100%	100%	Medical imaging services

Company name	Date of incorporation	Country/ Place of incorporation, legal status	Registered/ Issued and paid-up capital	Ownership interest held by the Group — Effective interest held as at 31 December 2021	2022	2023	As at the date of this report	Principal Activities
			RMB					
Xinyu Rimag Medical Imaging Ltd. 新余一脈陽光醫學影像有限公司	21 November 2016	PRC, Limited Liability Company	30,000,000	100%	100%	100%	100%	Medical imaging services
Zhaoqing Rimag Sunshine Regional Medical Imaging Diagnosis Center Co., Ltd. 肇慶一脈陽光區域醫學影像診斷中心有限公司	13 December 2016	PRC, Limited Liability Company	15,000,000	51%	51%	51%	51%	Medical imaging services
Fuzhou Rimag Sunshine Medical Imaging Co., Ltd. 撫州一脈陽光醫學影像有限公司	26 April 2017	PRC, Limited Liability Company	20,000,000	100%	100%	100%	100%	Medical imaging services
Nanchang Rimag Sunshine Medical Imaging Diagnosis Co., Ltd. 南昌一脈陽光醫學影像診斷有限公司	10 October 2017	PRC, Limited Liability Company	20,000,000	100%	100%	100%	100%	Medical imaging services
Fenyi Rimag Medical Imaging Ltd. 分宜一脈陽光醫學影像有限公司	25 June 2015	PRC, Limited Liability Company	6,000,000	100%	100%	100%	100%	Medical imaging services
Leping Rimag Medical Imaging Ltd. 樂平一脈陽光醫學影像有限公司	19 August 2015	PRC, Limited Liability Company	30,000,000	100%	100%	100%	100%	Medical imaging services
Ji'an Rimag Medical Imaging Center Ltd. 吉安縣一脈陽光醫學影像中心有限公司 (ii)	4 September 2019	PRC, Limited Liability Company	10,000,000	100%	100%	N/A	N/A	Medical imaging services

Company name	Date of incorporation	Country/ Place of incorporation, legal status	Registered/ Issued and paid-up capital	Ownership interest held by the Group – Effective interest held as at 31 December 2021	2022	2023	As at the date of this report	Principal Activities
			RMB					
Jiangxi Rimag Yingcheng Medical Service Ltd. 江西一脈影成醫療服務有限公司	19 December 2019	PRC, Limited Liability Company	10,000,000	100%	100%	100%	100%	Medical equipment sales
Nanchang Rimag Clinical Services Ltd. 南昌一脈陽光綜合門診部有限公司	3 August 2020	PRC, Limited Liability Company	2,000,000	100%	100%	100%	100%	Clinic service
Jiangxi Rimag Sunshine Cloud Data Co., Ltd. 江西一脈陽光雲數據有限公司	21 April 2014	PRC, Limited Liability Company	5,000,000	100%	100%	100%	100%	Research and development center
Yushan Rimag Sunshine Medical Imaging Co., Ltd. 玉山一脈陽光醫學影像有限公司	28 June 2021	PRC, Limited Liability Company	5,100,000	100%	100%	100%	100%	Medical imaging services
Yingtan Rimag Medical Imaging Diagnosis Ltd. 鷹潭市一脈陽光醫學影像診斷有限公司	1 January 2019	PRC, Limited Liability Company	10,000,000	95%	95%	95%	95%	Medical imaging services
Fuliang Rimag Medical Imaging Diagnosis Ltd. 浮梁一脈陽光醫學影像診斷有限公司	27 April 2020	PRC, Limited Liability Company	6,000,000	70%	70%	70%	70%	Medical imaging services
Ganzhou Rimag Medical Imaging Diagnosis Ltd. 贛州一脈陽光醫學影像診斷有限公司 (ii) *(Note)*	06 May 2018	PRC, Limited Liability Company	30,000,0000	70%	70%	N/A	N/A	Medical imaging services
Anfu Rimag Medical Imaging Center Ltd. 安福一脈陽光醫學影像中心有限公司	16 July 2019	PRC, Limited Liability Company	5,000,000	66%	66%	66%	66%	Medical imaging services

				Ownership interest held by the Group				
				Effective interest held as at 31 December				
Company name	Date of incorporation	Country/ Place of incorporation, legal status	Registered/ Issued and paid-up capital	2021	2022	2023	As at the date of this report	Principal Activities
			RMB					
Fengcheng Rimag Medical Imaging Center Ltd. 豐城市一脈陽光醫學影像中心有限公司	23 March 2018	PRC, Limited Liability Company	10,000,000	60%	60%	60%	60%	Medical imaging services
Jiangxi Rimag Shenghe Medical Technology Ltd. 江西一脈盛和醫療科技有限公司	15 March 2019	PRC, Limited Liability Company	2,000,000	55%	55%	55%	55%	Maintenance and installation of medical equipment
Beijing Rimag Health Management Co., Ltd. 北京一脈健康管理有限公司 *(iii)* *(Note)*	2 August 2021	PRC, Limited Liability Company	10,000,000	100%	N/A	N/A	N/A	Medical imaging services
Shenyang Rimag Comprehensive Clinic Co., Ltd. 瀋陽一脈陽光綜合門診部有限公司(formerly known as "遼寧一脈陽光醫院有限公司")	14 April 2023	PRC, Limited Liability Company	10,000,000	N/A	N/A	70%	70%	Medical imaging services
Suichuan Yimai Sunshine Medical Imaging Co., Ltd. 遂川一脈陽光醫學影像有限公司	18 July 2023	PRC, Limited Liability Company	3,000,000	N/A	N/A	100%	100%	Medical imaging services
Ganzhou Tiangao Yimai Sunshine Medical Imaging Co., Ltd. ("**Ganzhou Tiangao**") 贛州天恙一脈陽光醫學影像有限公司 *(Note 17(a))*	23 June 2021	PRC, Limited Liability Company	5,000,000	N/A	N/A	100%	100%	Medical imaging services and medical device sales

* The English names of the PRC companies referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or are available.

Note: Beijing Rimag Health Management Co., Ltd. was transferred from a subsidiary into an associate in 2022.

(i) No statutory audited financial statements of all the subsidiaries of the Company have been issued for the years ended 31 December 2021, 2022 and 2023.

(ii) The subsidiaries were deregistered.

(iii) The subsidiaries were disposed.

(b) Major disposal of subsidiaries

(1) Disposal of Wuhan Rimag

On 28 September 2022, the Company entered into an equity transfer agreement with Shangyi Bangkang Hospital Management Co., Ltd. ("**Bangkang**"), a related party of the non-controlling shareholder which then held 40% equity interest in Wuhan Rimag. Pursuant to the agreement, the Company agreed to dispose of its entire 60% equity interest in Wuhan Rimag Sunshine Medical Imaging Diagnosis Center Co, Ltd. ("**Wuhan Rimag**") to Bangkang for zero cash consideration. The transaction was completed on 30 September 2022 and the Company lost the control of Wuhan Rimag.

Wuhan Rimag originally had an amount of RMB121,670,000 due to the Company. Pursuant to the foregoing agreement, the Company agreed that Wuhan Rimag shall settle the liability by the following payment method: upon completion of the equity transfer, Wuhan Rimag shall repay RMB41,092,000 immediately and RMB25,600,000 over the next 10 years, in addition, Wuhan Rimag should continue to pay the Company at the amount of certain percentages of its annual sales over the next 10 years. Given the total cash flow from the above payment would vary according to future sales, it is accounted for as financial asset at FVPL excluding the first payment of RMB41,092,000, the fair value of the remaining repayment schedule is RMB50,341,000. The sum of the first repayment and fair value of the remaining payment schedule was RMB91,433,000, which shall be regarded as the consideration for the equity transfer. For the year ended 31 December 2023, the Company received the repayment of RMB1,020,000 accordingly.

The assets and liabilities of Wuhan Rimag at the date of disposal were:

	30 September 2022
	RMB'000
Property, plant and equipment *(Note 16)*	63,949
Intangible assets *(Note 17)*	237
Inventories	40
Trade receivables	2,923
Prepayments, deposits and other receivables	739
Cash and cash equivalents	2,189
Trade payables	(3,613)
Other payables	(594)
Total net assets	65,870
Less: share of non-controlling interest (40%) (a)	22,320
Share of net assets disposed	88,190

The total gain resulted from the above transaction:

	RMB'000
Consideration for 60% equity interests in Wuhan Rimag	91,433
Less: share of net assets disposed	(88,190)
Gain from the transaction	3,243

	RMB'000
Cash and cash equivalents disposed in Wuhan Rimag	(2,189)
Cash received	41,092
Cash inflow on disposal of equity interest in Wuhan Rimag	38,903

(a) The amount due to the Company amounting to RMB121,670,000 was taken into consideration when the non-controlling interest was calculated based on the aforesaid total net assets RMB65,870,000. Accordingly, the share of non-controlling interest was negative RMB22,320,000.

(2) Disposal of Xinbin Rimag

On 1 April 2023, the Company entered into an equity transfer agreement with an individual investor (the "**Investor A**"). Pursuant to the agreement, the Company agreed to dispose of its entire 65% equity interest in Xinbin Manchu Autonomous County Rimag Sunshine Medical Imaging Diagnosis Center Co. Ltd. ("**Xinbin Rimag**") to the Investor A for zero cash consideration. The transaction was completed on 3 April 2023 and the Company lost the control of Xinbin Rimag.

Xinbin Rimag originally had an amount of RMB12,462,000 due to the Company. Pursuant to the foregoing agreement, the Company agreed that Xinbin Rimag shall settle the liability in installments. Upon completion of the equity transfer, Xinbin Rimag shall repay a fixed amount of RMB12,462,000 over the next 4 years. The fair value of the repayment schedule is RMB11,297,000, which was accounted for as long-term other receivables at, which shall be regarded as the consideration for the equity transfer.

The assets and liabilities of Xinbin Rimag at the date of disposal were:

	3 April 2023
	RMB'000
Property, plant and equipment *(Note 16)*	5,587
Cash and cash equivalents	386
Trade receivables	2,382
Prepayments, deposits and other receivables	175
Inventories	28
Trade payables	(350)
Other payables and accruals	(26)
Total net assets	8,182
Less: share of non-controlling interest (35%) (a)	1,497
Share of net assets disposed	9,679

The total gain resulted from the above transaction:

	RMB'000
Consideration for 65% equity interests in Xinbin Rimag	11,297
Less: share of net assets disposed	(9,679)
Gain from the transaction *(Note(7))*	1,618

	RMB'000
Cash and cash equivalents disposed in Xinbin Rimag	(386)
Cash received	–
Cash outflow on disposal of equity interest in Xinbin Rimag	(386)

(a) The amount due to the Company amounting to RMB12,462,000 was taken into consideration when the non-controlling interest was calculated based on the aforesaid total net assets RMB8,182,000. Accordingly, the share of non-controlling interest was negative RMB1,497,000.

12 Investments accounted for using the equity method

The Group

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Interests in associates (a)	13,863	19,860	30,760
Interests in joint ventures (b)	13,169	6,392	–
	27,032	26,252	30,760

All the associates and the joint ventures of the Group as at 31 December 2023 are not significant to the Group. The amounts recognised in the consolidated income statement of the Group's associates and joint ventures, attributable to the shares of the Group and in aggregate, are as follows:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Share of results of associates (a)	(4,116)	(4,423)	(5,646)
Share of results of joint ventures (b)	446	(983)	(155)
	(3,670)	(5,406)	(5,801)

(a) Interests in associates

The movements in interests in associates are as follows:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
At beginning of the year	4,869	13,863	19,860
Additions	13,110	8,620	18,780
Transfer from a subsidiary to an associate through disposal	–	1,800	–
Transfer to financial asset at FVOCI	–	–	(500)
Transfer to a subsidiary through further acquisition *(Note 17(a))*	–	–	(433)
Adjustments — Unrealised profits arising from transactions with associates	–	–	(1,301)
Share of results	(4,116)	(4,423)	(5,646)
At end of the year	13,863	19,860	30,760

Set out below are the associates of the Group as at 31 December 2021, 2022 and 2023. The associates as listed below are equity/ordinary shares investment, which held directly by the Group. Mainland China is their principal place of business. The proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of business/ region of incorporation	% of ownership interest As at 31 December 2021	2022	2023	Nature of relationship	Measure method	Principal activities
Beijing Yimai Wanfang Clinic Co., Ltd. 北京一脈萬方診所有限公司	Beijing, PRC	35.00	35.00	35.00	Associate	Equity	Medical Services
Yinghe (Shanghai) Medical Technology Co., Ltd. 影核(上海)醫療科技有限公司 *(Note 19)*	Shanghai, PRC	30.00	30.00	NA	Associate	Equity	Medical Services
Hanji Health Management (Shanghai) Co., Ltd. 漢吉健康管理(上海)有限公司 *(Note (i))*	Shanghai, PRC	16.00	16.00	16.00	Associate	Equity	Medical Services
Ganzhou Tiangao Rimag Medical Imaging Co., Ltd. 贛州天羔一脈陽光醫學影像有限公司 *(Note 17(a))*	Jiangxi, PRC	35.00	35.00	N/A	Associate	Equity	Medical Services

Name of entity	Place of business/ region of incorporation	% of ownership interest As at 31 December 2021	2022	2023	Nature of relationship	Measure method	Principal activities
Shanghai Zhengying Medical Imaging Diagnosis Center Co., Ltd. 上海正影醫學影像診斷中心有限公司 *(Note (ii))*	Shanghai, PRC	NA	15.00	15.00	Associate	Equity	Medical Services
Shanghai Yimai Xinyun Medical Technology Co., Ltd. 上海一脈心雲醫療科技有限公司 *(Note (iii))*	Shanghai, PRC	NA	15.00	15.00	Associate	Equity	Medical Services
Beijing Yimai Health Management Co., Ltd. 北京一脈健康管理有限公司	Beijing, PRC	NA	20.00	20.00	Associate	Equity	Medical Services
Ningde Jiaotou Yimai Sunshine Medical Imaging Diagnosis Center Co., Ltd. 寧德市交投一脈陽光醫學影像診斷中心有限公司 (formerly known as "寧德市交投一脈陽光醫療集團有限公司")	Fujian, PRC	49.00	49.00	49.00	Associate	Equity	Medical Services
Beijing Qingying Huakang Technology Co.,Ltd. ("**Qingying Huakang**") 北京清影華康科技有限公司 *(Note (iv))*	Beijing, PRC	NA	NA	4.67	Associate	Equity	Medical Services

(i) According to the Articles of Association of Hanji Health Management (Shanghai) Co., Ltd., the Group is empowered to appoint key managements, which enables the Group to participate in the financial and operating policy decisions. Therefore, the Group has a significant influence but not control or joint control on Hanji Health Management (Shanghai) Co., Ltd., which is thus accounted for the investment as an investment in associate.

(ii) According to the Articles of Association of Shanghai Zhengying Medical Imaging Diagnosis Center Co., Ltd., the Group is empowered to appoint two directors among the five members of the Board of Directors with no restriction on the voting right compared with other directors, which enables the Group to participate in the financial and operating policy decisions. Therefore, the Group has a significant influence but not control or joint control on Shanghai Zhengying Medical Imaging Diagnosis Center Co., Ltd., which is thus accounted for the investment as an investment in associate.

(iii) According to the Articles of Association of Shanghai Yimai Xinyun Medical Technology Co., Ltd., there are all resolutions must be unanimously passed by more than half of the voting rights of the shareholders, which have more than one combination to pass the resolutions, and none of the participating parties has unilateral control over the economic activity of the jointly controlled entity, which is thus accounted for the investment as an investment in associate.

(iv) According to the Articles of Association of Qingying Huakang, the Group is empowered to appoint one director among the seven members of the Board of Directors with no restriction on the voting right compared with other directors, which enables the Group to participate in the financial and operating policy decisions. Therefore, the Group has a significant influence but not control or joint control on Qingying Huakang, which is thus accounted for the investment as an investment in associate.

(v) The recoverable amounts of the Group's interests in associates are determined by value-in-use calculations using discounted cash flow projections based on the management's forecast. The Group shared loss for certain of loss-making associates during the Track Record Period, for which the management have performed assessment on whether there is any indication that investment in such associates shall be impaired. Based on such assessment, the management determined that no impairment for these loss-making associates was required, on the basis that (1) all of the Group's investment in associates was established or put into operation in the during the year of 2019 to 2022 with a short history of operations, and (2) the management have compared the recoverable amount calculated through discounted cash flow projections with the carrying amounts of the interests in associates and no impairment was noted. As such, the Group did not record any impairment on the investment in associates during the Track Record Period.

There are no contingent liabilities or commitments relating to the investments in the associates.

(b) Interests in Joint Ventures

The movements in interests in joint ventures are as follows:

	Year ended 31 December		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of the year	15,897	13,169	6,392
Additions	12,900	–	–
Disposal	–	(5,794)	–
Transfer to subsidiaries through further acquisition	(16,074)	–	–
Provision for impairment losses	–	–	(1,534)
Transfer to the asset classified as held for sale *(Note (ii))*	–	–	(4,703)
Share of results	446	(983)	(155)
At end of the year	13,169	6,392	–

Set out below are the joint ventures of the Group as at 31 December 2021, 2022 and 2023. The joint ventures as listed below are equity/ordinary shares investment, which held directly by the Group. Mainland China is their principal place of business. The proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of business/ region of incorporation	% of ownership interest As at 31 December 2021	2022	2023	Nature of relationship	Measure method	Principal activities
Hubei Zhiying Rimag Medical Technology Co., Ltd. 湖北智影一脈陽光醫療科技有限公司 *(Note 38(a)) (Note (i))*	Hubei, PRC	NA	NA	NA	Joint venture	Equity	Medical Services
Shanghai Shihe Intelligent Electronic Technology Co., Ltd. 上海實和智能電子科技有限公司 *(Note (ii))*	Shanghai, PRC	20.00	20.00	20.00	Joint venture	Equity	Electronic component production
Henan General Yellow River Medical Co., Ltd. 河南通用黃河醫療有限公司	Henan, PRC	49.00	NA	NA	Joint venture	Equity	Medical Services

The Group has interests in a number of individually immaterial associates that are accounted for using the equity method.

(i) According to the Articles of Association of Hubei Zhiying, all resolutions must be unanimously passed by all shareholders, and none of the participating parties has unilateral control over the economic activity of the jointly controlled entity, which is thus accounted for the investment as an investment in joint ventures. Hubei Zhiying was transferred to a subsidiary from 12 August 2021 (Note 38(a)).

(ii) According to the Articles of Association of Shanghai Shihe Intelligent Electronic Technology Co., Ltd., all resolutions must be unanimously passed by all shareholders, and none of the participating parties has unilateral control over the economic activity of the jointly controlled entity, which is thus accounted for the investment as an investment in joint ventures. The Company entered into a share transfer agreement that the Company sell the 20% equity interests to a third party. The Company will receive a fixed amount of RMB 5,000,000 over one year on monthly basis. The transaction will be completed after all the payments are settled. As at 31 December 2023, it was accounted for as asset classified held for sale.

(c) Summarised Financial Information for Material Associates and Joint Ventures

The tables below provide summarised financial information for those associates and joint venture that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and joint venture and not the Group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	Shanghai Shihe Intelligent Electronic Technology Co., Ltd.		Ningde Jiaotou Yimai Sunshine Medical Imaging Diagnosis Center Co., Ltd.			Shanghai Zhengying Medical Imaging Diagnosis Center Co., Ltd.	
	Year end 31 December		Year ended 31 December			Year ended 31 December	
	2021	2022	2021	2022	2023	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Current assets							
Cash and cash equivalents	1,548	4,060	50	50,165	22,469	1,030	1,713
Other current assets	16,014	8,806	24,068	3,741	12,328	23,444	11,464
Total current assets	17,562	12,866	24,118	53,906	34,797	24,474	13,177
Non-current assets	1,603	1,587	17,461	53,149	65,078	52,817	57,029
Current liabilities							
Financial liabilities (excluding trade payables)	–	–	5,926	12,289	6,046	–	–
Other current liabilities	833	1,040	1,929	42,608	44,746	26,336	31,275
Total current liabilities	833	1,040	7,855	54,897	50,792	26,336	31,275
Non-current liabilities							
Financial liabilities (excluding trade payables)	–	–	11,918	34,007	12,533	20,353	17,797
Total non-current liabilities	–	–	11,918	34,007	12,533	20,353	17,797
Net assets	**18,332**	**13,413**	**21,806**	**18,151**	**36,550**	**30,602**	**21,134**

Reconciliation to Carrying Amounts

	Shanghai Shihe Intelligent Electronic Technology Co., Ltd.		Ningde Jiaotou Yimai Sunshine Medical Imaging Diagnosis Center Co., Ltd.			Shanghai Zhengying Medical Imaging Diagnosis Center Co., Ltd.	
	Year ended 31 December		Year ended 31 December			Year ended 31 December	
	2021	2022	2021	2022	2023	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Closing net assets	18,332	13,413	21,806	18,151	36,550	30,602	21,134
Group's share in %	20%	20%	49%	49%	49%	15%	15%
Group's share	3,666	2,683	10,685	8,894	17,910	4,590	3,170
Goodwill	3,709	3,709	–	–	–	960	960
Unrealised profits	–	–	–	–	(1,291)	–	–
Carrying amount	7,375	6,392	10,685	8,894	16,619	5,550	4,130
Revenue	8,943	2,253	–	7,761	18,839	–	1,689
Loss for the year	(921)	(4,919)	(3,194)	(6,655)	(3,579)	(5,028)	(9,469)
Other comprehensive income	–	–	–	–	–	–	–
Total comprehensive loss	**(921)**	**(4,919)**	**(3,194)**	**(6,655)**	**(3,579)**	**(5,028)**	**(9,469)**

(d) Individually Immaterial Associates and Joint Ventures

In addition to the interests in associates and joint ventures disclosed above, the Group also has interests in a number of individually immaterial associates and joint ventures that are accounted for using the equity method.

	Year ended 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Aggregate carrying amount of individually immaterial associates and joint ventures	8,972	5,416	10,010
Aggregate amounts of the Group's share of:			
Profit/(loss) from the year	13,822	(562)	(2,627)
Total comprehensive income/(loss)	13,822	(562)	(2,627)

The Company

The amounts recognised in the balance sheet are as follows:

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Interests in associates (a)	2,384	8,636	12,536
Interests in joint ventures (b)	7,376	6,392	–
	9,760	15,028	12,536

All the associates and the joint ventures of the Company as at 31 December 2023 are not significant to the Company. The amounts recognised in the consolidated income statement of the Company's associates and joint ventures, attributable to the shares of the Company and in aggregate, are as follows:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Share of results of associates (a)	(1,175)	(898)	(3,600)
Share of results of joint ventures (b)	(447)	(984)	(155)
	(1,622)	(1,882)	(3,755)

(a) Interests in associates

The movements in interests in associates are as follows:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
At beginning of the year	3,399	2,384	8,636
Additions	160	7,150	8,000
Transfer from an associate to financial asset at FVOCI	–	–	(500)
Share of results	(1,175)	(898)	(3,600)
At end of the year	2,384	8,636	12,536

Set out below are the associates of the Company as at 31 December 2021, 2022 and 2023. The associates as listed below are equity/ordinary shares investment, which held directly by the Company. Mainland China is their principal place of business. The proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of business/region of incorporation	% of ownership interest as at 31 December			Measure method	Principal activities	Nature of relationship
		2021	2022	2023			
Yinghe (Shanghai) Medical Technology Co., Ltd. 影核(上海)醫療科技有限公司	Shanghai, PRC	30.00	30.00	NA	Associate	Equity	Medical Services
Hanji Health Management (Shanghai) Co., Ltd. 漢吉健康管理(上海)有限公司	Shanghai, PRC	16.00	16.00	16.00	Associate	Equity	Medical Services
Shanghai Zhengying Medical Imaging Diagnosis Center Co., Ltd. 上海正影醫學影像診斷中心有限公司	Shanghai, PRC	N/A	15.00	15.00	Associate	Equity	Medical Services
Shanghai Yimai Xinyun Medical Technology Co., Ltd. 上海一脈心雲醫療科技有限公司	Shanghai, PRC	N/A	15.00	15.00	Associate	Equity	Medical Services
Beijing Qingying Huakang Technology Co., Ltd. 北京清影華康科技有限公司 *(Note 22(d))*	Beijing, PRC	NA	NA	4.67	Associate	Equity	Medical Services

(b) Interests in joint ventures

The movements in interests in joint ventures are as follows:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
At beginning of the year	15,897	7,376	6,392
Additions	8,000	–	–
Provision for impairment losses	–	–	(1,534)
Transfer to the asset classified as held for sale	–	–	(4,703)
Transfer to subsidiaries through further acquisition	(16,074)	–	–
Share of results	(447)	(984)	(155)
At end of the year	7,376	6,392	–

Set out below are the joint ventures of the Group as at 31 December 2021, 2022 and 2023. The joint ventures as listed below are equity/ordinary shares investment, which held directly by the Group. Mainland China is their principal place of business. The proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of business/region of incorporation	% of ownership interest as at 31 December 2021	2022	2023	Nature of relationship	Measure method	Principal activities
Hubei Zhiying Medical Technology Co., Ltd. ("**Hubei Zhiying**") 湖北智影一脈陽光醫療科技有限公司 *(Note 38(a))* . . .	Hubei, PRC	N/A	N/A	N/A	Joint venture	Equity	Medical Services
Shanghai Shihe Intelligent Electronic Technology Co., Ltd. 上海實和智能電子科技有限公司	Shanghai, PRC	20.00	20.00	20.00	Joint venture	Equity	Electronic component production

The Company has interests in a number of individually immaterial associates that are accounted for using the equity method.

13 Income Tax Expense

The amounts of income tax expense charged to profit or loss in the consolidated statements of comprehensive income represent:

	Year ended 31 December 2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Current income tax	20,672	18,734	23,941
Deferred income tax *(Note 32)*	(1,372)	(2,741)	(17,134)
— Deferred income tax assets	2,300	11,480	(24,529)
— Deferred income tax liabilities	(3,672)	(14,221)	7,395
	19,300	15,993	6,807

Global minimum top-up tax

The Group has adopted International Tax Reform - Pillar Two Model Rules -Amendments to IAS 12 upon their release on 23 May 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure from 31 December 2023. The mandatory exception applies retrospectively. However, because no new legislation to implement the top-up tax was enacted or substantively enacted at 31 December 2023 in any jurisdiction in which the Group operates and no related deferred taxes were recognised at that date, the retrospective application has no impact on the Group's accountant's report.

The Company's subsidiaries established and operated in Mainland China are subject to the PRC corporate income tax at the statutory rate of 25%.

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC, enterprises engaging in research and development activities are entitled to claim 175% from 2018 onwards (subsequently raised to 200% from 2021 onwards) of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year (the "**Super Deduction**").

A reconciliation of the expected income tax calculated at the applicable corporate income tax rate and loss before income tax, with the actual corporate income tax during the Track Record Period is as follow:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
(Loss)/profit before income tax	(362,660)	935	43,381
Tax calculated at applicable statutory tax rate	(90,665)	234	10,845
— Effect of preferential tax rates (a)	(3,031)	(4,499)	(3,523)
— Super deduction on research and development expenditure	(1,430)	(2,153)	(2,259)
— Expenses not deductible for tax purpose	8,953	5,986	8,875
— Utilisation of previously unrecognised tax losses	(3,982)	(5,714)	(27,041)
— Temporary differences for which no deferred income tax assets was recognised	5,801	3,159	4,999
— Share-based payment expense not recognised as deferred tax assets	72,779	804	626
— Recognition of deferred tax assets on previously unrecognised tax losses and other temporary differences	–	–	(11,313)
— Tax losses not recognised as deferred tax assets	30,527	17,626	23,825
— Income not for tax purpose	(570)	(802)	–
— Share of result of investment in equity method	918	1,352	1,773
Income tax expense	19,300	15,993	6,807

(a) The enterprise income tax rate applicable to the Group's entities located in Mainland China is 25% according to the Enterprise Income Tax Law of the PRC (the "**EIT Law**") effective on 1 January 2008 unless these subject to preferential tax rate set out below.

Beijing Rimag Sunshine Medical Information Technology Co Ltd. ("**Beijing Information**") and Hubei Zhiying was qualified as a "High and New Technology Enterprise" certificate. Shicheng Rimag Sunshine Medical Imaging Co., Ltd. ("**Shicheng Rimag**") could enjoy the preferential policy of income tax for the development of the western region. According to the approval from the local taxation authority, Hubei Zhiying and Shicheng Rimag were entitled to a preferential income tax rate of 15% on its estimated assessable profits for the Track Record Period and Beijing Information was entitled to 15% for 2022 and year ended 31 December 2023.

The enterprise income tax rate applicable to the small and micro enterprises is 2.5% according to the "EIT Law".

(b) Deferred tax assets not recognised:

The Group has not recognised any deferred tax assets in respect of the following items:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Tax losses *(c)*	496,894	513,242	428,161
Unrecognised temporary differences *(d)*	49,453	62,089	66,747
	546,347	575,331	494,908

(c) Tax loss

The Group principally conducted its business in the Mainland China, where the accumulated tax losses will normally expire within 5 years.

Tax losses that are not recognised for deferred income tax assets will expire as follows:

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Year of expiration			
2022	34,095	–	–
2023	106,259	104,942	23,107
2024	121,757	118,729	77,631
2025	90,669	87,536	38,419
Later than 2025	144,114	202,035	289,004
	496,894	513,242	428,161

The unused tax losses incurred by the Company and subsidiaries are not likely to generate sufficient taxable income in the foreseeable future. No deferred income tax assets have been recognised in respect of such tax losses due to the unpredictability of future taxable income.

(d) Unrecognised Temporary Differences

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment	25,795	35,861	27,186
Loss allowance of provision	16,019	17,814	24,458
Lease liabilities	7,639	8,414	15,103
	49,453	62,089	66,747

14 (Loss)/earnings Per Share

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/earnings of the Group attributable to the equity holders of the Company by weighted average number of ordinary shares outstanding during the Track Record Period.

	Year ended 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
(Loss)/profit attributable to the equity holders of the Company *(RMB'000)*	(360,731)	364	44,415
Weighted average number of ordinary shares outstanding (thousand shares)	307,764	338,496	338,496
Basic (loss)/earnings per share *(expressed in RMB per share)*	(1.172)	0.001	0.131

The weighted average number of ordinary shares in issue before the Company's conversion into a joint stock company was determined assuming the paid-in capital had been fully converted into the Company's share capital at the same conversion ratio of 1:1 as upon conversion into joint stock company in June 2021.

The weighted average number of ordinary shares has been retrospectively adjusted for the effect of the transfer of capital reserve to share capital completed on August 9, 2021 (Note 25).

(b) Diluted

As the Group incurred loss for the years ended 31 December 2021, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. During the year ended 31 December 2022 and 2023, the Group had no potential ordinary shares. Accordingly, diluted (loss)/earnings per share for the years ended 31 December 2021, 2022 and 2023 are the same as basic loss per share for the respective years.

15 Leases

(a) Right-of-use Assets

	Lease of buildings	Lease of machines	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2021			
Cost	237,782	2,400	240,182
Accumulated depreciation	(41,371)	(518)	(41,889)
Net book amount	196,411	1,882	198,293
Year ended 31 December 2021			
Opening net book amount	196,411	1,882	198,293
Additions	7,597	–	7,597
Depreciation charge *(Note 8)*	(25,531)	(259)	(25,790)
Closing net book amount	178,477	1,623	180,100
As at 31 December 2021			
Cost	245,379	2,400	247,779
Accumulated depreciation	(66,902)	(777)	(67,679)
Net book amount	178,477	1,623	180,100
As at 1 January 2022			
Cost	245,379	2,400	247,779
Accumulated depreciation	(66,902)	(777)	(67,679)
Net book amount	178,477	1,623	180,100

	Lease of buildings	Lease of machines	Total
	RMB'000	*RMB'000*	*RMB'000*
Year ended 31 December 2022			
Opening net book amount	178,477	1,623	180,100
Additions	21,565	120	21,685
Disposals	(52,433)	–	(52,433)
Depreciation charge *(Note 8)*	(26,495)	(313)	(26,808)
Closing net book amount	121,114	1,430	122,544
As at 31 December 2022			
Cost	197,512	2,520	200,032
Accumulated depreciation	(76,398)	(1,090)	(77,488)
Net book amount	121,114	1,430	122,544
As at 1 January 2023			
Cost	197,512	2,520	200,032
Accumulated depreciation	(76,398)	(1,090)	(77,488)
Net book amount	121,114	1,430	122,544
Year ended 31 December 2023			
Opening net book amount	121,114	1,430	122,544
Additions	20,538	40,432	60,970
Acquisition of a subsidiary *(Note 38(ii))*	10,919	–	10,919
Lease termination	(1,373)	–	(1,373)
Depreciation charge *(Note 8)*	(26,145)	(7,011)	(33,156)
Closing net book amount	125,053	34,851	159,904
As at 31 December 2023			
Cost	226,515	42,952	269,467
Accumulated depreciation	(101,462)	(8,101)	(109,563)
Net book amount	125,053	34,851	159,904

Deprecation of right-of-use assets has been charged to profit or loss in the consolidated statements of profit or loss as follows:

	Lease of buildings	Lease of machines	Total
Year ended 31 December 2021			
Depreciation expenses of right-of-use assets in			
— Cost of sales	19,850	259	20,109
— Administrative expenses	5,681	–	5,681
	25,531	259	25,790
Year ended 31 December 2022			
Depreciation expenses of right-of-use assets in			
— Cost of sales	19,367	313	19,680
— Administrative expenses	7,128	–	7,128
	26,495	313	26,808
Year ended 31 December 2023			
Depreciation expenses of right-of-use assets in			
— Cost of sales	18,434	7,011	25,445
— Administrative expenses	7,711	–	7,711
	26,145	7,011	33,156

	Year ended 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Interest expenses *(Note 10)*	(11,110)	(9,888)	(8,815)
Expenses relating to short-term leases (included in administrative expenses and research and development expenses)	(1,343)	(1,240)	(4,400)

The total cash outflows for leases during the years ended 31 December 2021, 2022 and 2023 were approximately RMB35,075,000, RMB36,602,000, and RMB38,731,000 respectively.

For impairment test of right-of-use assets, please refer to Note 16.

(b) Lease Liabilities

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities			
— Current	17,648	22,052	39,731
— Non- current	169,505	108,785	136,280
	187,153	130,837	176,011

16 Property, Plant and Equipment

	Machineries	Office furniture and fixtures	Electronic equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2021						
Cost	670,458	7,555	17,188	176,180	179,178	1,050,559
Accumulated depreciation	(156,461)	(2,215)	(8,410)	(48,832)	–	(215,918)
Net book amount	513,997	5,340	8,778	127,348	179,178	834,641
Year ended 31 December 2021						
Opening net book amount	513,997	5,340	8,778	127,348	179,178	834,641
Additions	25,357	739	2,235	21,083	74,753	124,167
Capitalisation of interest expense *(Note 10)*	–	–	–	210	–	210
Acquisition of subsidiaries	4,026	82	674	1,508	–	6,290
Transfers	57,148	1,137	1,586	9,846	(69,717)	–
Disposals	(14,932)	(11)	(15)	(1,600)	(670)	(17,228)
Depreciation charge *(Note 8)*	(84,477)	(1,670)	(4,946)	(34,687)	–	(125,780)
Closing net book amount	501,119	5,617	8,312	123,708	183,544	822,300
As at 31 December 2021						
Cost	729,795	9,778	23,133	205,650	183,544	1,151,900
Accumulated depreciation	(228,676)	(4,161)	(14,821)	(81,942)	–	(329,600)
Net book amount	501,119	5,617	8,312	123,708	183,544	822,300

	Machineries	Office furniture and fixtures	Electronic equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022						
Cost	729,795	9,778	23,133	205,650	183,544	1,151,900
Accumulated depreciation	(228,676)	(4,161)	(14,821)	(81,942)	–	(329,600)
Net book amount	501,119	5,617	8,312	123,708	183,544	822,300
Year ended 31 December 2022						
Opening net book amount	501,119	5,617	8,312	123,708	183,544	822,300
Additions	46,325	387	2,366	6,647	100,830	156,555
Capitalisation of interest expense *(Note 10)*	–	–	–	603	–	603
Transfers	91,594	394	1,101	13,704	(106,793)	–
Disposals of subsidiaries *(Note 11)*	(26,362)	(450)	(214)	(15,003)	(24,140)	(66,169)
Disposals	(6,632)	(47)	(6)	–	–	(6,685)
Depreciation charge *(Note 8)*	(96,168)	(1,849)	(4,773)	(36,968)	–	(139,758)
Closing net book amount	509,876	4,052	6,786	92,691	153,441	766,846
As at 31 December 2022						
Cost	820,951	9,651	25,751	208,297	153,441	1,218,091
Accumulated depreciation	(311,075)	(5,599)	(18,965)	(115,606)	–	(451,245)
Net book amount	509,876	4,052	6,786	92,691	153,441	766,846
As at 1 January 2023						
Cost	820,951	9,651	25,751	208,297	153,441	1,218,091
Accumulated depreciation	(311,075)	(5,599)	(18,965)	(115,606)	–	(451,245)
Net book amount	509,876	4,052	6,786	92,691	153,441	766,846

	Machineries	Office furniture and fixtures	Electronic equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023						
Opening net book amount	509,876	4,052	6,786	92,691	153,441	766,846
Additions	25,489	655	1,720	14,935	49,502	92,301
Capitalisation of interest expense *(Note 10)*	–	–	–	421	–	421
Acquisition of a subsidiary *(Note 38(ii))*	20,212	118	257	–	20,613	41,200
Transfers	95,434	540	1,449	29,189	(126,612)	–
Disposals of subsidiaries *(Note 11)*	(4,890)	(41)	(27)	(629)	–	(5,587)
Disposals	(2,256)	(44)	(26)	(165)	(23)	(2,514)
Depreciation charge *(Note 8)*	(106,301)	(1,622)	(4,109)	(39,513)	–	(151,545)
Closing net book amount	537,564	3,658	6,050	96,929	96,921	741,122
As at 31 December 2023						
Cost	944,482	10,647	28,722	246,740	96,921	1,327,512
Accumulated depreciation	(406,918)	(6,989)	(22,672)	(149,811)	–	(586,390)
Net book amount	537,564	3,658	6,050	96,929	96,921	741,122

As at 31 December 2021, 2022 and 2023, the Group's machineries with net book value of approximately RMB52,511,000, RMB55,584,000 and RMB45,748,000, respectively, had been pledged for the Group's bank borrowings of approximately RMB38,690,000, RMB44,432,000 and RMB26,852,000 respectively (Note 31(b)).

As at 31 December 2021, 2022 and 2023, the Group's machineries with net book value of approximately RMB310,741,000, RMB235,708,000 and RMB150,780,000, respectively, had been pledged for the Group's loans from financial leasing companies of approximately RMB217,820,000, RMB152,042,000 and RMB85,891,000 respectively (Note 31(c)).

Depreciation of property, plant and equipment charged to profit or loss is analysed as follows:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Cost of sales	124,314	138,273	148,776
Administrative expenses	1,043	1,427	2,709
Selling expenses	380	–	–
Research and development expenses	43	58	60
Total	125,780	139,758	151,545

At each reporting date or whenever a change in circumstances occurs, both internal and external sources of information are considered to assess whether there is an indication that non-financial assets are impaired, including property, plant and equipment, right-of-use assets, and intangible assets, which are subject to depreciation and amortisation. Based on the assessment, the Group determined that those CGUs had indications of impairment of non-financial assets, which were put into operation after the trial operation stage but incurred successive losses during the Track Record Period.

As at 31 December 2021, 2022 and 2023, the recoverable amounts of those CGUs with impairment indications were determined based on value-in-use calculations. The value-in-use calculations use cash flow projections based on business plan for the purpose of impairment reviews. The accuracy and reliability of the information is reasonably assured by the appropriate budgeting, forecast and control process established by the Group. Management engaged an independent external valuer to assess the recoverable amounts of the non-financial assets and leveraged their extensive experiences in the healthcare industry and provided forecast based on past performance and their expectation of future business plans and market developments. The values assigned to the key assumptions and discount rates are consistent with external information sources.

Based on the results of the abovementioned assessments as conducted by management and the independent external valuer, the directors of the Company concluded that no impairment loss on the aforementioned non-financial assets are required to be recognised as at 31 December 2021, 2022 and 2023.

The following table sets out the ranges of key assumptions adopted by management in the impairment assessment:

	Year ended 31 December		
	2021	2022	2023
Revenue annual growth rate			
— average of the forecast period	6.8%~18.5%	13.9%~22.4%	6.8%~12.2%
Average gross profit margins	19.3%~45.4%	20.5%~48.8%	38.2%~49.2%
Pre-tax discount rate	14.8%~16.3%	15.1%~16.9%	15.2%~21.1%

17 Intangible Assets

	Goodwill	Software	Licence	Client relationship	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2021					
Cost	–	7,379	–	–	7,379
Accumulated amortisation	–	(1,929)	–	–	(1,929)
Net book amount	–	5,450	–	–	5,450
Year ended 31 December 2021					
Opening net book amount	–	5,450	–	–	5,450
Additions	–	5,147	–	–	5,147
Disposals	–	(27)	–	–	(27)
Acquisition of a subsidiary *(Note 38)*	11,939	154	4,800	5,000	21,893
Amortisation *(Note 8)*	–	(1,176)	(160)	(139)	(1,475)
Closing net book amount	11,939	9,548	4,640	4,861	30,988

	Goodwill	Software	Licence	Client relationship	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2021					
Cost	11,939	12,653	4,800	5,000	34,392
Accumulated amortisation	–	(3,105)	(160)	(139)	(3,404)
Net book amount	11,939	9,548	4,640	4,861	30,988
Year ended 31 December 2022					
Opening net book amount	11,939	9,548	4,640	4,861	30,988
Additions	–	4,242	–	–	4,242
Disposal of subsidiaries *(Note 11)*	–	(237)	–	–	(237)
Amortisation *(Note 8)*	–	(2,120)	(480)	(417)	(3,017)
Closing net book amount	11,939	11,433	4,160	4,444	31,976
At 31 December 2022					
Cost	11,939	16,658	4,800	5,000	38,397
Accumulated amortisation	–	(5,225)	(640)	(556)	(6,421)
Net book amount	11,939	11,433	4,160	4,444	31,976
Year ended 31 December 2023					
Opening net book amount	11,939	11,433	4,160	4,444	31,976
Additions	7,292	4,169	–	–	11,461
Acquisition of a subsidiary (a)	–	190	5,917	–	6,107
Amortisation *(Note 8)*	–	(2,192)	(681)	(457)	(3,330)
Closing net book amount	19,231	13,600	9,396	3,987	46,214
At 31 December 2023					
Cost	19,231	21,017	10,717	5,000	55,965
Accumulated amortisation	–	(7,417)	(1,321)	(1,013)	(9,751)
Net book amount	19,231	13,600	9,396	3,987	46,214

(a) The addition of license of 2023 is mainly resulted from an acquisition of a subsidiary. The Company entered into an agreement of further acquisition of Ganzhou Tiangao, which was accounted for an associate before the transaction. According to the agreement, the Company acquired the remaining equity interest and it became the subsidiary of the Company after the transaction.

(b) Amortization of intangible assets has been charged to the consolidated statement of profit or loss as follows:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Cost of sales	928	1,334	1,507
Research and development expenses	–	28	241
Administrative expenses	547	1,655	1,582
Total	1,475	3,017	3,330

(c) Impairment tests for goodwill

Impairment review on the goodwill with indefinite useful life has been conducted by the management as at 31 December 2021, 2022 and 2023, respectively, in accordance with IAS 36 "Impairment of assets". The carrying amount of goodwill allocated to each of the CGUs is as follows:

	Year ended 31 December		
	2021	2022	2023
Hubei Zhiying (i)	11,939	11,939	11,939
Wenzhou Yiying (ii)	–	–	7,292
	11,939	11,939	19,231

For the purpose of impairment review, the recoverable amount of the CGU is determined based on the higher amount of the FVLCD and value-in-use calculations.

(i) Impairment test for goodwill of Hubei Zhiying

As at 31 December 2021, 2022 and 2023, the recoverable amount of aforementioned CGU was determined based on value-in-use calculations. The value-in-use calculations use cash flow projections based on business plan for the purpose of impairment reviews covering a five-year period. The accuracy and reliability of the information is reasonably assured by the appropriate budgeting, forecast and control process established by the Group. Management engaged an independent external valuer to assess the recoverable amounts of the goodwill and leveraged their extensive experiences in the healthcare industry and provided forecast based on past performance and their expectation of future business plans and market developments. The values assigned to the key assumptions and discount rates are consistent with external information sources. As at 31 December 2021, 2022 and 2023, the estimated recoverable amount of RMB33,903,000, RMB32,311,000 and RMB53,014,000 based on value-in-use calculations exceeded its carrying value by RMB3,477,000, RMB4,183,000 and RMB23,801,000 respectively, and management therefore concluded such goodwill was not impaired. The directors of the Company have considered and assessed that any reasonably possible changes in key parameters would not cause the carrying amount of the CGU of Hubei Zhiying exceed its recoverable amount.

For sensitivity analysis conducted during the impairment review as at December 31, 2021, had there been a reduction of the revenue compound annual growth rate of the first five years by 1.6 percentage point, a reduction of terminal growth rate by 2.4 percentage point, or an increase in pre-tax discount rate by 1.5 percentage point in the value-in-use calculations each in isolation, the recoverable amount of the CGU of Hubei Zhiying would be closed to the breakeven point. As at December 31, 2021, had there been a reduction of the revenue annual growth rate of the forecast period by negative 1 percentage point, a reduction of the terminal growth rate of the forecast period by negative 1 percentage point or an increase of the pre-tax discount rate of the forecast period by 1 percentage point each in isolation, the remaining headroom would be decreased to RMB1,238,000, RMB1,868,000 and RMB1,093,000 respectively.

For sensitivity analysis conducted during the impairment review as at December 31, 2022, had there been a reduction of the revenue compound annual growth rate of the first five years by 1.6 percentage point, a reduction of terminal growth rate by 3.3 percentage point, or an increase in pre-tax discount rate by 1.9 percentage point in the value-in-use calculations each in isolation, the recoverable amount of the CGU of Hubei Zhiying would be closed to the breakeven point. As at December 31, 2022, had there been a reduction of the revenue annual growth rate of the forecast period by negative 1 percentage point, a reduction of the terminal growth rate of the forecast period by negative 1 percentage point or an increase of the pre-tax discount rate of the forecast period by 1 percentage point each in isolation, the remaining headroom would be decreased to RMB1,581,000, RMB2,689,000 and RMB1,890,000 respectively.

For sensitivity analysis conducted during the impairment review as at December 31, 2023, had there been a reduction of the revenue compound annual growth rate of the first five years by 7.4 percentage point, a reduction of terminal growth rate by 33.7 percentage point, or an increase in pre-tax discount rate by 10.4 percentage point in the value-in-use calculations each in isolation, the recoverable amount of the CGU of Hubei Zhiying would be closed to the breakeven point. As at December 31, 2023, had there been a reduction of the revenue annual growth rate of the forecast period by negative 1 percentage point, a reduction of the terminal growth rate of the forecast period by negative 1 percentage point or an increase of the pre-tax discount rate of the forecast period by 1 percentage point each in isolation, the remaining headroom would be decreased to RMB20,186,000, RMB21,318,000 and RMB20,271,000 respectively.

Based on the results of the abovementioned assessments as conducted by management and the independent external valuer, the directors of the Company concluded that no impairment loss on the aforementioned goodwill are required to be recognised as at 31 December 2021, 2022 and 2023.

The following table sets out the key assumptions adopted by management in the impairment assessment:

	Year ended 31 December		
	2021	**2022**	**2023**
Revenue annual growth rate — average of the forecast period	16.5%	9.2%	2.6%
Average gross profit margins	41.3%	40.5%	49.0%
Long-term annual growth rate	2.3%	2.0%	2.0%
Pre-tax discount rate	17.4%	18.0%	18.0%

(ii) Impairment test for goodwill of Wenzhou Yiying

As at 31 December 2023, the recoverable amount of aforementioned CGU was determined based on value-in-use calculations. The value-in-use calculations use cash flow projections based on business plan for the purpose of impairment reviews covering a five-year period. The accuracy and reliability of the information is reasonably assured by the appropriate budgeting, forecast and control process established by the Group. Management engaged an independent external valuer to assess the recoverable amounts of the goodwill and leveraged their extensive experiences in the healthcare industry and provided forecast based on past performance and their expectation of future business plans and market developments. The values assigned to the key assumptions and discount rates are consistent with external information sources. As at 31 December 2023, the estimated recoverable amount of RMB73,652,000 based on value-in-use calculations exceeded its carrying value by RMB5,709,000, and management therefore concluded such goodwill was not impaired. The directors of the Company have considered and assessed that any reasonably possible changes in key parameters would not cause the carrying amount of the CGU of Wenzhou Yiying exceed its recoverable amount.

For sensitivity analysis conducted during the impairment review as at December 31, 2023, had there been a reduction of the revenue compound annual growth rate of the first five years by 1.1 percentage point, a reduction of terminal growth rate by 1.9 percentage point, or an increase in pre-tax discount rate by 1.3 percentage point in the value-in-use calculations each in isolation, the recoverable amount of the CGU of Wenzhou Yiying would be closed to the breakeven point. As at December 31, 2023, had there been a reduction of the revenue annual growth rate of the forecast period by negative 1 percentage point, a reduction of the terminal growth rate of the forecast period by negative 1 percentage point or an increase of the pre-tax discount rate of the forecast period by 1 percentage point each in isolation, the remaining headroom would be decreased to RMB447,000, RMB2,496,000 and RMB1,097,000 respectively.

Based on the results of the abovementioned assessments as conducted by management and the independent external valuer, the directors of the Company concluded that no impairment loss on the aforementioned goodwill are required to be recognised as at 31 December 2023.

The following table sets out the key assumptions adopted by management in the impairment assessment:

	Year ended 31 December
	2023
Revenue annual growth rate	
— average of the forecast period	40.5%
Average gross profit margins	20.6%
Long-term annual growth rate	2.0%
Pre-tax discount rate	16.7%

For impairment test of intangible assets other than goodwill, please refer to Note 16.

18 Financial Instruments by Category

The Group holds the following financial instruments:

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Financial Assets			
Cash and cash equivalents and restricted cash *(Note 24)*	490,007	343,961	194,941
Financial assets at fair value through profit or loss *(Note 23)*	–	50,341	53,869
Financial assets at FVOCI *(Note 19)*	–	–	8,263
Trade receivables and long-term trade receivables *(Note 21)*	226,727	305,283	390,367
Other receivables *(Note 22)*	61,421	58,418	54,279
	778,155	758,003	701,719
Financial Liabilities			
Borrowings *(Note 31)*	382,173	352,284	210,008
Trade payables *(Note 29)*	27,026	19,264	23,482
Other payables and accruals (excluding non- financial liabilities)	24,034	27,549	48,818
Lease liabilities *(Note 15)*	187,153	130,837	176,011
Other non-current liabilities	4,928	–	2,139
	625,314	529,934	460,458

19 Financial assets at fair value through other comprehensive income

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Current			
Debt investments			
— Bank acceptance notes *(a)*	–	–	3,491
Non current			
— Unlisted equity investments *(b)*	–	–	4,772

(a) As at 31 December 2023, balances were bank acceptance notes aged less than six months.

For information about the methods and assumptions used in determining the fair value of debt investment, please refer to Note 3.3(b).

(b) Unlisted equity investments mainly resulted from the passive dilution of an associate of the Group during year 2023.

20 Inventories

The following table sets forth the details of the inventories as of the dates indicated for the Track Record Period indicated.

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Medical consumables	6,952	6,684	5,333

The costs of individual items of inventory are determined using weighted average costs.

21 Trade Receivables and Long-term Trade Receivables

The Group

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Current			
Trade receivables			
— due from third parties	192,766	256,760	333,720
— due from related parties *(Note 39(d))*	1,451	27,811	2,666
	194,217	284,571	336,386
Less: provision for impairment *(Note 3.1(b))*	(16,646)	(20,611)	(27,590)
	177,571	263,960	308,796
Long-term trade receivables — current portion			
— due from third parties	11,927	11,927	25,533
— due from related parties *(Note 39(d))*	–	–	3,161
	11,927	11,927	28,694
Less: provision for impairment *(Note 3.1(b))*	(375)	(296)	(5,462)
	11,552	11,631	23,232
Non current			
Long-term trade receivables			
— due from third parties	38,882	30,567	43,086
— due from related parties *(Note 39(d))*	–	–	20,696
	38,882	30,567	63,782
Less: provision for impairment *(Note 3.1(b))*	(1,278)	(875)	(5,443)
	37,604	29,692	58,339
Total	226,727	305,283	390,367

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9. As at 31 December 2021, 2022 and 2023, provisions of RMB18,299,000 and RMB21,782,000 and RMB38,495,000 were made against the gross amounts of trade receivables and long-term trade receivables (Note 3.1 (b)), respectively.

As at 31 December 2021, 2022 and 2023, the ageing analysis of the trade receivables based on the invoice date is as follows:

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Up to 1 year	171,751	233,162	294,015
1 to 2 years	22,466	36,413	29,545
2 to 3 years	–	14,996	12,470
Over 3 years	–	–	356
	194,217	284,571	336,386

Due to the short-term nature of the trade receivables, their carrying amounts approximated their fair values as at the balance sheet dates and were denominated in RMB.

As at 31 December 2021, 2022 and 2023, the ageing analysis of the long-term trade receivables based on the invoice date is as follows:

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Up to 1 year	30,366	–	40,382
1 to 2 years	16,221	26,540	17,377
2 to 3 years	4,222	12,211	30,740
Over 3 years	–	3,743	3,977
	50,809	42,494	92,476

The long-term trade receivables have been discounted and there is no material change on discount rate, so their carrying amounts approximated their fair values as at the balance sheet dates and were denominated in RMB.

The Company

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Current			
Trade receivables			
— due from third parties	–	–	52,355
— due from subsidiaries	1,329	21,201	32,232
	1,329	21,201	84,587
Less: provision for impairment	–	–	(1,241)
	1,329	21,201	83,346
Long-term trade receivables — current portion			
— due from third parties	–	–	1,347
	–	–	1,347
Less: provision for impairment	–	–	(40)
	–	–	1,307
Non-current			
Long-term trade receivables			
— due from third parties	–	–	4,344
	–	–	4,344
Less: provision for impairment	–	–	(129)
	–	–	4,215
Total	1,329	21,201	88,868

As at 31 December 2021, 2022 and 2023, the ageing analysis of the trade receivables based on the invoice date is as follows:

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Up to 1 year	1,329	21,201	78,484
1 to 2 years	–	–	6,103
	1,329	21,201	84,587

Due to the short-term nature of the trade receivables, their carrying amounts approximated their fair values as at the balance sheet dates and were denominated in RMB.

As at 31 December 2021, 2022 and 2023, the ageing analysis of the long-term trade receivables based on the invoice date is as follows:

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Up to 1 year	–	–	5,691

The long-term trade receivables have been discounted, so their carrying amounts approximated their fair values as at the balance sheet dates and were denominated in RMB.

22 Prepayments, Deposits and Other Receivables

The Group

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Included in non-current assets			
Other receivables			
Deposits — non-current portion *(a)*	40,603	37,777	14,839
Loans to a related party	–	–	3,450
Receivables from disposal of subsidiaries *(Note 11(b)(2))*	–	–	9,302
Less: provision for impairment *(Note 3.1(b))*	(587)	(579)	(740)
	40,016	37,198	26,851
Prepayments			
Prepayments for equity investments *(d)*	–	23,100	600
Prepayments for purchase of property, plant and equipment	38,208	135,834	87,970
Deductible value-added tax input	25,001	19,185	15,309
Prepayments for intangible assets	2,051	2,249	2,157
	65,260	180,368	106,036
Total	105,276	217,566	132,887

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Included in current assets			
Other receivables			
Other receivables from related parties *(Note 39(d))*	–	–	236
Deposits — current portion *(a)*	19,663	15,426	23,465
Advances to employees	1,342	1,816	618
Loans to a third party	–	3,600	–
Receivables from disposal of subsidiaries *(Note 11(b)(2))*	–	–	2,360
Others	438	458	829
	21,443	21,300	27,508
Less: provision for impairment *(Note 3.1(b))*	(38)	(80)	(80)
	21,405	21,220	27,428
Prepayments			
Prepayment to a related party *(Note 39(d))*	24,700	4,546	3,240
Prepayment to suppliers *(b)*	61,665	53,774	5,217
Deductible value-added tax input *(c)*	36,851	14,273	23,601
Prepayment for listing expenses	3,825	5,707	13,011
Prepaid expenses	13,224	11,248	13,590
	140,265	89,548	58,659
Total	161,670	110,768	86,087

The Company

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Included in non-current assets			
Other receivables			
Deposits — non-current portion	5,950	6,240	9,589
Receivables from disposal of subsidiaries	–	–	9,302
Loans to related party	–	–	3,450
Less: provision for impairment	(49)	(52)	(232)
	5,901	6,188	22,109
Prepayments			
Prepayment for equity investments *(d) (Note 26(i))*	–	23,100	14,910
Prepayments for purchase of property, plant and equipment	12,211	111,595	74,574
Deductible value-added tax input	959	–	–
	13,170	134,695	89,484
	19,071	140,883	111,593
Included in current assets			
Other receivables			
Amount due from subsidiaries	729,464	746,671	864,791
Loans to a third party	–	3,600	–
Receivables from disposal of subsidiaries	–	–	2,360
Deposit	1	1,000	1,000
Others	16	194	63
	729,481	751,465	868,214
Less: provision for impairment	(1,844)	(2,958)	(11,058)
	727,637	748,507	857,156
Prepayments			
Prepayment to suppliers	1,509	32,404	6,332
Deductible value-added tax input	154	–	–
Prepayment for listing expenses	3,825	5,707	13,011
Prepaid expenses	311	941	1,598
	5,799	39,052	20,941
	733,436	787,559	878,097

(a) Deposits mainly represented security deposits for the Group's loans from financial leasing companies, rental of building and the bidding.

(b) Prepayment to suppliers mainly represented the advance payment to vendors to purchase raw material and machinery for the business.

(c) Input VAT to be deducted are mainly input VAT arisen from the acquisition of property, plant and equipment, intangible assets and materials. According to Announcement of the General Administration of Taxation and Customs of the Ministry of Finance on Policies for Deepening the Reform of Value-Added Tax (Announcement of the General Administration of Taxation and Customs of the Ministry of Finance, (2019) No. 39), enterprises with value-added tax recoverable balance can, starting from 1 April 2019, apply for the refund with a percentage of 10% of the current deductible input tax.

(d) Prepayments for equity investments represents following:

The Company entered into a share transfer agreement on September 28, 2022 to acquire 60% equity interest in the target company "Wenzhou Yiying", a limited liability company incorporated under the laws of the PRC and is primarily engaged in providing medical services, at a consideration of RMB26,400,000, which includes three instalments to be paid by the Company in accordance with certain financial performance related and non-financial performance related conditions as prescribed under the share transfer agreement. In 2022, the Company paid the first instalment amounting to RMB21,600,000, which was recorded as prepayment for equity investments as at 31 December 2022. In August 2023, based on the updated Articles of Association of Wenzhou Yiying, the Company obtained the shareholder right and Wenzhou Yiying has became the subsidiary of the Company. Subsequently, the Company paid the second instalment amounting to RMB2,400,000 under the share transfer agreement in September 2023. As at the date of business combination, both of the first and second instalments amounting to RMB24,000,000 were treated as the consideration of the transaction (Note 38(ii)). As at 31 December 2023, based on the assessment conducted by the Company's management, Wenzhou Yiying is unlikely to fulfil the financial performance related conditions and hence, the third instalment amounting to RMB2,400,000 will not be required under the share transfer agreement. Considering that the Company is unlikely to proceed with the payment for the third instalment, the total consideration of the transaction is RMB24,000,000.

The Company entered into a share transfer agreement on September 21, 2022 to acquire 4.48% equity interest in a target company "Qingying Huakang" at a consideration of RMB7,500,000. Qingying Huakang is a limited liability company incorporated under the laws of the PRC and is primarily engaged in providing medical services. The consideration shall be paid in cash in three instalments by the Company, subject to certain conditions precedent as prescribed under the share transfer agreement. In 2022, the Company paid the first instalment amounting to RMB1,500,000. As at 31 December 2022, prepayment for equity investments related to the aforementioned agreement was RMB1,500,000. In 2023, the Company paid the second and third instalments amounting to RMB6,000,000 and Qingying Huakang has became the associate of the Company when obtaining the shareholder right (Note 12(a)).

(e) The carrying values of other receivables approximated their fair values as at the balance sheet dates and were denominated in RMB.

23 Financial assets at fair value through profit or loss

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Unlisted debt instruments *(Note 18)*	–	50,341	53,869

24 Cash and cash equivalents and restricted cash

The Group

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances:			
— Cash on hand	–	27	5
— Cash at bank	490,007	343,934	194,936
Less: restricted cash — current portion	–	(2)	(2)
restricted cash — non-current portion	–	(3,765)	(6,104)
	490,007	340,194	188,835

As at 31 December 2022, cash at banks with amounts of RMB3,765,000 were pledged to bank as security deposits for long-term borrowing amounting to approximately RMB22,708,000 (Note 31).

As at 31 December 2023, cash at banks with amounts of RMB6,104,000 were pledged to bank as security deposits for long-term borrowing amounting to approximately RMB13,444,000 (Note 31).

As at 31 December 2021, 2022 and 2023, cash and cash equivalents and restricted cash of the Group were denominated in RMB.

The Company

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents:			
— Cash at bank	357,364	195,499	73,624
Less: restricted cash — non-current portion	–	(3,765)	(6,104)
	357,364	191,734	67,520

25 Capital

	Number of ordinary shares of RMB1.00 each	Paid-in capital	Share capital
		RMB'000	*RMB'000*
As at 1 January 2021	N/A	97,055	–
— Issue of ordinary shares upon conversion into a joint stock company (a)	97,055,469	(97,055)	97,055
— Capital contribution from shareholders	15,776,475	–	15,777
— Transfer of share premium to share capital (b)	225,663,888	–	225,664
As at 31 December 2021, 2022 and 2023	338,495,832	–	338,496

(a) The Company changed the type of enterprise from a limited liability company to a joint stock company on 30 June 2021. The net assets of the Company as of the conversion date, amounting to RMB861,156,000 were converted into 97,055,469 ordinary shares of RMB1.00 each.

(b) In August 2021, the registered capital of the Company was increased to RMB338,496,000 by way of conversion of reserved capital into share capital according to the then existing shareholding structure.

26 Treasure Stock and Reserve

The following table shows a breakdown of the balance sheet line items "treasury stock" and "reserves" and their movements during the respective years. A description of the nature and purpose of each reserve is provided below the table.

The Group

		Reserves			
	Treasury stock	**Share premium**	**Capital reserves**	**Share-based payment reserves**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2021	(896,702)	–	934,244	15,036	949,280
Capital contributions from an investor (b)	–	–	3,057	–	3,057
Derecognition of financial instruments to investors (c)	896,702	–	177,094	–	177,094
Issue of ordinary shares upon conversion into a joint stock company	–	764,100	(1,114,395)	(17,549)	(367,844)
Capital contributions from series D investors	–	597,582	–	–	597,582
Transfer of capital reserve to share premium	–	(225,664)	–	–	(225,664)
Share-based payment	–	–	–	289,774	289,774
As at 31 December 2021	–	1,136,018	–	287,261	1,423,279
As at 1 January 2022	–	1,136,018	–	287,261	1,423,279
Share-based payment	–	–	–	3,153	3,153
As at 31 December 2022	–	1,136,018	–	290,414	1,426,432

		Reserves				
	Treasury stock	Share premium	Capital reserves	Financial assets at FVOCI	Share-based payment reserves	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	–	1,136,018	–	–	290,414	1,426,432
Share-based payment	–	–	–	–	2,557	2,557
Transactions with non-controlling interests *(i) (note 37)*	–	–	(30,197)	–	–	(30,197)
Financial assets in FVOCI	–	–	–	3,182	–	3,182
As at 31 December 2023	–	1,136,018	(30,197)	3,182	292,971	1,401,974

(i) *Note:* The Company entered into a share transfer agreement in December 2023 for acquisition of remaining 49% equity interest in a subsidiary Hainan Rimag Sunshine Medical Investment Management Co. Ltd. ("**Hainan Rimag**") at a consideration of RMB15,900,000. The Company already paid RMB14,310,000 in 2023 while the completion of the transaction was still subject to certain financial performance conditions in 2024 which is not under the Company's control. Hence the full consideration for purchasing non-controlling shareholdings is debited to equity with the remaining unpaid consideration of RMB1,590,000, which is also subject to certain financial performance conditions in 2024, recorded in other payables and accruals (Note 30) as at 31 December 2023.

The Company

		Reserves			
	Treasury stock	Share premium	Capital reserves	Share-based payment reserves	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2021	(896,702)	–	934,244	5,034	939,278
Capital contributions from an investor (b)	–	–	3,057	–	3,057
Derecognition of financial instruments to investors (c)	896,702	–	177,094	–	177,094
Issue of ordinary shares upon conversion into a joint stock company	–	764,100	(1,114,395)	(17,549)	(367,844)
Capital contributions from series D investors	–	597,582	–	–	597,582
Transfer of capital reserve to share premium	–	(225,664)	–	–	(225,664)
Share-based payment	–	–	–	172,753	172,753
As at 31 December 2021	–	1,136,018	–	160,238	1,296,256

	Treasury stock	Reserves: Share premium	Capital reserves	Share-based payment reserves	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022	–	1,136,018	–	160,238	1,296,256
Share-based payment	–	–	–	1,977	1,977
As at 31 December 2022	–	1,136,018	–	162,215	1,298,233

	Treasury stock	Reserves: Share premium	Capital reserves	Financial assets at FVOCI	Share-based payment reserves	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	–	1,136,018	–	–	162,215	1,298,233
Share-based payment	–	–	–	–	1,503	1,503
Addition of financial instruments at FVOCI	–	–	–	3,204	–	3,204
As at 31 December 2023	–	1,136,018	–	3,204	163,718	1,302,940

(a) The Group recorded treasury stock to reflect the carrying amount of the financial instruments with preferred rights at the date of issuance of series A financing to series C3 financing. Further details are described in Note 33.

(b) On 26 February 2021, a shareholder of the Company transferred 0.5379% equity interest of the Company to a third party ("**Assignee**") with a consideration of RMB13,189,000. Per equity transfer agreement, the Assignee paid supplementary subscription with RMB3,057,000 to the Company.

(c) On 28 February 2021, upon termination of the preferred rights of the Investor with preferred rights, all the treasury stock was derecognised and the difference between the derecognition of the financial instruments with preferred rights and the treasury stock was credited to the capital reserves. Further details are described in Note 33.

27 Share-based Payments

Expenses arising from equity-settled share-based payments transactions were as follows:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Share Incentive Plan (a)	223,415	3,215	2,600
Share-based payments to strategic investors (b)	67,702	–	–
	291,117	3,215	2,600

Share-based payments expenses recognised for the years ended 31 December 2021, 2022 and 2023 were as follows:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Administrative expenses	262,671	3,194	2,586
Selling and distribution expenses	28,442	17	11
Cost of sales	1	1	1
Research and development expenses	3	3	2
	291,117	3,215	2,600

(a) Share Incentive Plan

2017 Share Incentive Plan

In March 2017, shares of the Company were granted by Mr. Wang Shihe through Nanchang Rimag Sunshine Enterprise Management Center (Limited Partnership) ("**Nanchang Rimag**") to 4 eligible employees (the "**Grantees**") under the 2017 Share Incentive Plan. Under this plan, 160,000 shares (being 480,000 Shares as subsequently adjusted immediately following the Company's capital increase in August 2021) of RMB1.00 each will be vested after five-year service period. The Grantees paid approximately RMB240,000 in total at an exercise price of RMB1.5 each share to Nanchang Rimag on the grant date. If an employee ceases to be employed by the Company within this period, the awarded shares will be forfeited.

The fair value of the shares granted to employees on the grant date, March 2017, as determined by a professional valuation firm was RMB3.78 per share. The significant inputs into the Black-Scholes valuation model were listed as below:

	As at March 2017
Expected volatility	55.12%
Risk-free interest rate	3.30%

Shared-based Payment for Talent Introduction Plan

In March 2017, February 2018 and July 2020, shares of the Company were granted by Mr. Wang Shihe through Nanchang Rimag to 5 Grantees under Talent Introduction Plan. Under this plan, 1,700,000 shares (being 5,100,000 Shares as subsequently adjusted immediately following the Company's capital increase in August 2021) of RMB1.20 to RMB2.50 each was granted to the employees. The Grantees paid approximately RMB2,350,000 in total at an exercise price of RMB1.20 to RMB2.50 each share to Nanchang Rimag on the grant date. No vesting condition or service period is required for the transfer.

The fair value of the shares granted to employees on the grant date, March 2017, February 2018 and July 2020 as determined by a professional valuation firm was RMB3.78 per share. The significant inputs into the Black-Scholes valuation model were listed as below:

	As at		
	March 2017	February 2018	July 2020
Expected volatility	55.12%	53.27%	42.41%
Risk-free interest rate	3.30%	3.85%	2.44%

2018 Share Incentive Plan

In March 2018, shares of the Company were granted by Mr. Wang Shihe through Nanchang Rimag to 6 Grantees under the 2018 Share Incentive Plan. Under this plan, 220,000 shares (being 660,000 Shares as subsequently adjusted immediately following the Company's capital increase in August 2021) of RMB1.50 to RMB1.80 each will be vested after five-year service period. The Grantees paid approximately RMB348,000 in total at an exercise price of RMB1.50 to RMB1.80 each share to Nanchang Rimag on the grant date. If an employee ceases to be employed by the Company within this period, the awarded shares will be forfeited.

The fair value of the shares granted to employees on the grant date, March 2018, as determined by a professional valuation firm was RMB8.95 per share. The significant inputs into the Black-Scholes valuation model were listed as below:

	As at March 2018
Expected volatility	53.27%
Risk-free interest rate	3.85%

2019 Share Incentive Plan

In March 2019, shares of the Company were granted by Mr. Wang Shihe through Nanchang Rimag to 11 Grantees under the 2019 Share Incentive Plan. Under this plan, 390,000 shares (being 1,170,000 Shares as subsequently adjusted immediately following the Company's capital increase in August 2021 (Note 26)) of RMB1.50 to RMB1.80 each will be vested after five-year service period. The Grantees paid approximately RMB630,000 in total at an exercise price of RMB1.50 to RMB1.80 each share to Nanchang Rimag on the grant date. If an employee ceases to be employed by the Company within this period, the awarded shares will be forfeited.

The fair value of the shares granted to employees on the grant date, March 2019 as determined by a professional valuation firm was RMB19.28 per share. The significant inputs into the Black-Scholes valuation model were listed as below:

	As at March 2019
Expected volatility	50.00%
Risk-free interest rate	2.97%

2020 Share Incentive Plan

In August 2020, new shares of the Company were issued and granted to 49 Grantees under the 2020 Share Incentive Plan through Beijing Rimag Enterprise Management Center (Limited Partnership) ("**Beijing Rimag**"). Under this plan, 2,766,080 shares (being 8,328,240 Shares as subsequently adjusted immediately following the Company's capital increase in August 2021) of RMB28.08 each will be vested after three-year service period. The Grantees paid approximately RMB77,672,000 in total at an exercise price of RMB28.08 each share to Beijing Rimag on the grant date. If an employee ceases to be employed by the Company within this period, the awarded shares will be forfeited.

The fair value of the shares granted to employees on the grant date, August 2020 as determined by a professional valuation firm was RMB28.55 per share. The significant inputs into the Black-Scholes valuation model were listed as below:

	As at August 2020
Expected volatility	42.41%
Risk-free interest rate	2.44%

2021 Share Incentive Plan

In December 2021, shares of the Company were granted by Mr. Wang Shihe to 20 Grantees under the 2021 Share Incentive Plan. Under this plan, 20,000,001 shares of RMB1.00 to RMB9.36 each will be vested. The Grantees paid approximately RMB78,450,000 in total at an exercise price of RMB1.00 to RMB9.36 each share to Nanchang Rimag on the grant date. No vesting condition or service period is required for the transfer.

The fair value of the shares granted to employees on the grant date, December 2021 as determined by a professional valuation firm was RMB14.66 per share. The fair value per share was determined using recent market transaction price.

Movements in the number of equity interests shares of the Company granted and the respective weighted average grant date fair value were as follows:

	Number of shares granted under the Share Incentive Scheme	Average exercise price value per share option
		RMB
As at 1 January 2020	4,245,020	20.34
Addition shares arising from transfer capital reserve to share capital	8,490,040	6.78
Granted during the year ended 31 December 2021	20,000,001	3.92
Vested during the year	(20,000,001)	3.92
Outstanding as at 31 December 2021 and 1 January 2022	12,735,060	6.78
Vested during the year	(600,000)	0.50
Outstanding as at 31 December 2022 and 1 January 2023	12,135,060	7.09
Vested during the year	(10,223,883)	8.16
Outstanding as at 31 December 2023	1,911,177	1.37

(b) Share-based Payments to Strategic Investors:

In connection with the Series D1 financing, the Company issued 9,840,346 common shares to Series D1 strategic investors at a fixed price of RMB37.09 per share, which equaled to a total consideration of RMB365,000,000.

For the years ended 31 December 2021, the differences between the considerations and the fair values as at the date of issuance of common shares to the strategic investors were RMB67,702,000, which was recognised as share-based payments in profit or loss with corresponding increase in share-based payment reserves within equity.

28 Dividend

No dividends have been paid or declared by the Company during each of the years ended 31 December 2021, 2022 and 2023.

29 Trade Payables

The Group

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Trade payables — Third parties	27,026	19,264	23,482

The ageing analysis of trade payable as at 31 December 2021, 2022 and 2023 based on invoice date was as follows:

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Up to 1 year	24,187	16,549	20,018
1–2 years	2,753	1,093	2,692
2–3 years	86	1,536	–
Over 3 year	–	86	772
	27,026	19,264	23,482

The Company

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Trade payables — Third parties	–	7,334	9,271

The ageing analysis of trade payable as at 31 December 2021, 2022 and 2023 based on invoice date was as follows:

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Up to 1 year	–	7,334	8,350
1-2 years	–	–	921
	–	7,334	9,271

30 Other payables and accruals

The Group

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Other payables due to related parties *(Note 39(d))*	5,436	5,945	702
Employee benefits payables	30,192	22,210	23,004
Payables for purchases of property, plant and equipment	6,572	3,805	21,960
Tax payables	8,793	15,739	2,682
Marketing expenses payable	3,515	2,064	2,291
Accrued expenses	1,836	4,034	1,365
Payables for deposits	2,507	2,507	2,508
Listing expenses	1,251	7,400	11,937
Redemption liability *(Note 26(i))*	–	–	1,590
Other payables	4,753	5,828	7,830
	64,855	69,532	75,869

The fair value of trade payables approximated to their carrying amounts as at 31 December 2021, 2022 and 2023 due to their short maturities.

The Company

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Other payables due to subsidiaries	2,445	2,415	16,015
Payables for purchases of property, plant and equipment	–	–	10,443
Tax payables	–	6,394	1,383
Employee benefits payable	902	1,345	1,304
Listing expenses	1,251	7,400	11,937
Payables for deposits	1,509	1,509	1,509
Other payables	1,244	348	572
	7,351	19,411	43,163

The fair value of trade payables approximated to their carrying amounts as at 31 December 2021, 2022 and 2023 due to their short maturities.

31 Borrowings

The Group

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Non-current:			
Long-term bank borrowings, secured *(b)*	38,690	76,140	55,904
Long-term bank borrowings, unsecured	6,621	3,933	–
Loans from financial leasing companies, secured *(c)*	291,033	228,211	130,302
Less: Current portion of long-term bank borrowings, secured *(b)*	(12,900)	(33,080)	(28,324)
Current portion of long-term bank borrowings, unsecured	(2,687)	(2,910)	–
Current portion of loans from financial leasing companies, secured *(c)*	(112,709)	(107,147)	(72,916)
	208,048	165,147	84,966
Current:			
Short-term bank borrowings, secured *(a)*	45,000	44,000	8,280
Short-term bank borrowings, unsecured	–	–	15,000
Current portion of long-term bank borrowings, secured *(b)*	12,900	33,080	28,324
Current portion of long-term bank borrowings, unsecured	2,687	2,910	–
Current portion of loans from financial leasing companies, secured *(c)*	112,709	107,147	72,916
Loans from a third party, unsecured *(d)*	829	–	522
	174,125	187,137	125,042
Total borrowings	382,173	352,284	210,008

(a) Short-term Bank Borrowings, Secured

(i) As at 31 December 2021, the secured Group's short-term bank borrowings included:

Bank borrowings of RMB10,000,000 were guaranteed by Mr. Wang Shihe and his spouse, Mr. Liu Jianping and his spouse, and the Company.

Bank borrowings of RMB10,000,000 were guaranteed by Mr. Wang Shihe and his spouse and a financing guarantee company.

Bank borrowings of RMB20,000,000 were guaranteed by the Company, and Mr. Wang Shihe and his spouse.

Bank borrowings of RMB5,000,000 were guaranteed by Mr. Wang Shihe and his spouse, Mr. Liu Jianping and his spouse and a financing guarantee company.

(ii) As at 31 December 2022, the secured Group's short-term bank borrowings included:

Bank borrowings of RMB19,000,000 were guaranteed by Mr. Wang Shihe and his spouse and the Company.

Bank borrowings of RMB10,000,000 were guaranteed by Mr. Wang Shihe and his spouse and a financing guarantee company.

Bank borrowings of RMB5,000,000 were guaranteed by Mr. Wang Shihe and his spouse and the Company.

Bank borrowings of RMB10,000,000 were guaranteed by Mr. Wang Shihe and his spouse. The aforesaid guarantee was released in April 2023.

(iii) As at 31 December 2023, the secured Group's short-term bank borrowings included:

Bank borrowings of RMB6,680,000 were guaranteed by Mr. Zhou Xiaoyan (as vice president of the Group's internet hospital) and were secured by the pledge of the right to receive the income derived from imaging solution services. The aforementioned guarantee will be released by 2027 according to the contract terms.

Bank borrowings of RMB1,600,000 were derived from factoring without resource to trade receivables of a subsidiary of the Group.

(b) Long-term Bank Borrowings, Secured

(i) As at 31 December 2021, the secured Group's long-term bank borrowings included:

Bank borrowings of approximately RMB22,250,000 were secured by the pledge of the right to receive imaging center service fee of a subsidiary of the Group and machineries (Note 16), and were also guaranteed by the Company, Mr. Gu Junjun (as former supervisor of the Group), and Mr. Wang Shihe and his spouse.

Bank borrowings of approximately RMB16,440,000 were secured by the pledge of 100% equity of a subsidiary of the Group and the Group's machineries (Note 16), and were also guaranteed by the Company and a subsidiary of the Group.

(ii) As at 31 December 2022, the secured Group's long-term bank borrowings included:

Bank borrowings of RMB9,000,000 were secured by the pledge of the trade receivable amounting to RMB10,000,000 from a third party and were guaranteed by the Company, Mr. Wang Shihe and his spouse.

Bank borrowings of approximately RMB22,708,000 were secured by the pledge of the restricted cash amounting to approximately RMB3,765,000, and were guaranteed by Mr. Gu Junjun and Mr. Zhou Xiaoyan (as vice president of the Group's internet hospital).

Bank borrowings of approximately RMB18,641,000 were secured by the pledge of right to imaging center services of a subsidiary of the Group from 23 June 2021 to 22 June 2027, and machineries (Note 16), and were guaranteed by Mr. Wang Shihe.

Bank borrowings of approximately RMB16,850,000 were secured by the pledge of the right to receive imaging center service fee of a subsidiary of the Group and machineries (Note 16), and were also guaranteed by the Company, Mr. Gu Junjun and Mr. Wang Shihe and his spouse.

Bank borrowings of approximately RMB8,941,000 were secured by the pledge of 100% equity of a subsidiary of the Group and the Group's machineries (Note 16), and were also guaranteed by the Company and a subsidiary of the Group.

(iii) As at 31 December 2023, the secured Group's long-term bank borrowings included:

Bank borrowings of RMB6,000,000 were secured by the pledge of the right to receive imaging center service fee of the Group and were guaranteed by the Company.

Bank borrowings of approximately RMB13,444,000 were secured by the pledge of the restricted cash amounting to approximately RMB6,104,000, and were guaranteed by Mr. Zhou Xiaoyan (as vice president of the Group's internet hospital). The aforementioned guarantee will be released by 2027 according to the contract terms.

Bank borrowings of approximately RMB25,412,000 were secured by the pledge of right to receive imaging center service fee and machineries (Note 16) of the Group, and were also guaranteed by the Company.

Bank borrowings of approximately RMB1,440,000 were secured by the pledge of 100% equity of a subsidiary of the Group and the Group's machineries (Note 16) of the Group and were guaranteed by the Company.

Bank borrowings of approximately RMB9,608,000 were guaranteed by Mr. Zhou Xiaoyan (as vice president of the Group's internet hospital). The aforementioned guarantee will be released by 2028 according to the contract terms.

(c) Loans from financial leasing companies, secured

(i) As at 31 December 2021, the secured Group's loans from financial leasing companies included:

Loans from financial leasing companies of RMB61,258,000 were secured by the pledge of equity interests of a subsidiary of the Group, the right to receive imaging center service fee and machineries, and were also guaranteed by Mr. Wang Shihe and his spouse, and the Company.

Loans from financial leasing companies of RMB55,027,000 were secured by the pledge of equity interests of a subsidiary of the Group and were also guaranteed by Mr. Wang Shihe and his spouse, Mr. Gu Junjun and his spouse, and the Company.

Loans from financial leasing companies of RMB53,294,000 were secured by the pledge of equity interests of a subsidiary of the Group, the right to receive imaging center service fee and machineries, and were also guaranteed by Mr. Wang Shihe, Mr. Gujunjun and the Company.

Loans from financial leasing companies of RMB46,453,000 were secured by the pledge of equity interests of a subsidiary of the Group and machineries, and were also guaranteed by Mr. Wang Shihe, Mr. Gu Junjun and the Company.

Loans from financial leasing companies of RMB37,970,000 were secured by the pledge of equity interests of a subsidiary of the Group, the right to receive imaging center service fee and machineries, and were also guaranteed by Mr. Wang Shihe, Mr. Gu Junjun, the Company, and a subsidiary of the Group.

Loans from financial leasing companies of RMB15,382,000 were secured by the pledge of machineries and were also guaranteed by Mr. Wang Shihe, Mr. Gu Junjun and the Company.

Loans from financial leasing companies of RMB5,403,000 were secured by the pledge of equity interests of a subsidiary of the Group and were also guaranteed by Mr. Wang Shihe and his spouse, the Company and a shareholder of a subsidiary of the Group.

Loans from financial leasing companies of RMB5,262,000 were secured by the pledge of equity interests of a subsidiary of the Group and were also guaranteed by Mr. Wang Shihe and the Company.

Loans from financial leasing companies of RMB3,776,000 were secured by the pledge of equity interests of a subsidiary of the Group and were also guaranteed by Mr. Wang Shihe and his spouse, Mr. Gu Junjun and his spouse, the Company and certain shareholders of a subsidiary of the Group.

Loans from financial leasing companies of RMB3,463,000 were secured by the pledge of equity interests of a subsidiary of the Group and machineries, and were also guaranteed by Mr. Wang Shihe and his spouse, the Company and a shareholder of a subsidiary of the Group.

Loans from financial leasing companies of RMB2,302,000 were secured by the pledge of equity interests of a subsidiary of the Group and were also guaranteed by Mr. Wang Shihe, Mr. Gu Junjun and the Company.

Loans from financial leasing companies of RMB1,443,000 were secured by the pledge of equity interests of a subsidiary of the Group and guaranteed by Mr. Wang Shihe, Mr. Gu Junjun and the Company.

(ii) As at 31 December 2022, the secured Group's loans from financial leasing companies included:

Loans from financial leasing companies of RMB38,970,000 were secured by the pledge of equity interests of a subsidiary of the Group, the right to receive imaging center service fee and machineries, and were also guaranteed by Mr. Wang Shihe, Mr. Gu Junjun and the Company.

Loans from financial leasing companies of RMB38,207,000 were secured by the pledge of equity interests of a subsidiary of the Group and were also guaranteed by Mr. Wang Shihe and his spouse and the Company.

Loans from financial leasing companies of RMB37,722,000 were secured by the pledge of equity interests of a subsidiary of the Group, the right to receive imaging center service fee and machineries, and were also guaranteed by Mr. Wang Shihe and his spouse, and the Company.

Loans from financial leasing companies of RMB32,939,000 were secured by the pledge of equity interests of a subsidiary of the Group and were also guaranteed by Mr. Wang Shihe and his spouse, Mr. Gu Junjun and his spouse, and the Company.

Loans from financial leasing companies of RMB26,164,000 were secured by the pledge of equity interests of a subsidiary of the Group and machineries, and were also guaranteed by Mr. Wang Shihe, Mr. Gu Junjun and the Company.

Loans from financial leasing companies of RMB24,319,000 were secured by the pledge of equity interests of a subsidiary of the Group and machineries, and were also guaranteed by Mr. Wang Shihe and the Company.

Loans from financial leasing companies of RMB22,021,000 were secured by the pledge of equity interests of a subsidiary of the Group, the right to receive imaging center service fee and machineries, and were also guaranteed by Mr. Wang Shihe, Mr. Gu Junjun, the Company, and a subsidiary of the Group.

Loans from financial leasing companies of RMB3,792,000 were secured by the pledge of equity interests of a subsidiary of the Group and were also guaranteed by Mr. Wang Shihe and his spouse, the Company and a shareholder of a subsidiary of the Group.

Loans from financial leasing companies of RMB2,390,000 were secured by the pledge of equity interests of a subsidiary of the Group and machineries, and were also guaranteed by Mr. Wang Shihe and his spouse, the Company and a shareholder of a subsidiary of the Group.

Loans from financial leasing companies of RMB502,000 were secured by the pledge of equity interests of a subsidiary of the Group and guaranteed by Mr. Wang Shihe, Mr. Gu Junjun and the Company.

Loans from financial leasing companies of RMB456,000 were secured by the pledge of machineries and were also guaranteed by Mr. Wang Shihe and his spouse, and the Company.

Loans from financial leasing companies of RMB405,000 were secured by the pledge of equity interests of a subsidiary of the Group and were also guaranteed by Mr. Wang Shihe and his spouse, Mr. Gu Junjun and his spouse, the Company and certain shareholders of a subsidiary of the Group.

Loans from financial leasing companies of RMB324,000 were secured by the pledge of equity interests of a subsidiary of the Group and were also guaranteed by Mr. Wang Shihe, Mr. Gu Junjun and the Company.

(iii) As at 31 December 2023, the secured Group's loans from financial leasing companies included:

Loans from financial leasing companies of RMB44,411,000 were secured by the pledge of shares of a subsidiary of the Group and were also guaranteed by the Company.

Loans from financial leasing companies of RMB32,010,000 were secured by the pledge of shares of a subsidiary of the Group, the right to receive imaging center service fee and machineries (Note 16) and were also guaranteed by the Company, and a subsidiary of the Group.

Loans from financial leasing companies of RMB24,690,000 were secured by the pledge of shares of a subsidiary of the Group and machineries (Note 16) and were also guaranteed by the Company and a subsidiary of the Group.

Loans from financial leasing companies of RMB1,154,000 were secured by the pledge of shares of a subsidiary of the Group and the right to receive imaging center service fee and machineries (Note 16), and were also guaranteed by the Company.

Loans from financial leasing companies of RMB4,095,000 were secured by the pledge of machineries (Note 16) and were also guaranteed by the Company, and a subsidiary of the Group.

Loans from financial leasing companies of RMB325,000 were secured by the pledge of machineries (Note 16) and were also guaranteed by the Company.

Loans from financial leasing companies of RMB5,516,000 were secured by the pledge of shares of a subsidiary of the Group and machineries (Note 16) and were also guaranteed by a subsidiary of the Group.

Loans from financial leasing companies of RMB17,559,000 were secured by the pledge of shares of a subsidiary of the Group and machineries (Note 16) and were also guaranteed by the Company.

Loans from financial leasing companies of RMB542,000 were secured by the pledge of machineries (Note 16) and were also guaranteed by a subsidiary of the Group.

(d) Loan from a Third Party, Unsecured

As at 31 December 2021, the Group had a short-term borrowing from a minority shareholder of the Group with the amount of RMB829,000 respectively. The borrowings bore an effective interest rate of 12% per annum. The borrowing was fully repaid in July 2022.

As at 31 December 2023, the Group had a short-term borrowing from a minority shareholder of the Group with the amount of RMB522,000. The borrowings bore an effective interest rate of 12% per annum.

(e) Repayment Periods

The Group's borrowings as at the balance sheet dates during the Track Record Period were repayable as follows:

	As at 31 December 2021		As at 31 December 2022		As at 31 December 2023	
	Bank Borrowings	Others	Bank Borrowings	Others	Bank Borrowings	Others
Up to 1 year	60,587	113,538	79,990	107,146	51,604	73,438
Between 1 and 2 years	15,810	89,834	26,112	85,459	22,328	39,107
Between 2 and 5 years	13,914	88,490	17,971	35,606	5,252	18,279
Total	90,311	291,862	124,073	228,211	79,184	130,824

The weighted average effective interest rates at each balance sheet date were as follows:

	Year ended 31 December		
	2021	2022	2023
Bank borrowings	5.33%	5.19%	4.94%
Loans from financial leasing companies	9.45%	9.40%	8.82%
Loans from a third party, unsecured	12.00%	12.00%	2.07%

(f) Other Disclosures

(i) Fair Values

The carrying amounts for the majority of the borrowings approximated their fair values as they were carried at floating interest rates.

(ii) Risk Exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in Note 3.1.

The Company

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Non-current:			
Long-term bank borrowings, secured *(b)*	–	22,708	23,052
Less: Current portion of long-term bank borrowings, secured *(b)*	–	(12,500)	(13,444)
	–	10,208	9,608
Current:			
Short-term bank borrowings, secured *(a)*	–	10,000	6,680
Short-term bank borrowings, unsecured *(a)*	–	–	10,000
Current portion of long-term bank borrowings, secured *(b)*	–	12,500	13,444
	–	22,500	30,124
Total borrowings	–	32,708	39,732

(a) Short-term bank borrowings, secured

(i) As at 31 December 2022, the secured Company's short-term bank borrowings included:

Bank borrowings of RMB10,000,000 were guaranteed by Mr. Wang Shihe and his spouse. The aforesaid guarantee was released in April 2023.

(ii) As at 31 December 2023, the secured Company's short-term bank borrowings included:

Bank borrowings of RMB6,680,000 were guaranteed by Mr. Zhou Xiaoyan (as vice president of the Group's internet hospital) and were secured by the pledge of the right to receive the income derived from imaging solution services. The aforementioned guarantee will be released by 2027 according to the contract terms.

(b) Long-term bank borrowings, secured

(i) As at 31 December 2022, the secured Company's long-term bank borrowings included:

Bank borrowings of approximately RMB22,708,000 were secured by the pledge of the restricted cash amounting to approximately RMB3,765,000, and were guaranteed by Mr. Gu Junjun and Mr. Zhou Xiaoyan (as vice president of the Group's internet hospital).

(ii) As at 31 December 2023, the secured Company's long-term bank borrowings included:

Bank borrowings of approximately RMB13,444,000 were secured by the pledge of the restricted cash amounting to approximately RMB6,104,000, and were guaranteed by Mr. Zhou Xiaoyan (as vice president of the Group's internet hospital). The aforementioned guarantee will be released by 2027 according to the contract terms.

Bank borrowings of approximately RMB9,608,000 were guaranteed by Mr. Zhou Xiaoyan (as vice president of the Group's internet hospital). The aforementioned guarantee will be released by 2028 according to the contract terms.

(c) Repayment periods

The Company's borrowings as at the balance sheet dates during the Track Record Period were repayable as follows:

	As at 31 December		
	2021	2022	2023
	Bank Borrowings	Bank Borrowings	Bank Borrowings
Up to 1 year	–	22,500	30,124
Between 1 and 2 years	–	10,208	9,608
Total	–	32,708	39,732

The weighted average effective interest rates at each balance sheet date were as follows:

	Year ended 31 December		
	2021	2022	2023
Bank borrowings	N/A	5.14%	5.16%

32 Deferred Income Tax

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Deferred income tax assets *(a)*	4,680	7,197	24,208
Deferred income tax liabilities *(b)*	(2,375)	(2,151)	(4,414)
	2,305	5,046	19,794

(a) Deferred Income Tax Assets

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Deferred income tax assets:			
— to be recovered within 12 months	3,632	805	3,262
— to be recovered more than 12 months	32,114	23,461	45,540
	35,746	24,266	48,802

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
The balance comprises temporary differences attributable to:			
Tax losses	2	98	8,586
Property, plant and equipment	4,406	5,644	11,572
Lease liabilities	30,905	17,012	24,793
Loss allowance of provision	159	707	3,600
Accrued expense	274	805	244
Financial assets at FVOCI	–	–	7
Total deferred income tax assets	35,746	24,266	48,802
Set-off of deferred income tax liabilities pursuant to set-off provisions	(31,066)	(17,069)	(24,594)
Net deferred income tax assets	4,680	7,197	24,208

The movements in deferred income tax assets were as follows:

	Tax losses	Property, plant and equipment	Lease liabilities	Loss allowance of provision	Accrued expense	Financial assets at FVOCI	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets arising from							
At 1 January 2021	610	2,721	34,672	43	–	–	38,046
(Charged)/Credited to profit or loss *(Note 13)*	(608)	1,685	(3,767)	116	274	–	(2,300)
At 31 December 2021 and 1 January 2022	2	4,406	30,905	159	274	–	35,746
Credited/(Charged) to profit or loss *(Note 13)*	96	1,238	(13,893)	548	531	–	(11,480)
At 31 December 2022 and 1 January 2023	98	5,644	17,012	707	805	–	24,266
Credited/(Charged) to profit or loss *(Note 13)*	8,488	5,928	7,781	2,893	(561)	–	24,529
Charged to other comprehensive loss	–	–	–	–	–	7	7
At 31 December 2023	8,586	11,572	24,793	3,600	244	7	48,802

Deferred tax assets not recognised

As at 31 December 2021, 2022 and 2023, the Group has not recognised deferred tax assets of certain entities in respect of their respective cumulative tax losses and temporary differences of RMB546,347,000 and RMB575,331,000 and RMB494,908,000 respectively, in accordance with the accounting policy set out in Note 2.21, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

(b) Deferred Income Tax Liabilities

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Deferred income tax liabilities:			
— to be recovered within 12 months	14,221	7,915	11,453
— to be recovered more than 12 months	19,220	11,305	17,555
	33,441	19,220	29,008

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
The balance comprises temporary differences attributable to:			
Right-of-use assets	31,066	17,069	24,594
Intangible assets — fair value added	2,375	2,151	3,346
Financial assets at FVOCI	–	–	1,068
Total deferred income tax liabilities	33,441	19,220	29,008
Set-off of deferred income tax liabilities pursuant to set-off provisions	(31,066)	(17,069)	(24,594)
Net deferred income tax liabilities	2,375	2,151	4,414

The movements in deferred income tax liabilities were as follows:

	Right-of-use assets	Intangible assets – fair value added	Financial assets at FVOCI	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax liability arising from				
At 1 January 2021	34,663	–	–	34,663
Credited to profit or loss *(Note 13)*	(3,597)	(75)	–	(3,672)
Acquisition of a subsidiary *(Note 38(i))*	–	2,450	–	2,450
At 31 December 2021 and 1 January 2022	31,066	2,375	–	33,441
Credited to profit or loss *(Note 13)*	(13,997)	(224)	–	(14,221)
At 31 December 2022 and 1 January 2023	17,069	2,151	–	19,220
Charged/(Credited) to profit or loss *(Note 13)*	7,525	(130)	–	7,395
Charged to other comprehensive loss	–	–	1,068	1,068
Acquisition of a subsidiary *(Note 38(ii))*	–	1,325	–	1,325
At 31 December 2023	24,594	3,346	1,068	29,008

33 Financial instruments issued to investors

The Group and the Company

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Financial instruments issued to investors	–	–	–

The financial instruments issued to investors represent the paid-in capital of the Company with redemption rights held by certain investors. The Group recognised the financial instruments issued to investors as financial liabilities considering that all triggering events for the key redemption rights that could be exercised by Series A Investors, Series B Investors and Series C Investors are collectively referred as "Investor with Preferred Rights" (more details about the preferred rights are set out below or in the later part of this note), are out of the control of the Company and these financial instruments do not meet the definition of equity for the Company. The financial liabilities were initially measured at present value of redemption amount and subsequently measured at amortised cost. Interests from the financial instruments were charged to finance cost.

The movements of financial instruments issued to investors for the years ended 31 December 2021, 2022 and 2023 were as follows:

	Financial instruments issued to investors
	RMB'000
As at 1 January 2021	1,059,616
Charged to finance costs	14,180
Derecognition of financial instruments issued to investors	(1,073,796)
As at 31 December 2021, 2022 and 2023	–

Series A Financing

On 2 August 2016, the Company entered into an investment agreement with a series A investor, pursuant to which the Company issued and allotted approximately 3,435,000 shares, representing approximately 15.00% of the equity interests of the Company, to the series A investor, at a consideration of RMB70,000,000. Series A investor was granted certain preferred rights upon capital contribution. The proceeds of RMB70,000,000 were received by the Company in December 2016.

Series B1 Financing

On 8 November 2017, the Company entered into an investment agreement with a series B1 investor, pursuant to which the Company issued and allotted 980,365 shares, representing approximately 1.64% of the equity interests of the Company, to series B1 investor, at a consideration of RMB20,000,000. Series B1 investor were granted certain preferred rights upon capital contribution. The proceeds of RMB20,000,000 were received by the Company in November 2017.

Series B2 Financing

On 8 January 2018, the Company entered into an investment agreement with certain series B2 investors, pursuant to which the Company issued and allotted 13,725,484 shares, representing approximately 18.67% of the equity interests of the Company, to series B2 investors, at a consideration of RMB280,000,000. Series B2 investors were granted certain preferred rights upon capital contribution. The proceeds of RMB280,000,000 were received by the Company in January 2018.

Series B+ Financing

On 12 September 2018, the Company entered into an investment agreement with certain series B+ investors, pursuant to which the Company issued and allotted 4,901,959 shares, representing approximately 6.25% of the equity interests of the Company, to series B+ investors, at a consideration of RMB130,000,000. Series B+ investors were granted certain preferred rights upon capital contribution. The proceeds of RMB130,000,000 were received by the Company in September 2018.

Series C1 Financing

On 3 July 2019, the Company entered into an investment agreement with a series C1 investor, pursuant to which the Company issued and allotted 6,429,801 shares, representing approximately 7.43% of the equity interests of the Company, to series C1 investors, at a consideration of RMB180,484,420. Series C1 investor were granted certain preferred rights upon capital contribution. The proceeds of RMB180,484,420 were received by the Company in July 2019.

Series C2 Financing

On 1 March 2020, the Company entered into an investment agreement with a series C2 investor, pursuant to which the Company issued and allotted 2,850,020 shares, representing approximately 3.09% of the equity interests of the Company, to series C2 investors, at a consideration of RMB80,000,000. Series C2 investor were granted certain preferred rights upon capital contribution. The proceeds of RMB80,000,000 were received by the Company in April 2020.

Series C3 Financing

On 1 April 2020, the Company entered into an investment agreement with a series C3 investor, pursuant to which the Company issued and allotted 4,852,773 shares, representing approximately 5.00% of the equity interests of the Company, to series C3 investors, at a consideration of RMB136,217,277. Series C3 investor were granted certain preferred rights upon capital contribution. The proceeds of RMB136,217,277 were received by the Company in April 2020.

Series B1 investor, series B2 investors and series B+ investors are collectively referred as "Series B Investors". Series C1 investor, series C2 investors and series C3 investors are collectively referred as "Series C Investors".

In accordance with investment agreements with Investor with Preferred Rights, these investors had been granted with certain preferred rights (the "**Preferred Rights**") upon capital contribution. These Preferred Rights mainly included the followings:

Redemption Right

Investor with Preferred Rights have a right to require the Company to redeem their investment if (i) the Company failed to become a listing company before 31 December 2023; (ii) Company and its existing shareholders have committed a major breach to the agreements and such breach is not remedied within 30 days.

The redemption amount of Investor with Preferred Rights is calculated as the original investment principal from Investor with Preferred Rights, plus an annual simple rate of 10% of the original investment principal for a period of time commencing from the delivery date to the actual payments date of the settlement (calculated as 365 days in a calendar year).

The redemption rights held by Investor with Preferred Rights upon no successful listing within a specified period and other contingent events would constitute as a Company's obligation to repurchase its own equity instruments under the situations which are beyond the Company's and the investors' control. The financial liability in connection with the obligation is therefore recognised initially at the present value of the aforementioned redemption amount based on the most likely scenario among all the possible situations, and subsequently measured at amortised cost using the effective interest method.

Liquidation Preferences

In the event of any liquidation, dissolution or winding up of the Company, Investor with Preferred Rights shall be entitled to receive the liquidation preference amount, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of ordinary shares of the Company.

The liquidation preference amount of Investor with Preferred Rights is calculated as the original investment principal from Investor with Preferred Rights, plus an annual simple rate of 10% of the original investment principal for a period of time commencing from the delivery date to the actual payments date of the settlement (calculated as 365 days in a calendar year) and dividend declared but undistributed profit attributable to investors.

Termination of Preferred Rights

The Company charged approximately RMB14,180,000 (Note 10) to finance cost in profit or loss during the year ended 31 December 2021. On 27 February 2021, the Company entered into a termination agreement to terminate the abovementioned Preferred Rights with Investor with Preferred Rights. Pursuant to the termination agreement, the financial instruments issued to investors of approximately RMB1,073,796,000 and the treasury stock of approximately RMB896,702,000 were derecognised accordingly. The difference of approximately RMB177,094,000, was credited to capital reserves.

34 Other Non-current Liabilities

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Payable for purchase of property, plant and equipment	4,928	–	2,139

35 Cash Flow Information

(a) Cash Generated from Operations

	Year ended 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
(Loss)/profit before income tax	(362,660)	935	43,381
Adjustments for			
— Finance costs — net *(Note 10)*	61,131	32,608	21,528
— Depreciation of property, plant and equipment *(Note 8)*	125,780	139,758	151,545
— Depreciation of right-of-use assets *(Note 8)*	25,790	26,808	33,156
— Amortisation of intangible assets *(Note 8)*	1,475	3,017	3,330
— Net impairment losses on financial assets *(Note 3.1(b))*	10,886	3,517	16,874
— Gains on disposal of property, plant and equipment and right-of-use assets *(Note 7)*	(8,356)	(757)	(202)
— Gains on disposal or liquidation of subsidiaries	–	(3,243)	(1,618)

	Year ended 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
— Share-based payments	291,117	3,215	2,600
— Share of results of investment accounted for using equity method	3,670	5,406	5,801
— Gain on remeasurement of long-term investment	834	–	(118)
— Net fair value gains on financial assets at fair value through profit or loss	–	–	(4,548)
— Net impairment losses on associates and joint ventures accounted for using the equity method	–	–	1,534
Changes in working capital:			
— Contract liabilities	4,761	9,569	(60,201)
— Trade payable, other payables and accruals	2,547	8,295	(11,853)
— Trade receivables, long-term trade receivables, and other receivables and prepayments	(127,961)	(22,758)	7,222
— Inventories	(1,006)	228	1,337
Net cash generated from operating activities	28,008	206,598	209,768

(b) Proceeds from Disposal of Properties, Plant and Equipment:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Net book value *(Note 16)*	17,228	6,685	2,514
Gains from disposals of property, plant and equipment *(Note 7)*	8,356	757	202
Movement in other receivables	330	(94)	(271)
Proceeds from the disposal	25,914	7,348	2,445

(c) Reconciliation of Liabilities Arising from Financing Activities

	Liabilities from financing activities					
	Bank borrowings	Loans from financial leasing companies	Loans from a third party	Lease liabilities	Financial instruments issued to investors	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Total debt as at 1 January 2021	107,436	381,722	2,789	202,178	1,059,616	1,753,741
Cash flows	(21,836)	(123,068)	(1,960)	(33,732)	–	(180,596)
Interest expenses	4,711	32,379	–	11,110	14,180	62,380
Termination of preferred right	–	–	–	–	(1,073,796)	(1,073,796)
Lease addition	–	–	–	7,597	–	7,597
Total debt as at 31 December 2021	90,311	291,033	829	187,153	–	569,326
Cash flows	28,463	(85,576)	(829)	(35,362)	–	(93,304)
Interest expenses	5,299	22,754	–	9,888	–	37,941
Lease addition	–	–	–	21,685	–	21,685
Lease termination	–	–	–	(52,527)	–	(52,527)
Total debt as at 31 December 2022	124,073	228,211	–	130,837	–	483,121
Cash flows	(49,734)	(109,461)	522	(34,331)	–	(193,004)
Interest expenses	4,845	11,552	–	8,815	–	25,212
Lease addition	–	–	–	60,970	–	60,970
Acquisition of a subsidiary *(Note 38(ii))*	–	–	–	11,369	–	11,369
Lease termination	–	–	–	(1,649)	–	(1,649)
Total debt as at 31 December 2023	79,184	130,302	522	176,011	–	386,019

36 Commitments

(a) Capital Commitments

Significant capital expenditure commitments are set out below:

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Contracted but not recognised as liabilities			
— Commitments for acquisition of property, plant and equipment and intangible assets	14,206	16,770	10,987

37 Transactions with non-controlling interests

(i) Transactions with Qiqihar Rimag Medical's non-controlling interests

On 8 February 2023, the Company acquired an additional 15% of the issued shares of Qiqihar Rimag Medical for RMB18,000,000. Immediately prior to the purchase, the carrying amount of the existing 15% non-controlling interest in Qiqihar Rimag Medical Imaging Diagnosis Center Co., Ltd. was RMB6,623,000. The Group recognised a decrease in non-controlling interests of RMB6,623,000 and a decrease in equity attributable to owners of the parent of RMB11,377,000. The Company held 73% equity interest in Qiqihar Rimag Medical after the transaction. The effect on the equity attributable to the owners of Qiqihar Rimag Medical during the year is summarised as follows:

Details of the purchase consideration, the net assets acquired are as follows:

	Year ended 31 December
	2023
	RMB'000
Carrying amount of non-controlling interests acquired	6,623
Consideration paid to non-controlling interests	(18,000)
Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity	(11,377)

(ii) Transactions with Hubei Zhiying's non-controlling interests

On 7 August 2023, the Company acquired an additional 10% of the issued shares of Hubei Zhiying for RMB5,000,000. Immediately prior to the purchase, the carrying amount of the existing 10% non-controlling interest in Hubei Zhiying was RMB2,512,000. The Group recognised a decrease in non-controlling interests of RMB2,512,000 and a decrease in equity attributable to owners of the parent of RMB2,488,000. The Company held 90% equity interest in Hubei Zhiying after the transaction.

Details of the purchase consideration, the net assets acquired are as follows:

	Year ended 31 December
	2023
	RMB'000
Carrying amount of non-controlling interests acquired	2,512
Consideration paid to non-controlling interests	(5,000)
Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity	(2,488)

(iii) Transactions with Qiqihar Nianzishan Rimag's non-controlling interests

On 3 November 2023, the Company acquired an additional 7% of the issued shares of Qiqihar Nianzishan Rimag for RMB770,000. Immediately prior to the purchase, the carrying amount of the existing 7% non-controlling interest in Qiqihar Nianzishan Rimag was RMB338,000. The Group recognised a decrease in non-controlling interests of RMB338,000 and a decrease in equity attributable to owners of the parent of RMB432,000. The Company held 100% equity interest in Qiqihar Nianzishan Rimag after the transaction.

Details of the purchase consideration, the net assets acquired are as follows:

	Year ended 31 December
	2023
	RMB'000
Carrying amount of non-controlling interests acquired	338
Consideration paid to non-controlling interests	(770)
Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity	(432)

There were no transactions with non-controlling interests in 2021 and 2022.

38 Business combination

(i) Acquisition of Hubei Zhiying

(a) Summary of Acquisition

During 2021, the Group had a step acquisition of Hubei Zhiying, a medical services enterprise. On 8 February 2021, the Group acquired 15% of equity interest of the target company, holding 40% of equity interest of the target company. And on 12 August 2021, the Group further acquired 40% of equity interest of the target company, holding 80% of equity interest of the target company in total and realizing control. The acquisition has significantly increased the Group's complements of the Group's existing medical service division.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	RMB'000
Purchase consideration	
Transfer from an investment accounted for using the equity method *(Note 12)*	15,239
Cash paid (b)	16,000
	31,239

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value
	RMB'000
Cash	7,742
Trade receivables	5,310
Inventories	248
Plant and equipment	6,290
Intangible assets: license	4,800
Intangible assets: client relationships	5,000
Intangible assets: others	157
Trade and other payables	(2,630)
Deferred income tax liability	(2,450)
Employment benefit	(342)
Net identifiable assets acquired	24,125
Less: non-controlling interests	(4,825)
Add: goodwill	11,939
Net assets acquired	31,239

The goodwill is attributable to the workforce and the high profitability of the acquired business. It will not be deductible for tax purposes.

(i) Revenue and profit contribution

The acquired business contributed revenues of RMB5,421,000 and net profit of negative RMB198,000 to the Group for the period from 1 September to 31 December 2021.

If the acquisition had occurred on 1 January 2021, consolidated pro-forma revenue and profit for the year ended 31 December 2021 would have been RMB598,398,000 and negative RMB383,245,000 respectively. These amounts have been calculated using the subsidiary's results and adjusting them for: the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 January 2021, together with the consequential tax effects.

(b) Purchase Consideration — Cash Outflow

	RMB'000
Consideration paid in cash	16,000
Less: cash and cash equivalent balances acquired	(7,742)
Net outflow of cash-investing activities	8,258

(ii) Acquisition of Wenzhou Yiying

(a) Summary of acquisition

On 5 August 2023, the Group acquired 60% of equity interest of Wenzhou Yiying, a medical services enterprise. The acquisition has significantly increased the Group's complements of the Group's existing medical service division.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	RMB'000
Purchase consideration	
Cash prepaid in 2022 *(Note 22(d))*	21,600
Cash paid in 2023 *(b)*	2,400
	24,000

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value
	RMB'000
Cash	96
Trade receivables	1,430
Prepayments, deposits and other receivables	43
Inventories	14
Right-of-use assets	10,919
Plant, property and equipment	41,200
Intangible assets: license	5,300
Intangible assets: others	190
Trade and other payables	(12,287)
Lease liabilities	(11,369)
Deferred income tax liability	(1,325)
Other payables and accruals	(6,365)
Net identifiable assets acquired	27,846
Less: non-controlling interests	(11,138)
Add: goodwill	7,292
Net assets acquired	24,000

The goodwill is attributable to the workforce and the high profitability of the acquired business. It will not be deductible for tax purposes.

(i) Revenue and profit contribution

The acquired business contributed revenues of RMB2,922,000 and net profit of negative RMB1,865,000 to the Group for the period from 1 August to 31 December 2023.

If the acquisition had occurred on 1 January 2023, consolidated pro-forma revenue and profit for the year ended 31 December 2023 would have been RMB932,051,000 and RMB57,848,000 respectively. These amounts have been calculated using the subsidiary's results and adjusting them for: the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 January 2023, together with the consequential tax effects.

(b) Purchase consideration cash outflow

	RMB'000
Consideration paid in cash	24,000
Less: cash and cash equivalent balances acquired	(96)
Net outflow of cash-investing activities	23,904

39 Related Party Transactions

Parties are considered to be related in one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the Track Record Period, and balances arising from related party transactions as at 31 December 2021, 2022 and 2023 respectively.

The major related parties that had transactions and balances with the Group were as follows:

(a) Related Parties of the Company and the Group

Name of related parties	Relationship
Yinghe (Shanghai) Medical Technology Co., Ltd. (影核(上海)醫療科技有限公司) *(i)*	Associate
Shanghai Shihe Intelligent Electronic Technology Co., Ltd. (上海實和智能電子科技有限公司) *(Note 12b(ii))*	Joint venture
Hanji Health Management (Shanghai) Co., Ltd. (漢吉健康管理(上海)有限公司)	Associate
Shanghai Zhengying Medical Imaging Diagnosis Center Co., Ltd. (上海正影醫學影像診斷中心有限公司) *(ii)*	Associate
Ningde Jiaotou Yimai Sunshine Medical Imaging Diagnosis Center Co., Ltd. (寧德市交投一脈陽光醫學影像診斷中心有限公司) *(iii)*	Associate
Beijing Yimai Wanfang Clinic Co., Ltd. (北京一脈萬方診所有限公司)	Associate
Beijing Qingying Huakang Technology Co., Ltd. (北京清影華康科技有限公司) *(Note 22(d))*	Associate
Ganzhou Tiangao Rimag Medical Imaging Co., Ltd. (贛州天羔一脈陽光醫學影像有限公司) *(iv)*	Associate

Name of related parties	Relationship
Hubei Zhiying Rimag Medical Technology Co., Ltd. (湖北智影一脈陽光醫療科技有限公司) *(v)*	Joint venture
Henan General Yellow River Medical Co., Ltd. (河南通用黃河醫療有限公司) *(vi)*	Joint venture
Jiangxi Tianyue Technology Co., Ltd. (江西天越科技有限公司) *(vii)*	A company controlled by a Director
Wuhan Rong Commune Medical Equipment Co., Ltd. (武漢融公社醫療器械有限公司) *(viii)*	A company controlled by a Director
Jiangxi Zhongtong Bite Medical Information Technology Co., Ltd. (江西中通比特醫學信息技術有限公司) *(ix)*	A company controlled by a Director

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the Track Record Period, and balances arising from related party transactions as at the respective balance sheet dates.

(i) In June 2023, Yinghe (Shanghai) Medical Technology Co., Ltd. was no longer a related party of the Group because it was transferred from an associate to the financial asset at FVOCI.

(ii) In April 2022, the Group acquired 15% of equity interest of Shanghai Zhengying Medical Imaging Diagnosis Center Co., Ltd., which was transferred to a related party of the Group as an associate.

(iii) In May 2021, Ningde Jiaotou Yimai Sunshine Medical Imaging Diagnosis Center Co., Ltd. was established by a subsidiary of the Group together with a third party, which then was transferred to a related party of the Group as an associate.

(iv) In June 2021, Ganzhou Tiangao was established by a subsidiary of the Group together with a third party, which then was transferred to a related party of the Group as an associate. The Group held 35% of equity interest of Ganzhou Tiangao. In August 2023, the Group acquired remaining 65% of equity interest of Ganzhou Tiangao, and it became the subsidiary of the Group.

(v) Hubei Zhiying was transferred from a joint venture to a subsidiary from 12 August 2021 (Note 38(a)).

(vi) In August 2021, Henan General Yellow River Medical Co., Ltd. was established by a subsidiary of the Group together with a third party, which then was transferred to a related party of the Group as a joint venture. In January 2022, the Group disposed the aforesaid subsidiary, and Henan General Yellow River Medical Co., Ltd. was no longer a related party of the Group.

(vii) In November 2021, Mr. Wang, being the beneficial owner of Jiangxi Tianyue Technology Co., Ltd., resigned from the Group as a director. Therefore, Jiangxi Tianyue Technology Co., Ltd. was no longer a related party of the Group.

(viii) In November 2021, Mr. Chen, being the beneficial owner of Wuhan Rong Commune Medical Equipment Co., Ltd., appointed as the chief executive officer of the Group. Therefore, Wuhan Rong Commune Medical Equipment Co., Ltd. was transferred to a related party of the Group.

(ix) In September 2021, Mr. Wang, who had significant influence of Jiangxi Zhongtong Bite Medical Information Technology Co., Ltd. ("**Zhongtong Bite**"), ceased to have any shareholding interest in Zhongtong Bite and neither held directorship or chief executive role in Zhongtong Bite. In addition, Mr. Wang resigned from the Group as a director in November 2021. Therefore, Zhongtong Bite was no longer a related party of the Group.

(b) Transactions with Related Parties

	Year ended 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Sales of services and goods			
Ningde Jiaotou Yimai Sunshine Medical Imaging Diagnosis Center Co., Ltd.	1,948	11,337	22,155
Beijing Yimai Wanfang Clinic Co., Ltd.	136	207	1,048
Shanghai Zhengying Medical Imaging Diagnosis Center Co., Ltd..	–	24,126	141
Henan General Yellow River Medical Co., Ltd.	6,311	–	–
Yinghe (Shanghai) Medical Technology Co., Ltd..	16	79	–
Ganzhou Tiangao Rimag Medical Imaging Co., Ltd.	–	2,832	–
	8,411	38,581	23,344

	Year ended 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Purchase of services and products			
Hanji Health Management (Shanghai) Co., Ltd.	–	–	2,357
Shanghai Zhengying Medical Imaging Diagnosis Center Co., Ltd.	–	–	179
Shanghai Shihe Intelligent Electronic Technology Co., Ltd.	1,171	521	162
Wuhan Rong Commune Medical Equipment Co., Ltd.	25,482	43,156	–
Jiangxi Zhongtong Bite Medical Information Technology Co., Ltd.	53	–	–
Jiangxi Tianyue Technology Co., Ltd.	892	–	–
Hubei Zhiying Rimag Medical Technology Co., Ltd.	–	–	–
Yinghe (Shanghai) Medical Technology Co., Ltd.	–	442	–
	27,598	44,119	2,698
Purchase of Right-of-Use Assets			
Jiangxi Tianyue Technology Co., Ltd.	1,915	–	–
Interest expense			
Jiangxi Tianyue Technology Co., Ltd.	91	–	–

(c) Key Management Compensation

Key management includes Directors (executive and non-executive), chief executive officer, the Company secretary, and the executive president of imaging hospital. The compensation paid or payable to key management for employee services is as follows:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
— Salaries, wages and bonuses	2,303	3,597	4,137
— Pension costs-defined contribution plans	63	77	166
— Housing fund, medical insurance and other social insurance	50	58	238
— Share-based payments expenses	97,211	64	14
	99,627	3,796	4,555

For the years ended 31 December 2021, 2022 and 2023, the salaries, bonus and other welfares disclosed above include RMB266,000, RMB326,000 and RMB282,000 payables which were unpaid as at year end and are included in Other payables and accruals (Note 30).

(d) Balances with Related Parties

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Trade related			
Trade receivables and long-term trade receivables			
Shanghai Zhengying Medical Imaging Diagnosis Center Co., Ltd. *(i)*	–	27,133	23,907
Ningde Jiaotou Yimai Sunshine Medical Imaging Diagnosis Center Co., Ltd.	1,292	495	2,207
Yinghe (Shanghai) Medical Technology Co., Ltd	16	–	–
Hubei Zhiying Rimag Medical Technology Co., Ltd.	–	–	–
Beijing Yimai Wanfang Clinic Co., Ltd.	26	183	409
Henan General Yellow River Medical Co., Ltd.	117	–	–
Less: allowance for expected credit losses *(Note 3.1(b))*	(6)	(157)	(848)
	1,445	27,654	25,675

(i) The amounts due from Shanghai Zhengying Medical Imaging Diagnosis Center Co., Ltd. were the long-term trade receivables derived from instalment sales.

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Non-trade related			
Other receivable and prepayments			
— Other receivable			
Shanghai Zhengying Medical Imaging Diagnosis Center Co., Ltd. *(i)*	–	–	3,450
— Prepayments			
Hanji Health Management (Shanghai) Co., Ltd. *(ii)*	–	4,200	3,200
Trade related			
Other receivable and prepayments			
— Other receivable			
Ningde Jiaotou Yimai Sunshine Medical Imaging Diagnosis Center Co., Ltd.	–	–	236
— Prepayments			
Shanghai Zhengying Medical Imaging Diagnosis Center Co., Ltd..	–	–	40
Wuhan Rong Commune Medical Equipment Co., Ltd.	24,700	346	–
Less: allowance for expected credit losses *(Note 3.1(b))*	–	–	(12)
	24,700	4,546	6,914

(i) The amounts due from related parties of RMB3,450,000 are unsecured, bear an effective interest rate of 5% per annum, and will be repayable in 2025 according to the contract.

(ii) The outstanding contracts related to non-trade balances of prepayments will be settled in 2024.

	As at 31 December		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Trade related			
Other payable and accruals			
Wuhan Rong Commune Medical Equipment Co., Ltd.	–	–	689
Non-trade related			
Other payable and accruals			
Wuhan Rong Commune Medical Equipment Co., Ltd.	5,376	5,445	–
Shanghai Shihe Intelligent Electronic Technology Co., Ltd.	60	–	13
Yinghe (Shanghai) Medical Technology Co., Ltd..	–	500	–
	5,436	5,945	702

40 Benefits and interests of directors

(a) Benefits and Interests of Directors

The remuneration of each director of the Company paid/payable by the Group for the years ended 31 December 2021, 2022 and 2023 are set out as follows:

Name of Directors	Basic salaries	Bonuses	Welfare, medical and other expenses	Share-based payment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2021					
Chairman					
Mr. Xu Ke	391	–	–	–	391
Directors					
Mr. Liu Senlin	–	–	–	–	–
Mr. Xu Zhongchao	–	–	–	–	–
Mr. Ding Yiming	–	–	–	–	–
Mr. Feng Xie	463	–	8	22,080	22,551
Ms. He Yingfei	490	98	11	33,098	33,697
Mr. Yin Hang	–	–	–	–	–
Ms. Wang Yinuo	–	–	–	–	–
Mr. Cao Dong	–	–	–	–	–
	1,344	98	19	55,178	56,639
Year ended 31 December 2022					
Chairman					
Mr. Xu Ke	728	–	–	–	728
Directors					
Ms. He Yingfei	599	80	12	64	755
Mr. Feng Xie	601	38	12	–	651
Mr. Liu Senlin	–	–	–	–	–
Mr. Ding Yiming	–	–	–	–	–
Ms. Wang Yinuo	–	–	–	–	–
Mr. Xu Zhongchao	–	–	–	–	–
Mr. Yin Hang	–	–	–	–	–
Mr. Cao Dong	–	–	–	–	–
	1,928	118	24	64	2,134

Name of Directors	Basic salaries	Bonuses	Welfare, medical and other expenses	Share-based payment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023					
Chairman					
Mr. Xu Ke	727	252	–	–	979
Directors					
Mr. Chen Zhaoyang *(Note 2)*	644	168	109	–	921
Ms. He Yingfei	641	144	63	14	862
Mr. Feng Xie	602	193	101	–	896
Mr. Liu Senlin	–	–	–	–	–
Mr. Mao Xiaojun *(Note 2)*	–	–	–	–	–
Mr. Ding Yiming *(Note 1)*	–	–	–	–	–
Ms. Wang Yinuo *(Note 1)*	–	–	–	–	–
Mr. Xu Zhongchao *(Note 1)*	–	–	–	–	–
Mr. Yin Hang *(Note 1)*	–	–	–	–	–
Mr. Cao Dong *(Note 1)*	–	–	–	–	–
	2,614	757	273	14	3,658

Note 1: Mr. Ding Yiming, Ms. Wang Yinuo, Mr. Xu Zhongchao, Mr. Yin Hang and Mr. Cao Dong resigned as the directors of the company on 10 May 2023.

Note 2: Mr. Chen Zhaoyang and Mr. Mao Xiaojun were appointed as the director of the company on 11 May 2023.

(b) Directors' Retirement Benefits

There were no retirement benefits paid to or receivable by any Director in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries during the Track Record Period.

(c) Directors' Termination Benefits

There were no termination benefits paid to or receivable by any Director during the Track Record Period.

(d) Consideration Provided to Third Parties for Making Available Directors' Services

No payment was made to the Directors for making available the services of them as a Director of the Company during the Track Record Period.

(e) Information About Loans, Quasi-loans and Other Dealings in Favour of Directors

Other than those disclosed in note 39(c), there were no loans, quasi-loans and other dealings entered into between the Group and the Directors and in favour of the Directors during the Track Record Period.

(f) Directors' Material Interests in Transactions, Arrangements or Contracts

Other than those as disclosed in note 39(b) and note 40, there are no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Track Record Period.

41 Contingencies

As at 31 December 2021, 2022 and 2023, save as disclosed in the Historical Financial Information in respect of bank borrowing guarantee (Note 31), the Group and the Company had no other significant contingencies.

42 Subsequent Events

There are no material subsequent events undertaken by or impacted on the Company or the Group subsequent to 31 December 2023 and up to the date of this report.

III Subsequent Financial Statements

No audited financial statements have been prepared by the Company or any of the companies comprising the Group in respect of any period subsequent to 31 December 2023 and up to the date of this report.

The information set forth in this appendix does not form part of the Accountant's Report received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, as set forth in Appendix I to this document, and is included herein for illustrative purpose only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this document and the Accountant's Report set forth in Appendix I to this document.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of the Global Offering as if it had taken place on 31 December 2023 and based on the audited consolidated net tangible assets attributable to the owners of the Company as at 31 December 2023 as shown in the Accountant's Report, the text of which is set out in Appendix I to this document, and adjusted as described below.

The unaudited pro forma statement of adjusted consolidated net tangible assets have been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets attributable to the owners of the Company as at 31 December 2023 or at any future dates following the Global Offering.

	Audited Consolidated net tangible assets attributable to owners of the Company as of 31 December 2023	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company as of 31 December 2023	Unaudited pro forma adjusted consolidated net tangible assets per Share as of 31 December 2023	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*
Based on an Offer Price of HK$14.60 per share	1,247,740	194,236	1,441,976	4.05	4.44
Based on an Offer Price of HK$16.80 per share	1,247,740	228,502	1,476,242	4.14	4.55

Notes:

(1) The audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2023 is extracted from the Accountant's Report set out in Appendix I to this document, which is based on the audited consolidated net assets of the Group attributable to the owners of the Company as at 31 December 2023 of approximately RMB1,292,627,000 after deducting the Group's intangible assets attributable to the owners of the Company of approximately RMB44,887,000 as at 31 December 2023.

(2) The estimated net proceeds from the Global Offering are based on 17,816,000 new Shares and the indicative Offer Price of HK$14.60 per Offer Share and HK$16.80 per Offer Share after deduction of the underwriting fees and other related expenses (excluding listing expenses of approximately RMB33,053,000 which have been accounted for in the consolidated statement of profit or loss prior to 31 December 2023).

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that a total of 356,311,832 Shares were in issue assuming that the Global Offering had been completed on 31 December 2023.

(4) For the purpose of this unaudited pro forma statement of adjusted consolidated net tangible assets, the amounts stated in Hong Kong dollars are converted into Renminbi at a rate of HK$1 to RMB0.91072. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

(5) No other adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of our Group entered into subsequent to 31 December 2023.

B. REPORT FROM THE REPORTING ACCOUNTANT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

pwc 羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Jiangxi Rimag Group Co., Ltd.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Jiangxi Rimag Group Co., Ltd. (the "**Company**") and its subsidiaries (collectively the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 31 December 2023, and related notes (the "**Unaudited Pro Forma Financial Information**") as set out on pages II-1 to II-2 of the Company's prospectus dated 30 May 2024, in connection with the proposed initial public offering of the shares of the Company (the "**Prospectus**"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2 of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed initial public offering on the Group's financial position as at 31 December 2023 as if the proposed initial public offering had taken place at 31 December 2023. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial information for the year ended 31 December 2023, on which an accountant's report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting

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Guideline 7, *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed initial public offering at 31 December 2023 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) or standards and practices of any professional body in any other overseas jurisdiction and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 May 2024

Taxation of Security Holders

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are residents or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current effective laws and practices, and no predictions are made about changes or adjustments to relevant laws or policies, and no comments or suggestions will be made accordingly. The discussion has no intention to cover all possible tax consequences resulting from the investment in H Shares, nor does it take the specific circumstances of any particular investor into account, some of which may be subject to special regulations. Accordingly, you should consult your own tax advisor regarding the tax consequences of an investment in H Shares. The discussion is based upon laws and relevant interpretations in effect as of the date of this document, which is subject to change or adjustment and may have retrospective effect. No issues on PRC or Hong Kong taxation other than income tax, capital appreciation and profit tax, business tax/appreciation tax, stamp duty and estate duty were referred in the discussion. Prospective investors are urged to consult their financial advisors regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

The PRC Taxation

Taxation on Dividends

–Individual Investor

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), which was most recently amended on August 31, 2018 and the Implementation Provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), which was most recently amended on December 18, 2018 (hereinafter collectively referred to as the "**IIT Law**"), dividends distributed by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty.

Pursuant to the Circular on Certain Policy Questions Concerning Individual Income Tax (《關於個人所得稅若干政策問題的通知》), which was issued by the MOF and the SAT on May 13, 1994 and came into effect on the same date, the incomes gained by individual foreigners from dividends and bonuses of enterprise with foreign investment are exempt from individual income tax for the time being.

–*Enterprise Investors*

In accordance with the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) issued by NPC on March 16, 2007 and latest amended on December 29, 2018 and the Implementation Provisions of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) issued by the State Council on December 6, 2007, came into effect on January 1, 2008 and amended on April 23, 2019, the rate of enterprise income tax shall be 25%. A non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares in Hong Kong), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise.

The Circular of the SAT on Issues Relating to the Withholding and Remitting of Enterprise Income Tax by PRC Resident Enterprises on Dividends Distributed to Overseas Non-Resident Enterprise Shareholders of H Shares (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》, which was issued and implemented by the SAT on November 6, 2008, further clarified that a PRC-resident enterprise must withhold enterprise income tax at a rate of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares. In addition, the Response to Questions on Levying Enterprise Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B Shares (《關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》), which was issued by the SAT and came into effect on July 24, 2009, further provides that any PRC-resident enterprise whose shares are listed on overseas stock exchanges must withhold and remit enterprise income tax at a rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprises. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has entered into with a relevant country or area, where applicable.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (hereinafter referred to as the "**the Arrangement**"), which was signed on August 21, 2006, the Chinese Government may levy taxes on the dividends paid by a PRC-resident enterprise to Hong Kong residents (including resident individuals and resident entities) in an amount not exceeding 10% of the total dividends payable by the PRC-resident enterprise unless a Hong Kong resident directly holds 25% or more of the equity interest in a PRC-resident enterprise, then such tax shall not exceed 5% of the total dividends payable by the PRC-resident enterprise. The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of

Double Taxation and the Prevention of Fiscal Evasion (《〈內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排〉第五議定書》), which came into effect on December 6, 2019, adds a criteria for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where relevant gains, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the requirements of PRC tax law and regulation, such as the Notice of the SAT on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》).

–Tax Treaties

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the Chinese enterprise income tax imposed on the dividends received from PRC companies. The PRC currently has entered into Avoidance of Double Taxation Treaties or Arrangements with a number of countries and regions including Hong Kong Special Administrative Region, Macau Special Administrative Region, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the enterprise income tax in excess of the agreed tax rate, and the refund application is subject to approval by the Chinese tax authorities.

Taxation on Share Transfer

–VAT and Local Additional Tax

According to the Interim Regulations of the PRC on Value-Added Tax (《中華人民共和國增值稅暫行條例》) which was promulgated by the State Council on December 13, 1993, and amended on November 10, 2008, February 6, 2016 and November 19, 2017, and the Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》) which was promulgated by the MOF on December 25, 1993 and subsequently amended on December 15, 2008 and October 28, 2011, all enterprises and individuals that engage in the sale of goods, the provision of processing, repair and replacement services, sales of service, intangible assets and real estate and the importation of goods within the territory of the PRC shall pay value-added tax at the rate of 0%, 6%, 11% and 17% for the different goods it sells and different services it provides, except when specified otherwise.

Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (《關於全面推開營業稅改徵增值稅試點的通知》), which was implemented on May 1, 2016, entities and individuals engaged in the services sale in the PRC are subject to VAT and "engaged in the services sale in the PRC" means that the seller or buyer of the taxable services is located in the PRC. It also provides that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to VAT at 6% on the taxable revenue (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer. However, individuals who transfer financial products are exempt from VAT, which is also provided in the third appendix of the Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner, namely Provisions on the Transitional Policies for the Pilot Collection of Value-added Tax in Lieu of Business Tax (《營業稅改徵增值稅試點過渡政策的規定》). According to these regulations, if the holder is a non-resident individual, the PRC VAT is exempted from the sale or disposal of H shares; if the holder is a non-resident enterprise and the H-share buyer is an individual or entity located outside China, the holder is not necessarily required to pay the PRC VAT, but if the H-share buyer is an individual or entity located in China, the holder may be required to pay the PRC VAT. However, there may be changes in whether the non-Chinese resident enterprises are required to pay the PRC VAT for the disposal of H shares in practice.

Income Tax

–Individual Investors

Under the IIT Law and its implementation rules, individuals are subject to individual income tax at a rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises. Pursuant to the Circular on Continuing the Temporary Exemption of Individual Income Tax on Gains from Share Transfers by Individuals (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》), which was promulgated by the MOF and the SAT and became effective on March 30, 1998, from January 1, 1997, income of individuals from the transfer of shares in listed companies continues to be temporarily exempted from individual income tax. The State Administration of Taxation does not specify whether to continue to exempt individuals from personal income tax on the income from the transfer of shares in listed company in the newly revised EIT Law and Implementation Rules of the EIT Law.

–Enterprise Investors

In accordance with the EIT Law, a non-resident enterprise is generally subject to enterprise income tax at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

Stamp Duty

According to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》) promulgated by the SCNPC on June 10, 2021 and became effective on July 1, 2022, the PRC stamp duty is applicable to the entities and individuals that conclude taxable vouchers or conduct securities trading within the territory of the PRC, and the entities and individuals outside the territory of the PRC that conclude taxable vouchers that are used inside China. Therefore, the purchase and disposal of H shares by non-PRC investors outside of the PRC does not apply to the relevant provisions of the Stamp Duty Law of the PRC.

Estate Duty

According to PRC law, no estate duty is currently levied in the PRC.

Hong Kong Taxation

Tax on Dividends

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by us.

Capital Gains and Profit Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of H shares. However, trading gains from the sale of the H shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Certain categories of taxpayers are likely to be regarded as deriving trading gains rather than capital gains (for example, financial institutions, insurance companies and securities dealers) unless these taxpayers can prove that the investment securities are held for long-term investment purposes.

Trading gains from sales of the H shares effected on the Hong Kong Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H shares effected on the Hong Kong Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.1% on the higher of the consideration for or the market value of the H shares, will be payable by the purchaser on every purchase and by the seller on every sale of any Hong Kong securities, including H shares (in other words, a total of 0.2% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed duty of HK$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to 10 times the duty payable may be imposed.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 (《2005年收入(取消遺產稅)條例》) came into effect on February 11, 2006 in Hong Kong, pursuant to which no Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application of a grant of representation in respect of holders of H Shares whose deaths occur on or after February 11, 2006.

Principal Taxation of Our Company in the PRC

Please refer to "Regulatory Overview" of this document.

Taxation of Our Company in Hong Kong

Our Directors do not consider that any of the Company's income is derived from or arises in Hong Kong for the purpose of Hong Kong taxation, and therefore our Company will not be subject to Hong Kong taxation arising therefrom.

Foreign Exchange

The lawful currency of the PRC is Renminbi. The SAFE, with the authorization of the People's Bank of China (hereinafter referred to as "**PBOC**"), is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

The Regulations on Foreign Exchange Control of the PRC (《中華人民共和國外匯管理條例》), which was issued by the State Council on January 29, 1996, implemented on April 1, 1996 and latest amended on 5 August, 2008, classifies all international payments and transfers into current items and capital items. Current items are subject to the reasonable examination of the veracity of transaction documents and the consistency of the transaction documents and the foreign exchange receipts and payments by financial institutions engaging in conversion and sale of foreign currencies and supervision and inspection by the foreign exchange control authorities. For capital items, overseas organizations and overseas individuals making direct investments in China shall, upon approval by the relevant authorities in charge, process registration formalities with the foreign exchange control authorities. Foreign exchange income received overseas can be repatriated or deposited overseas, and foreign exchange and foreign exchange settlement funds under the capital account are required to be used only for purposes as approved by the competent authorities and foreign exchange administrative authorities. In the event that international revenues and expenditure occur or may occur a material misbalance, or the national economy encounters or may encounter a severe crisis, the State may adopt necessary safeguard and regulatory measures on international revenues and expenditure.

The Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》), which was promulgated by the PBOC on June 20, 1996 and implemented on July 1, 1996, removes other restrictions on convertibility of foreign exchange under current items, while regulates foreign exchange transactions under capital account items.

According to the Announcement on Improving the Reform of the Renminbi Exchange Rate Formation Mechanism (《關於完善人民幣匯率形成機制改革的公告》), which was issued by the PBOC and implemented on July 21, 2005, the PRC has started to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies since July 21, 2005. Therefore, the Renminbi exchange rate was no longer pegged to the U.S. dollar. PBOC would publish the closing price of the exchange rate of the Renminbi against trading currencies such as the U.S. dollar in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against Renminbi transactions on the following working day.

According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at the designated foreign exchange bank, on the strength of valid transaction receipts and proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange (such as our Company) may, on the strength of resolutions of the board of directors or the shareholders' meeting on the distribution of profits, effect payment from foreign exchange accounts at the designated foreign exchange bank, or effect exchange and payment at the designated foreign exchange bank.

According to the Decisions on Matters including Canceling and Adjusting a Batch of Administrative Approval Items (《國務院關於取消和調整一批行政審批項目等事項的決定》) which was promulgated by the State Council on October 23, 2014, it decided to cancel the approval requirement of the SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into RMB domestic accounts.

According to the Notice of the SAFE on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) issued by the SAFE and implemented on December 26, 2014, a domestic company shall, within 15 business days from the date of the end of its overseas listing issuance, register the overseas listing with the local branch office of state administration of foreign exchange at the place of its establishment; the proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the prospectus and other disclosure documents. A domestic company (except for bank financial institutions) shall present its certificate of overseas listing to open a special account at a local bank for its initial public offering (or follow-on offering) and repurchase business to handle the exchange, remittance and transfer of funds for the business concerned.

According to the Notice of the SAFE on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), which was issued by the SAFE on February 13, 2015, came into effect on June 1, 2015 and partially repealed on 30 December, 2019, the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment shall be directly examined and handled by banks. SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Notice of the SAFE of the PRC on Revolutionizing and Regulating Capital Account Settlement Management Policies (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) which was promulgated by the SAFE and implemented on June 9, 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjustment of the SAFE in due time in accordance with international revenue and expenditure situations. According to the Circular of the State Administration of Foreign Exchange on Further Deepening the Reform to Promote the Facilitation of Cross-border Trade and Investment (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) promulgated by the SAFE on December 4, 2023, in order to facilitate the payment and use of funds from equity transfer under domestic re-investment of foreign-invested enterprises (FDI) and funds raised through overseas listing, the asset realization account of capital accounts shall be adjusted to the settlement account of capital accounts. Foreign exchange funds raised by a domestic enterprise listing overseas may be directly remitted to a settlement account under capital account, and funds in a settlement account under capital account may be settled and used on its own.

On January 26, 2017, Notice on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (《關於進一步推進外匯管理改革完善真實合規性審核的通知》) was issued by SAFE to further expand the scope of settlement for domestic foreign exchange loans, allow settlement for domestic foreign exchange loans with export background under goods trading, allow repatriation of funds under domestic guaranteed foreign loans for domestic utilization, allow settlement for domestic foreign exchange accounts of foreign institutions operating in the Free Trade Pilot Zones, and adopt the model of full-coverage RMB and foreign currency overseas lending management, where a domestic institution engages in overseas lending, the sum of its outstanding overseas lending in RMB and outstanding overseas lending in foreign currencies shall not exceed 30% of its owner's equity in the audited financial statements of the preceding year.

On October 23, 2019, the SAFE issued the Notice on Further Facilitating Cross-Board Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》), which canceled restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. In addition, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors' security deposits have been relaxed. Eligible enterprises in the pilot area are also allowed to use revenues under capital accounts, such as capital funds, foreign debts and overseas listing revenues for domestic payments without providing materials to the bank in advance for authenticity verification on an item-by -item basis, while the use of funds should be true, in compliance with applicable rules and conforming to the current capital revenue management regulations.

This appendix sets forth summaries of certain aspects of PRC laws and regulations which are relevant to the operations and business of the Company. Laws and regulations relating to taxation in the PRC are discussed separately in "Appendix III — Taxation and Foreign Exchange" to this Prospectus. This appendix also contains a summary of certain Hong Kong legal and regulatory provisions, including summaries of certain material differences between the PRC and Hong Kong company laws, certain requirements of the Hong Kong Listing Rules and additional provisions required by the Hong Kong Stock Exchange for inclusion in the articles of association of the PRC issuers. The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulatory provisions applicable to the Company. This summary is not intended to include all the data which may be important to the potential investors. For discussion of the laws and regulations which are specifically relevant to our business, please see the section headed "Regulation Overview" in this Prospectus.

The PRC Legal System

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the "**Constitution**") and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, rules and regulations of departments, rules and regulations of local governments, international treaties of which the PRC government is a signatory, and other regulatory documents. Court verdicts do not constitute binding precedents. However, they may be used as judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (2023 revision) (《中華人民共和國立法法（2023年修訂）》) (the "**Legislation Law**"), the NPC and the SCNPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing civil and criminal matters, state organs and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of the PRC administration and has the power to formulate administrative regulations based on the Constitution and laws.

The people's congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of their own respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations.

The ministries and commissions of the State Council, PBOC, the State Audit Administration as well as the other organs endowed with administrative functions directly under the State Council may, in accordance with the laws as well as the administrative regulations, decisions and orders of the State Council and within the limits of their power, formulate rules.

The people's congresses of cities divided into districts and their respective standing committees may formulate local regulations in terms of urban and rural development and management, environmental protection, and historical and cultural protection based on the specific circumstances and actual requirements of such cities, which will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions but such local regulations shall conform with the Constitution, laws, administrative regulations, and the relevant local regulations of the relevant provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned.

The people's governments of the provinces, autonomous regions, and municipalities directly under the central government and the cities divided into districts or autonomous prefectures may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the city divided into districts or autonomous prefecture within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but which contravene the Constitution or the Legislation Law. The SCNPC has the power to annul any administrative regulations that contravene the Constitution and laws, to annul any local regulations that contravene the Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the central government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities directly under the central government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the SCNPC. According to the Decision of the SCNPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, the Supreme People's Court of the PRC (the "**Supreme People's Court**") has the power to give general interpretation on questions involving the specific application of laws and decrees in court trials. The State Council and its ministries and commissions are also vested with the power to give interpretation of the administrative regulations and department rules which they have promulgated. At the regional level, the power to give interpretations of the local laws and regulations as well as administrative rules is vested in the regional legislative and administrative organs which promulgate such laws, regulations and rules.

The PRC Judicial System

Under the Constitution and the PRC Law on the Organization of the People's Courts (2018 revision) (《中華人民共和國人民法院組織法(2018年修訂)》), the PRC judicial system is made up of the Supreme People's Court, the local people's courts and special people's courts.

The local people's courts are comprised of the primary people's courts, the intermediate people's courts and the higher people's courts. The higher-level people's courts supervise the primary and intermediate people's courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of people's courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the judicial administration of the people's courts at all levels.

The PRC Civil Procedure Law (2023 revision) (《中華人民共和國民事訴訟法》) (the "**Civil Procedure Law**"), which was adopted in 1991 and last amended in 2023, which came into effect on January 1, 2024, sets forth the criteria for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law.

Civil cases are generally under the jurisdiction of the people's court at the place of domicile of the defendant. Parties to a dispute over a contract or any other property rights or interest may, by written agreements, choose the people's court at the place of domicile of the defendant or the plaintiff, at the place where the contract is performed or signed, at the place where the subject matter is located or at any other place actually connected to the dispute to have jurisdiction over the dispute, provided that the provisions of Civil Procedure Law regarding hierarchical jurisdiction and exclusive jurisdiction are not violated.

Foreign individuals, stateless individuals and foreign enterprises and organizations shall have the same litigation rights and obligations as citizens, legal persons and other organizations of the PRC when institute or respond to actions at people's courts. If a foreign court limits the civil litigation rights of citizens, legal persons, and other organizations of the PRC, the people's courts of the PRC may apply the same limitations to the citizens, enterprises and other organizations of such foreign country. A foreign individual, a stateless person, a foreign enterprise or a foreign organization which needs to be represented by a lawyer in instituting or responding to an action at a people's court must engage a PRC lawyer. Under international treaties signed or acceded to by the PRC or under the principle of reciprocity, a people's court and a foreign court may require each other to act on its behalf to serve documents, conduct investigations, collect evidence and take other actions. If the request by a foreign court would result in the violation of the PRC's sovereignty, security or public interest, the people's court shall not accommodate the request.

All parties must comply with legally effective civil judgments and rulings. If any party to a civil action refuses to comply with a judgment or ruling made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people's court for enforcement within two years. Suspension or disruption of the time limit for applying for such enforcement shall comply with the provisions of the applicable law concerning the suspension or disruption of the time-barring of actions. When a party applies to a people's court for enforcing an effective judgment or ruling by a people's court against a party who is not located within the territory of the PRC or whose property is not within the PRC, the party may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or ruling.

A foreign judgment or ruling may also be recognized and enforced by the people's court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity, unless the people's court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic principles of the laws of the PRC, or the sovereignty, security, or public interests of the PRC.

The Company Law, Overseas Listing Trial Measures and Guidance for Articles of Association

A joint stock limited company which was incorporated in the PRC and seeking a listing on the Hong Kong Stock Exchange is mainly subject to the following laws and regulations in the PRC:

- The Company Law which was promulgated by the SCNPC on December 29, 1993, came into effect on July 1, 1994, revised from time to time, and was recently amended by the SCNPC on December 29, 2023 and will come into force on July 1, 2024;

- The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**") and five relevant guidelines which were promulgated by the CSRC on February 17, 2023 pursuant to Securities Law of the PRC, and were applicable to the direct and indirect overseas share subscription and listing of domestic companies; and

- The Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) (the "**Guidance for Articles of Association**") which was latest amended on December 15, 2023 by the CSRC. The related Guidance for Articles of Association are set out in the Articles of Association of the Company, the summary of which is set out in the section entitled "Appendix V — Summary of Articles of Association" in this prospectus.

Set out below is a summary of the major provisions of the Company Law, the Overseas Listing Trial Measures and the Guidance for Articles of Association applicable to the Company.

General Provisions

A joint stock limited company refers to an enterprise legal person incorporated under the Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its debts for an amount equal to the total value of its assets.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, the joint stock limited company may not be a contributor that undertakes joint and several liabilities for the debts of the invested companies.

Incorporation

A joint stock limited company may be incorporated by promotion or public subscription.

A joint stock limited company may be incorporated by a minimum of two but not more than 200 promoters, and at least half of the promoters must have residence within the PRC.

The promoters must convene an inaugural meeting within 30 days after the issued shares have been fully paid up, and must give notice to all subscribers or make an announcement of the date of the inaugural meeting 15 days before the meeting. The inaugural meeting may be convened only with the presence of promoters or subscribers representing at least half of the shares in the company. At the inaugural meeting, matters including the adoption of articles of association and the election of members of the board of directors and members of the board of supervisors of the company will be dealt with. All resolutions of the meeting require the approval of subscribers with more than half of the voting rights present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors must apply to the registration authority for registration of the establishment of the joint stock limited company. A company is formally established, and has the status of a legal person, after the business license has been issued by the relevant registration authority. Joint stock limited companies established by the subscription method with offering and issuing shares to the public shall file the approval on the offering of shares issued by the securities administration department of the State Council with the company registration authority for record.

A joint stock limited company's promoters shall be liable for: (i) the payment of all expenses and debts incurred in the incorporation process jointly and severally if the company cannot be incorporated; (ii) the refund of subscription monies to the subscribers, together with interest, at bank rates for a deposit of the same term jointly and severally if the company cannot be incorporated; and (iii) damages suffered by the company as a result of the default of the promoters in the course of incorporation of the company.

Share Capital

The promoters of a company can make capital contributions in cash or in kind, which can be valued in currency and transferable according to law such as intellectual property rights or land use rights based on their appraised value.

If capital contribution is made other than in cash, valuation and verification of the property contributed must be carried out and converted into shares.

A company may issue registered or bearer share. However, shares issued to promoter(s) or legal person(s) shall be in the form of registered share and shall be registered under the name(s) of such promoter(s) or legal person(s) and shall not be registered under a different name or the name of a representative.

The Overseas Listing Trial Measures provides that domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or Renminbi.

Under the Overseas Listing Trial Measures, for a domestic company directly offering and listing overseas, shareholders of its domestic unlisted shares applying to convert such shares into shares listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC, and authorize the domestic company to file with the CSRC on their behalf. The domestic unlisted shares mentioned in the preceding paragraph refer to the shares that have been issued by domestic enterprises but have not been listed or listed for trading on domestic exchanges. Domestic unlisted shares shall be centrally registered and deposited with domestic securities registration and settlement institutions. The registration and settlement arrangements of overseas listed shares shall be subject to the provisions of overseas listing places.

The share offering price may be equal to or greater than nominal value, but shall not be less than nominal value.

The transfer of shares by shareholders should be conducted via the legally established stock exchange or in accordance with other methods as stipulated by the State Council. Transfer of registered shares by a shareholder must be made by means of an endorsement or by other means stipulated by laws or administrative regulations. Bearer shares are transferred by delivery of the share certificates to the transferee.

Shares held by a promoter of a company shall not be transferred within one year after the date of the company's incorporation. Shares issued by a company prior to the public offering of its shares shall not be transferred within one year from the date of listing of the shares of the company on a stock exchange. Directors, supervisors and senior management of a company shall not transfer over 25% of the shares held by each of them in the company each year during their term of office and shall not transfer any share of the company held by each of them within one year after the listing date. There is no restriction under the Company Law as to the percentage of shareholding a single shareholder may hold in a company.

Transfers of shares may not be entered in the register of shareholders within 20 days before the date of a shareholders' meeting or within five days before the record date set for the purpose of distribution of dividends.

Allotment and Issue of Shares

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

Domestic enterprises issued and listed overseas shall file with the CSRC in accordance with Overseas Listing Trial Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholder information and other information. Where a domestic enterprise directly issues and is listed overseas, the issuer shall file with the CSRC. If a domestic enterprise is indirectly listed overseas, the issuer shall designate a major domestic operating entity as the domestic responsible person and file with the CSRC.

Registered Shares

Under the Company Law, the shareholders may make capital contributions in cash, or alternatively may make capital contributions with such valuated non-monetary property as physical items, intellectual property rights, and land-use rights that may be valued in monetary term and may be transferred in accordance with the law. Pursuant to the Overseas Listing Trial Measures, domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or Renminbi.

Under the Company Law, when the company issues shares in registered form, it shall maintain a register of shareholders, stating the following matters:

- the name and domicile of each shareholder;
- the number of shares held by each shareholder;
- the serial numbers of shares held by each shareholder; and
- the date on which each shareholder acquired the shares.

Increase of Share Capital

According to the Company Law, when the joint stock limited company issues new shares, resolutions shall be passed by a shareholders' general meeting, approving the class and number of the new shares, the issue price of the new shares, the commencement and end of the new share issuance and the class and amount of new shares to be issued to existing shareholders. When the company launches a public issuance of new shares with the approval of the securities regulatory authorities of the State Council, it shall publish the document and financial and accounting reports, and prepare the share subscription form. After the new share issuance has been paid up, the change shall be registered with the company registration authorities and an announcement shall be made.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

- it shall prepare a balance sheet and a property list;
- the reduction of registered capital shall be approved by a shareholders' general meeting;
- it shall inform its creditors of the reduction in capital within 10 days and publish an announcement of the reduction in the newspaper within 30 days after the resolution approving the reduction has been passed;
- creditors may within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debts;
- it shall apply to the relevant administration of registration for the registration of the reduction in registered capital.

Repurchase of Shares

According to the Company Law, a joint stock limited company may not purchase its shares other than for one of the following purposes: (i) to reduce its registered capital; (ii) to merge with another company that holds its shares; (iii) to grant its shares for carrying out an employee stock ownership plan or equity incentive plan; (iv) to purchase its shares from shareholders who are against the resolution regarding the merger or division with other companies at a shareholders' general meeting; (v) use of shares for conversion of convertible corporate bonds issued by a listed company; and (vi) the share buyback is necessary for a listed company to maintain its company value and protect its shareholders' equity.

The purchase of shares on the grounds set out in (i) and (ii) above shall require approval by way of a resolution passed by the shareholders' general meeting. For a company's share buyback under any of the circumstances stipulated in (iii), (v) or (vi) above, a resolution of the company's board of directors shall be made by a two-third majority of directors attending the meeting according to the provisions of the company's articles of association or as authorized by the shareholders' meeting.

Following the purchase of shares in accordance with (i), such shares shall be canceled within 10 days from the date of purchase. The shares shall be assigned or deregistered within six months if the share buyback is made under the circumstances stipulated in either (ii) or (iv). The shares held in total by a company after a share buyback under any of the circumstances stipulated in (iii), (v) or (vi) shall not exceed 10% of the company's total outstanding shares, and shall be assigned or deregistered within three years.

Listed companies making a share buyback shall perform their obligation of information disclosure according to the provisions of the Securities Law. If the share buyback is made under any of the circumstances stipulated in (iii), (v) or (vi) hereof, centralized trading shall be adopted publicly.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws and regulations. Pursuant to the Company Law, transfer of shares by shareholders shall be carried out at a legally established securities exchange or in other ways stipulated by the State Council. No modifications of registration in the share register caused by transfer of registered shares shall be carried out within 20 days prior to the convening of shareholder's general meeting or five days prior to the base date for determination of dividend distributions. However, where there are separate provisions by law on alternation of registration in the share register of listed companies, those provisions shall prevail.

Under the Company law, shares issued prior to the public issuance of shares shall not be transferred within one year from the date of the joint stock limited company's listing on a stock exchange. Directors, supervisors and the senior management shall declare to the company their shareholdings in the company and any changes of such shareholdings. They shall not transfer more than 25% of all the shares they hold in the company annually during their tenure. They shall not transfer the shares they hold within one year from the date on which the company's shares are listed and commenced trading on a stock exchange, nor within six months after their resignation from their positions with the company.

Shareholders

Under the Company Law and the Guidance for Articles of Association, the rights of holders of ordinary shares of a joint stock limited company include:

- the right to attend or appoint a proxy to attend shareholders' general meetings and to vote thereat;

- the right to transfer shares in accordance with laws, administrative regulations and provisions of the articles of association;

- the right to inspect the company's articles of association, share register, counterfoil of company debentures, minutes of shareholder's general meetings, resolutions of meetings of the board of directors, resolutions of meetings of the board of supervisors and financial and accounting reports and to make proposals or enquires on the company's operations;

- the right to bring an action in the people's court to rescind resolutions passed by shareholder's general meetings and board of directors where the articles of association is violated by the above resolutions;

- the right to receive dividends and other types of interest distributed in proportion to the number of shares held;

- in the event of the termination or liquidation of the company, the right to participate in the distribution of residual properties of the company in proportion to the number of shares held; and

- other rights granted by laws, administrative regulations, other regulatory documents and the company's articles of association.

The obligations of a shareholder include the obligation to abide by the Company's articles of association, to pay the subscription moneys in respect of the shares subscribed for and in accordance with the form of making capital contributions, to be liable for the company's debts and liabilities to the extent of the amount of his or her subscribed shares and any other shareholders' obligation specified in the company's articles of association.

Shareholders' General Meetings

The shareholders' general meeting is the organ of authority of the company, which exercises its powers in accordance with the Company Law.

Under the Company Law, the shareholders' general meeting exercises the following principal powers:

- to decide on the company's operational policies and investment plans;
- to elect or remove the directors and supervisors (other than the representative of the employees of the company) and to decide on matters relating to the remuneration of directors and supervisors;
- to examine and approve reports of the board of directors;
- to examine and approve reports of the board of supervisors;
- to examine and approve the company's proposed annual financial budget and final accounts;
- to examine and approve the company's proposals for profit distribution plans and loss recovery plans;
- to decide on any increase or reduction of the company's registered capital;
- to decide on the issue of bonds by the company;
- to decide on issues such as merger, division, dissolution and liquidation of the company and change of the structure;
- to amend the company's articles of association; and
- other powers as provided for in the articles of association.

Shareholders' annual general meetings are required to be held once every year. Under the Company Law, an extraordinary shareholders' general meeting is required to be held within two months after the occurrence of any of the following:

- the number of directors is less than the number stipulated by the law or less than two thirds of the number specified in the articles of association;
- the aggregate losses of the company which are not recovered reach one-third of the company's total paid-in share capital;
- when shareholders alone or in aggregate holding 10% or more of the company's shares request the convening of an extraordinary general meeting;
- whenever the board of directors deems necessary;
- when the board of supervisors so requests; or
- other circumstances as provided for in the articles of associations.

Under the Company Law, shareholders' general meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or does not perform his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

Where the board of directors is incapable of performing or not performing its duties of convening the shareholders' general meeting, the board of supervisors shall convene and preside over such meeting in a timely manner. In case the board of supervisors fails to convene and preside over such meeting, shareholders alone or in aggregate holding more than 10% of the company's shares for 90 days consecutively may unilaterally convene and preside over such meeting.

Under the Company Law, notice of shareholders' general meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. Notice of extraordinary shareholder's general meetings shall be given to all shareholders 15 days prior to the meeting. Under the Guidance for Articles of Association, after the notice of the general meeting of shareholders is issued, the general meeting of shareholders shall not be postponed or cancelled without justifiable reasons, and the proposals listed in the notice of general meeting of shareholders shall not be cancelled. In the event of postponement or cancellation, the convener shall make an announcement and explain the reasons at least two working days before the original meeting date.

There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting. Pursuant to the Guidance for Articles of Association, the board of directors and the Secretary of the board of directors will cooperate with the general meeting of shareholders convened by the board of supervisors or shareholders. The board of directors will provide the register of shareholders on the date of equity registration. Moreover, when a general meeting of shareholders is held, all directors, supervisors and the secretary of the board of directors of the company shall attend the meeting, and managers and other senior management personnel shall attend the meeting as nonvoting delegates.

Pursuant to the Guidance for Articles of Association, shareholders who individually or jointly hold more than 3% of the company's shares may put forward interim proposals and submit them to the convener in writing 10 days before the general meeting of shareholders. The convener shall issue a supplementary notice of the general meeting of shareholders within two days after receiving the proposal and announce the contents of the interim proposal.

Under the Company Law, shareholders present at shareholders' general meeting have one vote for each share they hold, save that shares held by the company are not entitled to any voting rights.

Pursuant to the provisions of the articles of association or a resolution of the shareholders' general meeting, the accumulative voting system may be adopted for the election of directors and supervisors at the shareholders' general meeting. Under the accumulative voting system, each share shall be entitled to vote equivalent to the number of directors or supervisors to be elected at the shareholders' general meeting and shareholders may consolidate their voting rights when casting a vote.

Pursuant to the Company Law and the Guidance for Articles of Association, resolutions of the shareholders' general meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the shareholders' general meeting regarding the following matters shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting: (i) amendments to the articles of association; (ii) the increase or decrease of registered capital; (iii) equity incentive plan; (iv) the company purchases or sells major assets within one year or the amount of guarantee exceeds 30% of the company's total audited assets in the latest period; (v) the merger, division, dissolution, liquidation or change in the form of the company; (vi) other matters stipulated by laws, administrative regulations or the

Articles of Association, as well as other matters considered by the shareholders' general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the company and should be adopted by a special resolution.

Under the Company Law, meeting minutes shall be prepared in respect of decisions on matters discussed at the shareholders' general meeting. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board

Under the Company Law, a joint stock limited company shall have a board of directors, which shall consist of 5 to 19 members. Members of the board of directors may include representatives of the employees of the company, who shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The term of a director shall be stipulated in the articles of association, but no term of office shall last for more than three years. Directors may serve consecutive terms if re-elected. A director shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of directors results in the number of directors being less than the quorum.

Under the Company Law, the board of directors mainly exercises the following powers:

- to convene the shareholders' general meetings and report on its work to the shareholders' general meetings;
- to implement the resolutions passed in shareholders' general meetings;
- to decide on the company's business plans and investment proposals;
- to formulate the company's proposed annual financial budget and final accounts;
- to formulate the company's profit distribution proposals and loss recovery proposals;
- to formulate proposals for the increase or reduction of the company's registered capital and the issuance of corporate bonds;
- to prepare plans for the merger, division, dissolution and change in the form of the company;

- to decide on the setup of the company's internal management organs;

- to appoint or dismiss the company's manager and decide on his/her remuneration and, based on the manager's recommendation, to appoint or dismiss any deputy general manager and financial officer of the company and to decide on their remunerations;

- to formulate the company's basic management system; and

- to exercise any other power under the articles of association.

Board Meetings

Under the Company Law, meetings of the board of directors of a joint stock limited company shall be convened at least twice a year. Notice of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of voting rights, more than one-third of the directors or the board of supervisors. The chairman shall convene and preside over such meeting within 10 days after receiving such proposal. Meetings of the board of directors shall be held only if half or more of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for resolutions to be approved by the board of directors. Directors shall attend board meetings in person. If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorization to attend the meeting on his behalf.

If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be released from that liability.

Chairman of the Board

Under the Company Law, the board of directors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman are elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and examine the implementation of board resolutions. The vice chairman shall assist the work of the chairman. In the event that the chairman is incapable of performing or not performing his duties, the duties shall be performed by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of the directors shall perform his duties.

Qualification of Directors

The Company Law provides that the following persons may not serve as a director:

- a person who is unable or has limited ability to undertake any civil liabilities;
- a person who has been convicted of an offense of bribery, corruption, embezzlement or misappropriation of property, or the destruction of socialist market economy order; or who has been deprived of his political rights due to his crimes, in each case where less than five years have elapsed since the date of completion of the sentence;
- a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;
- a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law and has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation; or
- a person who is liable for a relatively large amount of debts that are overdue.

Where a company elects or appoints a director to which any of the above circumstances applies, such election or appointment shall be null and void. A director to which any of the above circumstances applies during his/her term of office shall be released of his/her duties by the company.

Other circumstances under which a person is disqualified from acting as a director are set out in the Guidance for Articles of Association.

Board of Supervisors

A joint stock limited company shall have a board of supervisors composed of not less than three members. The board of supervisors is made up of representatives of the shareholders and an appropriate proportion of representatives of the employees of the company. The actual proportion shall be stipulated in the articles of association, provided that the proportion of representatives of the employees shall not be less than one third of the supervisors. Representatives of the employees of the company in the board of supervisors shall be democratically elected by the employees at the employees' representative assembly, employees' general meeting or otherwise.

The directors and senior management may not act concurrently as supervisors.

The board of supervisors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the board of supervisors are elected with approval of more than half of all the supervisors. The chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the chairman of the board of supervisors is incapable of performing or not performing his duties, the vice chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the vice chairman of the board of supervisors is incapable of performing or not performing his duties, a supervisor nominated by more than half of the supervisors shall convene and preside over the meetings of the board of supervisors.

Each term of office of a supervisor is three years and he or she may serve consecutive terms if re-elected. A supervisor shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The board of supervisors of a company shall hold at least one meeting every six months. According to the Company Law, a resolution of the board of supervisors shall be passed by more than half of all the supervisors.

The board of supervisors exercises the following powers:

- to review the company's financial position;

- to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the articles of association or the resolutions of shareholders' meeting;

- when the acts of directors and senior management are harmful to the company's interests, to require correction of those acts;

- to propose the convening of extraordinary shareholders' general meetings and to convene and preside over shareholders' general meetings when the board of directors fails to perform the duty of convening and presiding over shareholders' general meeting under this law;

- to initiate proposals for resolutions to shareholders' general meeting;

- to initiate proceedings against directors and senior management; and

- other powers specified in the articles of association.

Supervisors may attend board meetings and make enquiries or proposals in respect of board resolutions. The board of supervisors may initiate investigations into any irregularities identified in the operation of the company and, where necessary, may engage an accounting firm to assist their work at the company's expense.

Manager and Senior Management

Under the Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager shall report to the board of directors and may exercise the following powers:

- to supervise the business and administration of the company and arrange for the implementation of resolutions of the board of directors;

- to arrange for the implementation of the company's annual business plans and investment proposals;

- to formulate the general administration system of the company;

- to formulate the company's detailed rules;

- to recommend the appointment and dismissal of deputy managers and person in charge of finance;

- to appoint or dismiss other administration officers (other than those required to be appointed or dismissed by the board of directors); and

- to exercise other powers conferred by the board of directors or the articles of association.

The manager shall comply with other provisions of the articles of association concerning his/her powers. The manager shall attend board meetings.

According to the Company Law, senior management shall mean the manager, deputy manager(s), person-in-charge of finance, board secretary (in case of a listed company) of a company and other personnel as stipulated in the articles of association.

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the company are required under the Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating of the company's properties. Directors, supervisors and senior management are prohibited from:

- misappropriation of the company's capital;

- depositing the company's capital into accounts under his own name or the name of other individuals;

- loaning company funds to others or providing guarantees in favor of others supported by the company's assets in violation of the articles of association or without prior approval of the shareholders' general meeting or board of directors;

- entering into contracts or deals with the company in violation of the articles of association or without prior approval of the shareholders' general meeting;

- using their position and powers to procure business opportunities for themselves or others that should have otherwise been available to the company or operating for their own benefits or managing on behalf of others businesses similar to that of the company without prior approval of the shareholders' general meeting;

- accept and possess commissions paid by a third party for transactions conducted with the company;

- unauthorized divulgence of confidential business information of the company; or

- other acts in violation of their duty of loyalty to the company.

Income generated by directors or senior management in violation of aforementioned shall be returned to the company.

A director, supervisor or senior management who contravenes any law, regulation or the company's articles of association in the performance of his duties resulting in any loss to the company shall be personally liable to the company.

Where a director, supervisor or senior management is required to attend a shareholders' general meeting, such director, supervisor or senior management shall attend the meeting and answer the inquiries from shareholders. Directors and senior management shall furnish all true information and data to the supervisory board, without impeding the discharge of duties by the supervisory board or supervisors.

Where a director or senior management contravenes law, administrative regulation or articles of association in the performance of his/her duties resulting in any loss to the company, shareholder(s) holding individually or in aggregate no less than 1% of the company's shares consecutively for at least 180 days may request in writing that the supervisory board institute litigation at a people's court on its behalf. Where the supervisory violates the laws or administrative regulations or the articles of association in the discharge of its duties resulting in any loss to the company, such shareholder(s) may request in writing that the board of directors institute litigation at a people's court on its behalf. If the supervisory board or the board of directors refuses to institute litigation after receiving this written request from the shareholder(s), or fails to institute litigation within 30 days of the date of receiving the request, or in case of emergency where failure to institute litigation immediately will result in irrecoverable damage to the company's interests, such shareholder(s) shall have the power to institute litigation directly at a people's court in its own name for the company's benefit. For other parties who infringe the lawful interests of the company resulting in loss to the company, such shareholder(s) may institute litigation at a people's court in accordance with the procedure described above. Where a director or senior management contravenes any laws, administrative regulations or the articles of association in infringement of shareholders' interests, a shareholder may also institute litigation at a people's court.

Finance and Accounting

Under the Company Law, a company shall establish financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council and shall at the end of each financial year prepare a financial and accounting report which shall be audited by an accounting firm as required by law. The company's financial and accounting report shall be prepared in accordance with provisions of the laws, administrative regulations and the regulations of the financial department of the State Council.

Pursuant to the Company Law, the company shall deliver its financial and accounting reports to all shareholders within the time limit stipulated in the articles of association and make its financial and accounting reports available at the company for inspection by the shareholders at least 20 days before the convening of an annual general meeting of shareholders. It must also publish its financial and accounting reports.

When distributing each year's after-tax profits, it shall set aside 10% of its after-tax profits into a statutory common reserve fund (except where the fund has reached 50% of its registered capital).

If its statutory common reserve fund is not sufficient to make up losses of the previous year, profits of the current year shall be applied to make up losses before allocation is made to the statutory common reserve fund pursuant to the above provisions.

After allocation of the statutory common reserve fund from after-tax profits, it may, upon a resolution passed at the shareholders' general meeting, allocate discretionary common reserve fund from after-tax profits.

The remaining after-tax profits after making up losses and allocation of common reserve fund shall be distributed in proportion to the number of shares held by the shareholders, unless otherwise stipulated in the articles of association.

Shares held by the Company shall not be entitled to any distribution of profit.

The premium received through issuance of shares at prices above par value and other incomes required by the financial department of the State Council to be allocated to the capital reserve fund shall be allocated to the company's capital reserve fund.

The Company's reserve fund shall be applied to make up losses of the company, expand its business operations or be converted to increase the registered capital of the company. However, the capital reserve fund may not be applied to make up the company's losses. Upon the conversion of statutory common reserve fund into capital, the balance of the statutory common reserve fund shall not be less than 25% of the registered capital of the company before such conversion.

The Company shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of any individual.

Appointment and Retirement of Accounting Firms

Pursuant to the Company Law, the appointment or dismissal of accounting firms responsible for the auditing of the company shall be determined by shareholders' general meeting or board of directors in accordance with provisions of articles of association. The accounting firm should be allowed to make representations when the shareholders' general meeting or board of directors conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidences, books, financial and accounting reports and other accounting data to the accounting firm it employs without any refusal, withholding and misrepresentation.

The Guidance for Articles of Association provide that the company guarantees to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the employed accounting firm, and shall not refuse, conceal or falsely report. And the audit fee of the accounting firm shall be decided by the general meeting of shareholders.

Distribution of Profits

According to the Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve is drawn.

Amendments to Articles of Association

Any amendments to the company's articles of association must be made in accordance with the procedures set out in the company's articles of association. In relation to matters involving the company's registration, its registration with the authority must also be changed.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved by reason of the following: (i) the term of its operations set down in the articles of association has expired or other events of dissolution specified in the articles of association have occurred; (ii) the shareholders' general meeting have resolved to dissolve the company; (iii) the company is dissolved by reason of merger or division; (iv) the business license is revoked according to the laws, or the company is ordered to close down or be dissolved; or (v) the company is dissolved by the people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all its shareholders, on the grounds that the company suffers significant hardship in its operation and management that cannot be resolved through other means, and the ongoing existence of the company would bring significant losses for shareholders.

In the event of (i) above, it may carry on its existence by amending its articles of association. The amendment of the articles of association in accordance with provisions set out above shall require approval of more than two thirds of voting rights of shareholders attending a shareholders' general meeting.

Where the company is dissolved in the circumstances described in subparagraphs (i), (ii), (iv), or (v) above, a liquidation group shall be established and the liquidation process shall commence within 15 days after the occurrence of an event of dissolution.

The members of the company's liquidation group shall be composed of its directors or the personnel appointed by the shareholders' general meeting. If a liquidation group is not established within the stipulated period, creditors may apply to the people's court and request the court to appoint relevant personnel to form the liquidation group. The people's court should accept such application and form a liquidation group to conduct liquidation in a timely manner.

The liquidation group shall exercise the following powers during the liquidation period:

- to handle the company's assets and to prepare a balance sheet and an inventory of the assets;
- to notify creditors through notice or public announcement;
- to deal with the company's outstanding businesses related to liquidation;
- to pay any tax overdue as well as tax amounts arising from the process of liquidation;
- to claim credits and pay off debts;
- to handle the company's remaining assets after its debts have been paid off; and
- to represent the company in civil lawsuits.

The liquidation group shall notify the company's creditors within 10 days after its establishment and issue public notices in newspapers within 60 days. A creditor shall lodge his claim with the liquidation group within 30 days after receiving notification, or within 45 days of the public notice if he did not receive any notification. A creditor shall state all matters relevant to his creditor rights in making his claim and furnish evidence. The liquidation group shall register such creditor rights. The liquidation group shall not make any debt settlement to creditors during the period of claim.

Upon liquidation of properties and the preparation of the balance sheet and inventory of assets, the liquidation group shall draw up a liquidation plan to be submitted to the shareholders' general meeting or people's court for confirmation.

The company's remaining assets after payment of liquidation expenses, wages, social insurance expenses and statutory compensation, outstanding taxes and debts shall be distributed to shareholders according to their shareholding proportion. It shall continue to exist during the liquidation period, although it can only engage in any operating activities that are related to the liquidation. The company's properties shall not be distributed to the shareholders before repayments are made in accordance to the foregoing provisions.

Upon liquidation of the company's properties and the preparation of the balance sheet and inventory of assets, if the liquidation group becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to the people's court for a declaration for bankruptcy.

Following such declaration, the liquidation group shall hand over all matters relating to the liquidation to the people's court.

Upon completion of the liquidation, the liquidation group shall submit a liquidation report to the shareholders' general meeting or the people's court for verification. Thereafter, the report shall be submitted to the registration authority of the company in order to cancel the company's registration, and a public notice of its termination shall be issued. Members of the liquidation group are required to discharge their duties honestly and in compliance with the relevant laws. Members of the liquidation group shall be prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the company's properties.

A member of the liquidation group is liable to indemnify the company and its creditors in respect of any loss arising from his intentional or gross negligence.

Overseas Listing

According to the Overseas Listing Trial Measures, where an issuer makes an overseas initial public offering or listing, it shall file with the CSRC within 3 working days after submitting the application documents for overseas issuance and listing. If an issuer issues securities in the same overseas market after overseas issuance and listing, it shall file with the CSRC within 3 working days after the completion of the issuance. If an issuer issues and lists in other overseas markets after overseas issuance and listing, it shall be filed in accordance with the provisions of the first paragraph of this article. Moreover, if the filing materials are complete and meet the requirements, the CSRC shall complete the filing within 20 working days from the date of receiving the filing materials, and publicize the filing information through the website. If the filing materials are incomplete or do not meet the requirements, the CSRC shall inform the issuer of the materials to be supplemented within 5 working days after receiving the filing materials. The issuer shall supplement the materials within 30 working days.

Loss of Share Certificates

If a registered share certificate is lost, stolen or destroyed, the relevant shareholder may apply, in accordance with the relevant provisions set out in the Civil Procedure Law, to a people's court to declare such certificate invalid. After the people's court declares the invalidity of such certificate, the shareholder may apply to the company for a replacement share certificate.

Suspension and Termination of Listing

The Company Law has deleted provisions governing suspension and termination of listing. The PRC Securities Law (《中華人民共和國證券法》) has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

According to the Overseas Listing Trial Measures, in case of active or compulsory termination of listing, the issuer shall report the specific situation to the CSRC within three working days from the date of occurrence and announcement of the relevant matters.

Merger and Division

A merger agreement shall be signed by merging companies and the involved companies shall prepare respective statements of financial position and inventory of assets. The companies shall within 10 days of the date of passing the resolution approving the merger notify their respective creditors and publicly announce the merger in newspapers within 30 days. A creditor may, within 30 days of receipt of the notification, or within 45 days of the date of the announcement if he has not received the notification, request the company to settle any outstanding debts or provide relevant guarantees. In case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company.

In case of a division, the company's assets shall be divided and a statement of financial position and an inventory of assets shall be prepared. When a resolution regarding the company's division is approved, the company should notify all its creditors within 10 days of the date of passing such resolution and publicly announce the division in newspapers within 30 days. Unless an agreement in writing is reached with creditors before the company's division in respect of the settlement of debts, the liabilities of the company which have accrued prior to the division shall be jointly borne by the divided companies.

Changes in the business registration of the companies as a result of the merger or division shall be registered with the relevant administration authority for industry and commerce.

In accordance with the laws, cancelation of a company shall be registered when a company is dissolved and incorporation of a company shall be registered when a new company is incorporated.

Securities Law and Regulations

The PRC has promulgated a number of regulations that relate to the issue and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the two departments and reformed the CSRC.

The Interim Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》) deals with the application and approval procedures for public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, clearing and transfer of listed equity securities, the disclosure of information with respect to a listed company, investigation, penalties and dispute settlement.

The PRC Securities Law (《中華人民共和國證券法》) took effect on July 1, 1999 and was revised on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28, 2019, respectively. This is the first national securities law in the PRC, which is divided into 14 chapters and 226 articles regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. The PRC Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of the PRC Securities Law provides that domestic enterprises shall comply with the relevant provisions of the

State Council to list its shares outside the PRC. Currently, the issue and trading of foreign issued shares (including H shares) are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

Arbitration and Enforcement of Arbitral Awards

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the "**Arbitration Law**") was passed by the SCNPC on August 31, 1994, became effective on September 1, 1995 and was amended on August 27, 2009 and September 1, 2017. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people's court will refuse to handle the case except when the arbitration agreement is declared invalid.

Under the Arbitration Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement according to the Civil Procedure Law. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural irregularity (including irregularity in the composition of the arbitration committee or the making of an award on matters beyond the scope of the arbitration agreement or the jurisdiction of the arbitration commission). A party seeking to enforce an arbitral award of foreign arbitration commission against a party who or whose property is not within the PRC shall apply to a foreign court with jurisdiction over the case for recognition and enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the people's court in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

According to the Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》) promulgated by the Supreme People's Court on January 24, 2000 and effective on February 1, 2000, and the Supplementary Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) promulgated by the Supreme People's Court on November 26, 2020 and effective on November 27, 2020, awards made by Mainland arbitral authorities recognized by Hong Kong may be enforced in Hong Kong and the awards by the Hong Kong arbitral authorities may also be enforced in the Mainland. If the Mainland court finds that the enforcement of awards made by the Hong Kong arbitral authorities in the Mainland will be against public interests of the Mainland, or the Hong Kong courts determine that the enforcement of the award in Hong Kong violates the public policy of Hong Kong, the awards may not be enforced.

Judicial Judgment and Its Enforcement

According to the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the mainland China and of the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) promulgated by the Supreme People's Court on January 25, 2024 and implemented on January 29, 2024, in the case of effective judgment of a civil and commercial case or civil damages in a criminal case made by the court of China and the court of the Hong Kong Special Administrative Region, any party concerned may apply to the People's Court of China or the court of the Hong Kong Special Administrative Region for recognition and enforcement based on this arrangement.

Summary of Material Differences Between Hong Kong and Company Law

The Hong Kong law applicable to a company incorporated in Hong Kong is based on the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Companies Ordinance and is supplemented by common law and the rules of equity that are applicable to Hong Kong. As a joint stock limited company established in the PRC that is seeking a listing of shares on the Hong Kong Stock Exchange, we are governed by the Company Law and all other rules and regulations promulgated pursuant to the Company Law.

Set out below is a summary of certain material differences between Hong Kong company law applicable to a company incorporated in Hong Kong and the Company Law applicable to a joint stock limited company incorporated and existing under the Company Law. This summary is, however, not intended to be an exhaustive comparison.

Corporate Existence

Under Hong Kong company law, a company with share capital, is incorporated by the Registrar of Companies in Hong Kong which issues a certificate of incorporation to the Company upon its incorporation and the company will acquire an independent corporate existence. A company may be incorporated as a public company or a private company. Pursuant to the Companies Ordinance, the articles of association of a private company incorporated in Hong Kong shall contain certain preemptive provisions. A public company's articles of association do not contain such pre-emptive provisions.

Under the Company Law, a joint stock limited company may be incorporated by promotion or public subscription.

Hong Kong law does not prescribe any minimum capital requirement for a Hong Kong company.

Share Capital

The Hong Kong company law does not provide for authorized share capital. The share capital of a Hong Kong company would be its issued share capital. The full proceeds of a share issue will be credited to share capital and becomes a company's share capital. The directors of a Hong Kong company may, with the prior approval of the shareholders if required, issue new shares of the company. The Company Law does not provide for authorized share capital, either. Our registered capital is the amount of our issued share capital. Any increase in our registered capital must be approved by our shareholders' general meeting and file with the relevant PRC governmental and regulatory authorities.

Under the Company Law, the shares may be subscribed for in the form of money or non-monetary assets (other than assets not entitled to be used as capital contributions under relevant laws and administrative regulations). For non-monetary assets to be used as capital contributions, appraisals and verification must be carried out to ensure no overvaluation or undervaluation of the assets. There is no such restriction on a Hong Kong company under Hong Kong Law.

Restrictions on Shareholding and Transfer of Shares

Generally, overseas listed shares, which are denominated in Renminbi and subscribed for in a currency other than Renminbi, may only be subscribed for, and traded by, investors from Hong Kong, Macau and Taiwan or any country and territory outside the PRC, or qualified domestic institutional investors as allowed under Tentative Regulatory Measures for Qualified Domestic Institutional Investors Investing in Overseas Securities (《合格境內機構投資者境外證券投資管理試行辦法》). If the H shares are eligible securities under the Southbound Trading Link, they are also subscribed for and traded by PRC investors in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. When the application for "full circulation" has been completed the filing procedure with the CSRC, the domestic unlisted shares of the H-share listed company might be listed and circulated on the Hong Kong Stock Exchange.

Under the Company Law, a promoter of a joint stock limited company is not allowed to transfer the shares it holds for a period of one year after the date of establishment of the company. Shares in issue prior to our public offering cannot be transferred within one year from the listing date of the shares on a stock exchange. Shares in a joint stock limited liability company held by its directors, supervisors and managers and transferred each year during their term of office shall not exceed 25% of the total shares they held in the company, and the shares they held in the company cannot be transferred within one year from the listing date of the shares, and also cannot be transferred within half a year after the said personnel has left office. The articles of association may set other restrictive requirements on the transfer of the company's shares held by its directors, supervisors and officers. There are no such restrictions on shareholdings and transfers of shares under Hong Kong law apart from the six-month lockup on the company's issue of shares and the 12-month lockup on controlling shareholders' disposal of shares, as illustrated by the undertakings given by the Company and our controlling shareholder to the Hong Kong Stock Exchange.

Financial Assistance for Acquisition of Shares

The Company Law does not prohibit or restrict a joint stock limited company or its subsidiaries from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares. However, the Guidance for Articles of Association stipulates that a company (including its subsidiaries) shall not provide any financial assistance to anyone who purchases or intends to purchase shares of the company in the form of gifts, advances, guarantees, compensation, or loans.

Variation of Class Rights

The Company Law has no special provision relating to variation of class rights. However, the Company Law states that the State Council can promulgate regulations relating to other kinds of shares.

Under the Companies Ordinance, no rights attached to any class of shares can be varied except:

(i) If there are provisions in the articles of association relating to the variation of those rights, then in accordance with those provisions;

(ii) If there are not relevant provisions in the articles of associations, then (1) with the consent in writing of at least three fourths of the total voting rights of holders of the shares in the class in question, or (2) with the approval of a special resolution of the holders of the relevant class at a separate meeting.

Directors

The Company Law, unlike Hong Kong company law, does not contain any requirements relating to the declaration of directors' interests in material contracts, restrictions on directors' authority in making major dispositions, restrictions on companies providing certain benefits to directors and guarantees in respects of directors' liability and prohibitions against compensation for loss of office without shareholders' approval.

Board of Supervisors

Under the Company Law, a joint stock limited company's directors and managers are subject to the supervision of a supervisors committee. There is no mandatory requirement for the establishment of a board of supervisors for a company incorporated in Hong Kong. The Guidance for Articles of Association provide that supervisors shall comply with laws, administrative regulations, and the articles of association, and have the obligation of loyalty and diligence to the company. Supervisors shall not take advantage of their power to accept bribes or other illegal income, and shall not encroach on the company's property.

Derivative Action by Minority Shareholders

Hong Kong law permits minority shareholders to initiate a derivative action on behalf of all shareholders against directors who have committed a breach of their fiduciary duties to the company if the directors control a majority of votes at a general meeting, thereby effectively preventing a company from suing the directors in breach of their duties in its own name. The Company Law provides shareholders of a joint stock limited company with the right so that in the event where the directors and senior management violate their fiduciary obligations to a company, the shareholders individually or jointly holding over 1% of the shares in the company for more than 180 consecutive days may request in writing the board of supervisors to initiate proceedings in the people's court. In the event that the board of supervisors violates their fiduciary obligations to a company, the above said shareholders may send written request to the board of directors to initiate proceedings in the people's court. Upon receipt of such written request from the shareholders, if the board of supervisors or the board of directors refuses to initiate such proceedings, or has not initiated proceedings within 30 days upon receipt of the request, or if under urgent situations, failure of initiating immediate proceeding may cause irremediable damages to the company, the above said shareholders shall, for the benefit of the company's interests, have the right to initiate proceedings directly to the court in their own name.

Moreover, the Guidance for Articles of Association also provides that in the event where directors or senior management, in the course of their duties, violate any laws, administrative regulations or the articles of association and cause a company to suffer a loss, shareholders individually or jointly holding more than 1% of the shares of the company for more than 180 successive days may make a written request to the board of supervisors to bring a lawsuit in the people's court; where the board of supervisors, in the course of their duties, violates any laws, administrative regulations or the articles of association and causes a company to suffer a loss, the shareholders may make a written request to the board of directors to bring a lawsuit in the people's court. And if directors or senior management violate any laws, administrative regulations or the articles of association and damages the shareholders' interests, the shareholders may bring a lawsuit in the people's court.

Protection of Minorities

Under Hong Kong law, the company may be wound up by the court if the court considers that it is just and equitable to do so, in addition, a shareholder who complains that the affairs of a company incorporated in Hong Kong are conducted in a manner unfairly prejudicial to his interests may petition to the court to make an appropriate order regulating the affairs of the company. Furthermore, under certain circumstances, the Financial Secretary of Hong Kong may appoint inspectors who are given extensive statutory powers to investigate the affairs of a company incorporated in Hong Kong.

The Company Law provides that any shareholders holding 10% or above of voting rights of all issued shares of company may request a People's Court to dissolve the company to the extent that the operation or management of the company experiences any serious difficulties and its continuous existence would cause serious losses to them, and no other alternatives can resolve such difficulties.

The Guidance for Articles of Association, however, contains provisions that controlling shareholders and ultimate controllers of a company shall have a duty of care to the company and general public shareholders of the Company. Controlling shareholders shall exercise their investors' rights in strict accordance with the law and shall not damage the lawful interests of a company or of general public shareholders of the company in any way such as via the distribution of profits, the asset reorganization, external investments, the use of company funds or the provision of a loan guarantee, nor shall they abuse their controlling positions to damage the interests of the company or of general public shareholders of the company.

Notice of Shareholders' Meetings

Under the Company Law, notice of a shareholder's annual general meeting must be given not less than 20 days before the meeting. Whereas notice of an extraordinary general meeting must be given not less than 15 days before the meeting. Under the Guidance for Articles of Association, the conveners shall notify all shareholders 20 days in advance of annual general meeting by way of announcement, and shall notify all shareholders 15 days in advance of extraordinary meeting by way of announcement.

For a company incorporated in Hong Kong, the notice period for an annual general meeting is at least 21 days and in any other case, at least 14 days for a limited company and at least 7 days for an unlimited company.

Quorum for Shareholders' Meetings

Under Hong Kong company law, the quorum for a general meeting must be at least two members unless the articles of association of the company otherwise provide. For companies with only one member, the quorum must be one member.

The Company Law does not specify any quorum requirement for a shareholders' general meeting.

Voting

Under Hong Kong law, an ordinary resolution is passed by a simple majority of votes cast by members present in person or by proxy at a general meeting and a special resolution is passed by a majority of not less than three-fourths of votes cast by members present in person or by proxy at a general meeting.

Under the Company Law, the passing of any resolution requires affirmative votes of shareholders representing more than half of the voting rights represented by the shareholders who attend the general meeting except in cases of proposed amendments to a company's articles of association, increase or decrease of registered capital, merger, division or dissolution, or change of corporation form, which require affirmative votes of shareholders representing more than two-thirds of the voting rights represented by the shareholders who attend the general meeting.

Financial Disclosure

Under the Company Law, a joint stock limited company is required to make available at the company for inspection by shareholders its financial report 20 days before its shareholders' annual general meeting. In addition, a joint stock limited company of which the shares are publicly offered must publish its financial report.

The Companies Ordinance requires a company incorporated in Hong Kong to send to every shareholder a copy of its balance sheet, auditors' report and directors' report, which are to be presented before the company in its annual general meeting, not less than 21 days before such meeting. A joint stock limited liability company is required under the PRC law to prepare its financial statements in accordance with the PRC GAAP.

Information on Directors and Shareholders

The Company Law gives shareholders the right to inspect the company's articles of association, minutes of the shareholders' general meetings and financial and accounting reports. Under the Articles of Association, shareholders have the right to inspect and copy (at reasonable charges) certain information on shareholders and on directors which is similar to the shareholders' rights of Hong Kong companies under Hong Kong law.

Corporate Reorganization

Corporate reorganization involving a company incorporated in Hong Kong may be effected in a number of ways, such as a transfer of the whole or part of the business or property of the company in the course of voluntary winding up to another company pursuant to Section 237 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or a compromise or arrangement between the company and its creditors or between the company and its members pursuant to Section 673 and Section 674 of the Companies Ordinance, which requires the sanction of the court.

Under PRC law, merger, division, dissolution or change to the status of a joint stock limited liability company has to be approved by two-thirds or more of voting rights held by shareholders present at the general meeting.

Statutory Reserve Fund Withdrawal

Under the PRC Company Law, when a joint stock limited company allocating the after-tax profits of the current year, a company shall allocate ten percent of its profit to the statutory common reserve fund. There are no corresponding provisions under Hong Kong laws.

Remedies of the Company

Under the Company Law, if a director, supervisor or manager in carrying out his duties infringes any law, administrative regulation or the articles of association of a company, which results in damage to the company, that director, supervisor or manager should be responsible to the company for such damages. In addition, the Listing Rules require listed companies' articles of association to provide for remedies of the company similar to those available under Hong Kong law (including rescission of the relevant contract and recovery of profits from a director, supervisor or senior management).

Dividends

The company has the power in certain circumstances to withhold, and pay to the relevant tax authorities, any tax payable under PRC law on any dividends or other distributions payable to a shareholder. Under Hong Kong law, the limitation period for an action to recover a debt (including the recovery of dividends) is six years, whereas under PRC laws, the relevant limitation period is 3 years. The company must not exercise its powers to forfeit any unclaimed dividend in respect of shares until after the expiry of the applicable limitation period.

Fiduciary Duties

In Hong Kong, directors owe fiduciary duties to the company, including the duty not to act in conflict with the company's interests. Furthermore, the Companies Ordinance has codified the directors' statutory duty of care.

Under the PRC Company Law, directors, supervisors and senior management should be loyal and diligent. Under the Guidance for Articles of Association, directors shall not conclude any contract or engage in any transaction with a company either in violation of the articles of association of the company or without the approval of the general meeting.

Closure of Register of Shareholders

The Companies Ordinance requires that the register of shareholders of a company must not generally be closed for the registration of transfers of shares for more than 30 days (extendable to 60 days in certain circumstances) in a year, whereas, as required by the Company Law, share transfers shall not be registered within 20 days before the date of a shareholders' meeting or within five days before the base date set for the purpose of distribution of dividends.

Any person wishing to have detailed advice on PRC laws or the laws of any jurisdiction is recommended to seek independent legal advice.

Summary of AOA

This Appendix sets out summaries of the main clauses of our Articles of Association adopted on April 10, 2023 which shall become effective as at the date on which the H shares are listed on the Stock Exchange. As the main purpose of this Appendix is to provide potential investors with an overview of the Articles of Association, it may not necessarily contain all information that is important for prospective investors. As discussed in the appendix headed "Appendix VII — Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display" to this document, the full document of the Articles of Association in Chinese is available for examination.

1 Directors and Board of Directors

(1) Power to Allocate and Issue Shares

The Articles of Association does not contain clauses that authorize the Board of Directors to allocate or issue shares. The Board of Directors shall prepare suggestions for share allotment or issue, which are subject to approval by the Shareholders at the general Shareholders' meeting in the form of a special resolution. Any such allotment or issue shall be in accordance with the procedures stipulated in appropriate laws, administrative regulations and supervision rules of shares listed region.

(2) Power to Dispose Assets of Our Company or Any Subsidiary

The Board of Directors shall determine the authority of external investment, acquisition and sale of assets, asset mortgage, external guarantee matters, entrusted financial management, connected transactions, external donations, and establish strict review and decision-making procedures. Major investment projects shall be reviewed by relevant experts and professionals and reported to the shareholders' meeting for approval.

The transaction within the scope of daily business of the Company that meets one of the following criteria shall be submitted to the Board of Directors for deliberation:

i. The major transaction of the Company (including its subsidiaries) and Company's shareholders, directors, supervisors, general managers and their connected parties (excluding the Group companies). For the purpose of this clause, the aforesaid "major transactions" shall mean transactions that are not included in the annual budget (if such annual budget has specified the relevant transaction amount) and that involve an aggregate transaction amount less than RMB20 million; transactions between Group companies and other Group companies that are beyond the annual budget;

ii. Mortgage or provision of guarantee with respect to the Company's assets beyond the annual budget, excluding the provision of guarantee for a controlled subsidiary of the Company for a loan financing in relation to recourse financial lease in connection with the main business and the construction of medical imaging equipment and medical imaging centers;

iii. Any debt or expense more than RMB50 million beyond the Company's annual budget (whether singly or through a series of related transactions);

iv. Any establishment of joint venture, association or partnership by the Company with any third party, acquisition, merger and other external investment by the Company, provided that any of the above outward investments (including the establishment of the image center project company) made by the Group companies in any year shall not exceed 3% of the net assets of the Company in the preceding year individually or in the aggregate or within the annual budget;

v. Other transactions that shall be submitted to the Board of Directors in accordance with the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are listed.

(3) Guarantees of Loans to Directors, Supervisors or Other Management Personnel

The external guarantee matters of the Company shall be submitted to the Board of Directors or the General Meeting of Shareholders for deliberation.

The following acts of external guarantee (including mortgage, pledge or guarantee) of the Company shall be submitted to the General Meeting of Shareholders for deliberation and approval after being reviewed and approved by the Board of Directors:

i. Any single guarantee for an amount more than 10% of the Company's net assets audited in the latest period;

ii. Any guarantee to be provided after the total amount of external guarantees provided by the Company or the subsidiaries it controls has exceeded 50% of the Company's net assets as audited in the latest period;

iii. Any guarantee to be provided after the total amount of external guarantees provided by the Company has exceeded 30% of its total assets as audited in the latest period;

iv. Any guarantee to be provided for a party whose ratio of liabilities to assets exceeds 70%;

v. The amount guaranteed by the Company within one year exceeds 30% of its latest audited total assets;

vi. Any guarantee to be provided to a shareholder, or to an ultimate controller or related party thereof;

vii. Other external guarantees that meet the requirements of laws, regulations, normative documents and the Hong Kong Listing Rules and can take effect only after being reviewed and approved by the General Meeting of Shareholders.

(4) Provide Financial Assistance for Acquiring the Shares of the Company

The Company or its subsidiaries will not provide any financial assistance to the person who purchases or intends to purchase the company's shares in the form of gifts, advances, guarantees, compensation or loans, etc.

(5) Remuneration

The appointment and removal of the members of the Board of Directors and the Board of Supervisors, as well as their remuneration and payment methods, shall be adopted by the General Meeting of Shareholders by ordinary resolution.

(6) Appointment, Resignation and Dismissal

The Board of Directors is composed of nine directors, including the independent directors. The directors of the Company are elected by the General Meeting of Shareholders. At any time, the Board of Directors should have more than 1/3 independent directors, and the total number of independent directors should not be less than three.

The Board of Directors has one chairman. The chairman of the Board of Directors shall be elected by more than half of all directors. The directors shall be elected or replaced by the general meeting of shareholders, and may be removed by the general meeting of shareholders through an ordinary resolution before the expiration of their term of office.

The chairman of the Board and other Directors serve three-year terms, and the director can be re-elected and reappointed at the end of the term. The general manager or other senior managers may concurrently serve as directors. However, the total number of directors concurrently serving as the general manager or other senior managers and employee representative directors shall not exceed half of the total number of directors of the company. There is no provision in the Articles of Association that imposes any age limit for Directors beyond which retirement of a Director is mandatory.

None of the following persons shall serve as our Director, Supervisor or senior management:

i. A person who has no civil capacity or has limited civil capacity;

ii. A person who has been sentenced to a term of imprisonment for any of the following crimes and five years have not elapsed since the date on which execution of the sentence was completed: embezzlement, bribery, conversion of property, misappropriation of property, or sabotaging the socialist economic order; or has been deprived of his/her political rights as a result of a criminal conviction and five years have not elapsed since the date on which execution of the sentence was completed;

iii. A person who has served as a director, the factory chief, or the manager of an insolvent and liquidated company or enterprise and is held personally liable for such bankruptcy, and three years have not elapsed since the date when the bankruptcy and liquidation of the company or enterprise are completed;

iv. A person who has served as the legal representative of a company or enterprise whose business license was revoked or which is ordered to close down due to any violation of law, and is held personally liable for the revocation, and three years have not elapsed since the date when the revocation occurs;

v. A person who has a relatively large sum of debt, which was not paid at maturity;

vi. A person who has been banned from entering the securities market by the CSRC and whose term has not expired;

vii. Other contents stipulated by laws, administrative regulations, departmental rules, other normative documents, the Hong Kong Listing Rules and other securities regulatory rules of the place where the company's shares are listed.

The election, appointment or employment of the Directors, Supervisors or other senior management shall be invalid if such election, appointment or employment is against the Articles of Association. If the Directors, Supervisors or senior management falls into the situations provided in the above-mentioned situations during their term of office, they would be dismissed by our Company.

(7) Borrowing Powers

The Board of Directors shall be entitled to decide to borrow money within the scope of authorization by the general Shareholder's meeting or it is required according to the listing rules of the stock exchange where our Company is listed.

The Board of Directors shall be entitled to develop proposals for our Company to issue bonds and to list its Shares, and that such bond issues must be approved by the Shareholders by a special resolution at the general Shareholders' meeting.

(8) Duties

The directors shall abide by laws, administrative regulations and the Articles of Association, and shall have the following fiduciary duties to the Company:

i. Shall not abuse their authority by accepting bribes or other illegal income, and shall not encroach on the Company's property;

ii. Shall not misappropriate company funds;

iii. Shall not deposit company assets into accounts held in their own names or in the name of any other individual;

iv. Shall not, in violation of the Articles of Association, loan company funds to any other person or give company assets as security for the debt of any other person without the approval of the general meeting or the Board of Directors;

v. Shall not conclude any contract or engage in any transaction with the Company either in violation of the Articles of Association or without the approval of the general meeting;

vi. Shall not use the advantages provided by their own positions to pursue business opportunities that properly belong to the Company to engage in the same business as the Company either for their own account or for the account of any other person without the approval of the general meeting;

vii. Shall not accept commissions paid by others for transactions conducted with the Company as their own;

viii. Shall not disclose confidential company information without authorization;

ix. Shall not abuse their connected relationships to damage the Company's interests;

x. Other fiduciary obligations stipulated in laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the place where the company's shares are listed and the Articles of Association;

The income obtained by the director in violation of above article shall belong to the company. If losses are caused to the company, he/she shall be liable for compensation.

Directors shall abide by laws, administrative regulations and the Articles of Association, and have the following diligent obligations to the Company:

i. Shall prudently, earnestly and diligently exercise the powers the Company grants to them to ensure that the Company conducts its commercial activities in a manner that complies with the requirements of state laws, administrative regulations and state economic policies, and that the Company's commercial activities do not go beyond the scope of the business activities stipulated in the Company's business license;

ii. Shall treat all shareholders fairly;

iii. Shall maintain a timely awareness of the operation and management of the Company;

iv. Shall sign written statements confirming the regular reports of the Company, and ensure that the information disclosed by the Company is true, accurate and complete;

v. Shall provide accurate information and materials to the board of supervisors and shall not obstruct the board of supervisors or individual supervisors from performing its or their duties;

vi. Other obligations of diligence stipulated in laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other securities regulatory rules of the place where the company's shares are listed, and the Articles of Association.

The duty of loyalty assumed by the directors shall not be automatically relieved within a reasonable period after the resignation report has not come into effect or has come into effect, and within a reasonable period after the end of the term of office. The duty of confidentiality of the company's business secrets shall remain valid after the resignation report comes into effect or the end of the term of office, until the secrets become public information.

The specific time limit for directors to undertake the obligation of loyalty after the resignation takes effect or the term of office expires is 1 years from the date of the resignation takes effect or the term of office expires. The duration of other obligations shall be determined in accordance with the principle of fairness, depending on the nature of the matter, the importance of the matter to the Company, the period of influence on the Company and the relationship with the director.

Without the provisions of the Articles of Association or the lawful authorization of the Board of Directors, no director shall act in his own name on behalf of the Company or the Board of Directors. When a director acts in his/her own name, the director shall declare his/her position and identity in advance if the third party reasonably believes that the director is acting on behalf of the company or the Board of Directors.

Where any director or senior officer, in the course of his company duties, violates any law, administrative regulations or the Articles of Association and causes the Company to suffer a loss, shareholders separately or jointly holding more than 1% of the Company shares for more than 180 successive days may make a written request to the board of supervisors to bring a lawsuit in the people's court; where the board of supervisors, in the course of its company duties, violates any law, administrative regulations or the Articles of Association and causes the Company to suffer a loss, such shareholders may make a written request to the Board of Directors to bring a lawsuit in the people's court.

Where the board of supervisors or the Board of Directors refuses to bring a lawsuit after receiving a written request from the shareholders prescribed in the preceding paragraph or fails to bring a lawsuit within 30 days of receiving such a request, or where the situation is so urgent that failure to bring a lawsuit will lead to irreparable damage to the interests of the Company, the shareholders prescribed in the preceding paragraph may bring a lawsuit directly in their own names for the benefit of the Company.

In the event of any other person infringes upon the legitimate rights and interests of our Company and causes losses thereto, the shareholder(s) specified in this Articles of Association may file an action with the competent court pursuant to the provisions of the preceding two paragraphs.

In the event of a Director or senior management violates laws, administrative regulations or our Company's Articles of Association, thereby damaging the interests of the Shareholder(s), the Shareholder(s) may file an action with the competent court.

2 Modification of the Articles of Association

Our Company may amend the Articles of Association based on the provisions of the laws, administrative regulations and Articles of Association.

Where the amendments to the Articles of Association passed by the general Shareholders' meetings need the examination and approval of the competent authorities, these amendments shall be submitted hereto for approval. Where the amendment of the Articles of Association involves registration, it shall be necessary to carry out the lawfully prescribed procedures for registration change.

3 Special Resolutions Needed to be Adopted by Absolute Majority Vote

The resolutions of the Shareholders' meeting shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution may be adopted by a simple majority of the votes held by the Shareholders (including proxies of Shareholders) attending the general Shareholders' meeting.

A special resolution can be adopted by a two-thirds majority of the votes held by the Shareholders (including proxies of Shareholders) attending the general Shareholders' meeting.

4 Voting Rights

The shares held by the shareholders of the Company are ordinary shares, without special voting rights. Shareholders (including proxy) shall exercise their voting rights according to the number of voting shares they represent, and each share shall have one vote.

The general meeting of shareholders shall vote by open ballot. The same voting right can only choose one of on-site or other voting methods. In case of repeated voting with the same voting right, the first voting result shall prevail.

Shareholders attending the general meeting of shareholders shall express one of the following opinions on the proposal submitted for voting: affirmative, negative or abstention. The securities registration and clearing organisation shall be the nominee holder of shares on the Interconnection Mechanism for Mainland and Hong Kong Stock Markets, except where declaration is made in accordance with the actual holder's intent. Where any ballot is not completed in full, is completed incorrectly or unintelligibly, or has no vote recorded, the voter shall be deemed to have waived his voting rights and the voting result for his shares shall be deemed as an "abstention".

5 Rules on General Shareholders' Meetings

The general Shareholders' meetings are divided into annual general Shareholders' meetings and extraordinary general Shareholders' meetings. The annual general shareholders' meeting shall be convened once a year and be held within six months of the end of the previous fiscal year.

6 Accounting and Audits

(1) Financial and Accounting Policies

Our Company shall develop its financial accounting policies pursuant to laws, administrative regulations and rules developed by the competent department. Where there are special rules in the listing rules of the stock exchange where the shares are listed, the special rules would prevail.

The Company shall prepare its annual financial and accounting report within 4 months after the end of each fiscal year, and prepare its interim financial and accounting report within 2 months after the end of the first half of each fiscal year. The above financial and accounting reports are prepared in accordance with relevant laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the company's shares are listed.

The Company shall not establish other accounting books except for the statutory accounting books. The assets of the Company shall not be deposited in any account opened in the name of any individual.

(2) Appointment and Dismissal of Accountants

The Company employs an accounting firm that complies with the provisions of the Securities Law, the Hong Kong Listing Rules and other securities regulatory rules of the place where the company's shares are listed to conduct accounting statement audit, net asset verification and other related consulting services. The employment period is one year, and can be renewed.

The employment of accounting firms by the Company must be decided by the General Meeting of Shareholders, and the Board of Directors shall not appoint accounting firms before the decision of the General Meeting of Shareholders. The audit fee of the accounting firm shall be determined by the shareholders' meeting.

The Company shall guarantee to provide the accounting firm it employs with true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting materials, and shall not refuse, conceal or make false statements.

The Company shall notify the accounting firm 15 days in advance when dismissing or no longer renewing the accounting firm. The accounting firm shall be allowed to state its opinions when the General Meeting of Shareholders of the Company votes on dismissing the accounting firm. If the accounting firm proposes to resign, it shall explain to the shareholders' meeting whether the company has any improper situation.

7 Notice and Agenda of General Shareholders' Meetings

The general Shareholders' meeting is the authorized organ of our Company that performs duties and exercises powers in accordance with the law.

Under any of the following circumstances, the Company shall convene an extraordinary general Shareholders' meeting within two months:

i. where the number of directors falls below the number prescribed in the Company Law or below two thirds of the number prescribed in the Articles of Association;

ii. where the Company's unfunded losses reach one third of total share capital paid in;

iii. where shareholders who separately or jointly hold no less than 10% of the Company's stock request holding of such a meeting in written form;

iv. where the board of directors deems it necessary;

v. where the board of supervisors proposes such a meeting;

vi. in any other circumstances prescribed by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the company's shares are listed or the Articles of Association.

In the event that the Board of Directors agree to convene an extraordinary general Shareholders' meeting, the notice of convening extraordinary general Shareholders' meeting shall be issued within 5 days after the Board of Directors made a resolution. With regard to the proposal of convening an extraordinary general Shareholders' meeting made by the Board of Supervisors, if the Board of Directors made a rejection or does not respond within 10 days after it receiving the proposal, it shall be viewed as the Board of Directors is unable to or fails to perform its meeting duty of convening the general Shareholders' meeting and the Board of Supervisors may convene and preside over the meeting by its own.

Shareholders who separately or jointly hold 10% or more of the shares may request in writing to convene an extraordinary Shareholders' meeting. If the Board of Directors fails to give a response within 10 days after receiving the above written requirement, or refuses to convene, the shareholders who make the request may request the Board of Supervisors in writing to convene the meeting. If the Board of Supervisors does not issue the notice about convening the meeting within 5 days after receiving the above written requirement, the shareholders prescribed in this paragraph who hold the Company shares for more than 90 successive days could convene and preside the meeting by themselves.

In the event that the general shareholders' meeting is convened, the Board of Directors, the Board of Supervisors and shareholders who separately or jointly hold more than 3% of the shares of our Company have the right to submit proposals to the Company.

When convening a general shareholders' meeting, our Company shall send a written notice 20 days before it is convened. When convening an extraordinary shareholders' meeting, our Company shall send a written notice 15 days before it is convened. When the company calculates the starting period of "20 days" and "15 days", it does not include the date of the meeting, but includes the date of the notice.

The notice of the general shareholders' meeting shall be made in writing, including the following contents:

i. the place, the date and the hour of the meeting;

ii. the matters to be discussed at the meeting;

iii. a prominent written statement as follows: all shareholders have the right to attend the general meeting, and may authorize in written form a proxy, who need not necessarily be a company shareholder, to attend and vote at the meeting;

iv. the equity registration date of shareholders entitled to attend the general meeting of shareholders;

v. the names and phone number of the standing contact person for affairs;

vi. voting time and voting procedure by network or other means (if any);

vii. the delivery date and place of the voting proxy statement;

viii. other contents stipulated by laws, administrative regulations, departmental rules, other normative documents, the Hong Kong Listing Rules, other securities regulatory rules of the place where the company's shares are listed and the Articles of Association.

The notice of the general meeting of shareholders and the supplementary notice shall fully and completely disclose all the specific contents of all proposals, as well as all the materials or explanations required to enable the shareholders to make a reasonable judgment on the matters to be discussed. If the matter to be discussed needs the opinion of independent directors, the opinions and reasons of independent directors will be disclosed at the same time when the notice of shareholders' meeting or supplementary notice is issued. The start time of voting (if any) by network or other means at the shareholders' meeting shall not be earlier than 3:00 p.m. on the day before the on-site shareholders' meeting is held, nor later than 9:30 a.m. on the day of the on-site shareholders' meeting, and the end time shall not be earlier than 3:00 p.m. on the day of the on-site shareholders' meeting.

The interval between the equity registration date and the meeting date shall be no more than 7 working days. Once the equity registration date is confirmed, it cannot be changed.

The resolution of the general shareholders' meeting includes ordinary resolution and special resolution. The following matters shall be approved by the general shareholders' meeting through ordinary resolutions:

i. Work report of the Board of Directors and the Board of Supervisors;

ii. Plans of earnings distribution and loss make-up schemes drafted by the Board of Directors;

iii. Appointment or dismissal of the members of the Board of Directors and the Board of Supervisors, and their payment and payment methods;

iv. Annual budget and final account report;

v. Annual report of the Company;

vi. Make a resolution on the company's employment, dismissal or no further employment of the accounting firm or the remuneration of the accounting firm;

vii. Other matters other than those approved by special resolution stipulated in the laws, administrative regulations, Hong Kong Listing Rules, listing rules of the stock exchange where the shares are listed or the Articles of Association.

The following matters shall be approved by special resolution at the general shareholders' meeting:

i. The increase or decrease of the registered capital;

ii. Division, split-up, merger, dissolution and liquidation of the company or any change in the form of the company;

iii. Amendment of the Articles of Association;

iv. The operational guidelines and investment plans;

v. The accumulated amount of purchase and sale of major assets or guarantee calculated by the company within one year exceeds 30% of the company's latest audited total assets;

vi. The formulation, revision and implementation of equity incentive plans;

vii. The issuance of corporate bonds, other securities and listing plans;

viii. Other matters required by laws, administrative regulations, the Hong Kong Listing Rules, other securities regulatory rules of the place where the company's shares are listed, or the Articles of Association, as well as those determined by the general meeting of shareholders to have a significant impact on the company and need to be passed by special resolution.

In the event that any resolution of the general Shareholders' meeting or resolution of the Board of Directors violates laws or administrative regulations, any shareholder is entitled to request the court to deem it as invalid.

In the event that the convening procedure or voting formula of the shareholders meeting or meeting of the Board of Directors violates any of laws, administrative regulations or the Articles of Association, or resolution of which violates the Articles of Association, any shareholder is entitled to ask the court to overturn within 60 days after the resolution was adopted.

8 Share Transfers

The shares of our Company holding by the founders thereof shall not be transferred within one year of the date of establishment of our Company. The shares issued before the company's public offering of shares shall not be transferred within one year from the date of listing and trading of the company's shares on the main board of the Stock Exchange of Hong Kong.

The Directors, Supervisors, and senior management of our Company shall declare, to our Company, information on their holdings of the shares of our Company and the changes thereto. The shares transferrable by them during each year of their term of office shall not exceed 25 percent of their total holdings of the shares of our Company. The shares that they held in our Company shall not be transferred within one year of the date on which the stocks of our Company are listed and traded. The aforesaid persons shall not transfer their shares of our Company within half a year from the date of their resignation.

Where any director, supervisor or senior manager of the company who holds more than 5% of the company shares sells company stock he holds within 6 months of the relevant purchase, or purchases any stock he has sold within 6 months of the relevant sale, the proceeds generated therefrom shall be incorporated into the profits of the company, and the Board of Directors of the company shall recover the proceeds. However, the following circumstances shall be excluded where a securities company holds more than 5% of the shares due to its purchase of any remaining shares under a best efforts underwriting or where the provisions of the securities regulatory authority under the State Council and the securities regulatory authority at the place where the shares of the company are listed apply.

Shares or other securities with the nature of equity held by directors, supervisors, senior executives and natural-person shareholders as mentioned in the preceding paragraph include shares or other securities with the nature of equity held by their spouses, parents or children, or held by them by using other people's accounts. If the Board of Directors of the Company fails to comply with the above paragraph of this Article, the shareholders are entitled to request the Board of Directors to do so within 30 days. If the Board of Directors of the Company fails to comply within the aforesaid period, the shareholders are entitled to initiate litigation directly in the People's Court in their own names for the interest of the Company. And if the Board of Directors fails to implement the provisions set forth in this Article, the responsible directors shall bear joint and several liability in accordance with law.

9 Rights of Our Company to Purchase our Outstanding Issued Shares

The Company may acquire its own shares in accordance with the laws, administrative regulations, departmental rules, and provisions of the Articles of Association if:

i. It reduces its registered capital;

ii. It merges with other companies holding its shares;

iii. It uses shares for its employee stock ownership plan or equity incentive;

iv. The shareholders raise objections to resolutions by the general meeting on the merger or division of the Company, and thus requiring the Company to acquire their shares;

v. It converts its shares into corporate bonds convertible into shares issued by the Company;

vi. It is necessary for the Company to maintain its value and rights and interests of shareholders;

vii. In any other circumstances prescribed by laws, administrative regulations, departmental rules and other securities regulatory rules of the place where the company's shares are listed.

A company may purchase its own shares through public centralized trading, or through other means recognized by the laws, administrative regulations, the Hong Kong Listing Rules, and other securities regulatory rules of the place where the company's shares are listed or the CSRC (if required). Where any company purchases its own shares under any of the circumstances specified in Items 3, 5, or 6 of Article 24 of its Articles of Association, centralized trading shall be adopted publicly.

Upon buyback of the company's shares, the company shall perform information disclosure obligation pursuant to the relevant provisions of laws, administrative regulations, rules, normative documents and the Hong Kong Listing Rules, etc. Where the relevant regulatory rules of the place where the company's shares are listed stipulate otherwise on matters involved in share buyback, such provisions shall prevail.

10 Power for Any Subsidiary of Our Company to Own Shares in Its Parent

There are no provisions in the Articles of Association relating to ownership by subsidiary of our Company of shares in its parent.

11 Dividend and Other Distribution Methods

The Company attaches importance to the reasonable return on investment to shareholders, and the profit distribution should follow the principle of paying attention to the reasonable return on investment to shareholders and benefiting the long-term development of the Company. The Company's profit distribution policy should maintain continuity and stability, and comply with the relevant provisions of laws and regulations. The Company may distribute dividends in cash or stock. Under the condition that the Company has distributable profits, the Board of Directors of the Company may make cash dividend distribution plans or/and stock dividend distribution plans according to the Company's business and financial conditions.

After the shareholders' meeting of our Company make a resolution on dividends distribution plan, the Board of Directors shall complete the distribution within 2 months after the convening of the shareholders' meeting.

12 Shareholder Proxies

Shareholders can attend the shareholders' meeting in person or entrust a proxy to attend and vote on their behalf.

Any proxy statement issued by a shareholder who authorizes a proxy to attend the general meeting on his behalf shall include the following details:

i. the name of the proxy;

ii. whether the proxy is authorized to vote;

iii. respective instructions on affirmative, negative or abstention voting on each item for consideration listed in the general meeting agenda; Specific instructions on whether the proxy has the right to vote on the temporary proposal that may be included in the agenda of the General Meeting of Shareholders and what kind of voting rights should be exercised if it has the right to vote;

iv. the issuance date and valid period of the proxy statement;

v. the signature (or seal) of the shareholder. Where the shareholder is a legal person, the legal person's seal shall be affixed.

The power of attorney shall indicate whether the shareholder's proxy can vote according to his own will if the shareholder does not give specific instructions. A shareholder's proxy need not be a shareholder of the company.

Where a shareholder authorizes another person to sign a proxy statement for voting, the power of attorney for signing authority or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents shall be lodged at the Company's domicile or any other place stipulated in the meeting notice. Where the shareholder is a legal person, its legal representative or any person authorized by a resolution of the board of directors or other decision-making body shall attend the general meeting as its proxy.

If a Member is a Recognised Clearing House (or its agent) as such term is defined in the relevant Regulations from time to time in Hong Kong, it may authorize one or more persons as it thinks fit to act as its representative at any general meeting; Provided, however, that if more than one person is so authorised the powers of attorney shall set forth the number and class number of shares in respect of which each such person has so authorised and shall be signed by the person or persons who have been duly authorised by the clearing house. A person so authorised may attend (without production of share certificate by notarial authority and/or further evidence of due authority) and exercise all rights (including the right to speak and vote) on behalf of a recognised clearing house (or its alternate) as if that person were an individual shareholder of the Company.

13 Review the Register of Shareholders and Other Rights of Shareholders

The company establishes the register of shareholders according to the certificate provided by the securities registration authority. The register of shareholders is sufficient evidence to prove that the shareholders hold the company's shares. Shareholders enjoy rights and assume obligations according to the types of shares they hold; Shareholders holding the same kind of shares shall enjoy the same rights and undertake the same obligations.

When our Company convenes the general shareholders' meeting, pays dividends, goes into liquidation or is involved in other actions that require the confirmation of identities, the Board of Directors or the convener of the general meeting of shareholders shall determine the date for registration of shareholding and the shareholders registered on the register of shareholders after the close of business on the date of registration of shareholding shall be the shareholders enjoying the relevant rights and interests.

14 Restrictions on Rights of Controlling Shareholders

The controlling shareholders and actual controllers of the Company shall not use their connected relationship to damage the legitimate interests of the Company and other shareholders; Controlling shareholders and actual controllers who violate relevant laws, regulations and Articles of Association and cause losses to the company and other shareholders shall be liable for compensation.

Controlling shareholders and ultimate controllers of the Company shall have a duty of care to the Company and other company shareholders. Controlling shareholders shall exercise their investors' rights in strict accordance with the law and shall not damage the lawful interests of the Company or of general public company shareholders in any way such as via the distribution of profits, an asset reorganization, external investments, the use of company funds or the provision of a loan guarantee, nor shall they abuse their controlling positions to damage the interests of the Company or of general public company shareholders.

15 Procedures for Liquidation

Under any of the following circumstances, our Company shall be lawfully dissolved and liquidated:

i. the operating term prescribed in the Articles of Association has expired, or any other grounds for dissolution prescribed in the Articles of Association have arisen;

ii. the general meeting has adopted a resolution to dissolve the Company;

iii. dissolution is required due to a merger involving the Company or the breakup of the Company;

iv. the Company's business license has been lawfully revoked, or the Company has been ordered to close down or wound up; or

v. where serious difficulties have arisen in the operation of the Company and the continuation of the Company would certainly damage the shareholders' interests to a significant extent; however, where any such scenario cannot be resolved through other channels, shareholders representing more than 10% of all voting rights may petition the people's court to dissolve the Company.

Where the Company is to be dissolved pursuant to Items i, ii, iv or v of above paragraph of this Article, a liquidation committee shall be established within 15 days from the date when the event of dissolution occurs. The liquidation committee shall be composed of directors or members determined by the general meeting. Where the Company fails to form a liquidation committee to liquidate the Company within the prescribed period of time, its creditors may petition the people's court to appoint the relevant persons to establish a liquidation committee and liquidate the Company.

After the establishment of the liquidation committee, the powers of the Board of Directors and the general manager shall cease immediately. During liquidation, the Company shall not carry out new business activities.

Within 10 days of the establishment of the liquidation committee, the creditors shall be notified and an announcement shall be published in at least one newspaper within 60 days. Creditors shall file their claims with the liquidation committee within 30 days of receiving the notice, or within 45 days of publication of the first notice if any such creditor does not receive the notice.

In filing their claims, creditors shall provide all relevant details relating thereto and provide supporting materials. The liquidation committee shall make records of such claims. The liquidation committee shall not pay out on any creditors' claims while such claims are still being filed.

After identifying the Company's assets and preparing the balance sheet and schedule of assets, the liquidation committee shall prepare a liquidation plan, which shall be submitted to the general meeting or the people's court for ratification. After paying all liquidation expenses, staff wages and labor insurance expenses, outstanding taxes, and company debts, the remaining assets shall be distributed to the shareholders in proportion to their respective shareholdings.

During the liquidation, our Company shall continue to exist, but shall not carry out business activities irrelevant to the liquidation. The property of our Company shall not be distributed to any shareholder before full payments have been made out of the property according to the aforesaid provision.

Where the liquidation committee, after identifying the Company's assets and preparing the balance sheet and schedule of assets, discovers that the Company does not have sufficient assets to repay the Company's debts in full, the liquidation committee shall file a bankruptcy petition with the people's court in accordance with the law.

After our Company is declared bankrupt by ruling of the people's court, the liquidation committee shall turn over matters regarding the liquidation to the people's court.

Upon closure of liquidation of our Company, the liquidation committee shall prepare a liquidation report and submit it to our general shareholders' meeting or the people's court for confirmation, and then submit it to the company registration authority to apply for cancellation of the company's registration and announce the termination of the company.

16 Other Important Provisions for Our Company or the Shareholders

(1) General Provisions

Our Company is a permanently existing joint stock limited company.

All the assets of the company are divided into shares of equal value. The shareholders are responsible for the company to the extent of their subscribed shares, and the company is responsible for the company's debts with all its assets.

The Articles of Association shall, from the date on which they take effect, be the legally binding document that regulates the organization and activities of the Company and the relationship of rights and obligations as between the Company and the shareholders and among the shareholders, and shall be legally binding on the Company, the shareholders, the directors, the supervisors and senior officers. Based on the Articles of Association, any shareholder may bring a lawsuit against another shareholder, a director, a supervisor, a manager or any other senior officer. Any shareholder may bring a lawsuit against the Company, and the Company may bring a lawsuit against any shareholder, director, supervisor, manager or any other senior officer.

The Company shall, subject to the provisions of the Constitution of the Communist Party of China, establish a Party organization and carry out Party-related activities. The Company provides the necessary conditions for the activities of the Party organization (if necessary).

(2) Share and Transfer

Our Company may increase stock capital by the following means:

i. Issuing new shares to unspecified investors;

ii. Placing new shares to specified investors;

iii. Allocating or giving new shares to existing shareholders;

iv. Converting the reserve funds into share capital;

v. Other means approved by the laws, administrative regulations and relevant regulatory authorities.

Our Company may decrease our registered share capital and shall comply with the procedures stipulated in Company Law of the PRC, other related regulations, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Domestic unlisted shares and overseas listed foreign shares issued by the Company enjoy the same rights in any distribution made in the form of dividends (including cash and physical distribution) or other forms. It is not allowed to exercise any power to freeze or otherwise damage any of its rights attached to the shares just because any person who directly or indirectly owns the interests has not disclosed their interests to the company.

The H shares issued by the company are centrally deposited in Hong Kong Central Securities Registration Co., Ltd.

(3) Shareholders

Shareholder is entitled to rights and assumes obligations pursuant to the classification and ratio of his or her shares. Shareholder holding the same classified share has the same rights and assumes the same obligations.

The rights of shareholders are as follows:

i. the right to receive dividends and benefits distributed in other forms according to the number of shares they hold;

ii. the right to legally require, convene, preside over, participate in or authorize proxies of shareholders to attend the general meeting and exercise corresponding voting rights;

iii. the right to supervise company operations and make suggestions or inquiries;

iv. the right to transfer, donate or pledge their shares in accordance with laws, administrative regulations and the Articles of Association;

v. the right to read the Articles of Association, the list of shareholders, company bond stubs, general meeting minutes, resolutions of meetings of the board of directors, resolutions of meetings of the board of supervisors and financial and accounting reports;

vi. the right to participate in the distribution of the Company's residual assets on the winding up or liquidation of the Company according the number of shares they hold;

vii. shareholders who have a different view on any resolution of the general meeting to merge or break up the Company shall have the right to require the Company to purchase their shares; and

viii. other rights prescribed in laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and the Articles of Association.

Where any shareholder demands to read the relevant information or obtain any of the aforesaid materials, he shall submit to the Company written documents proving the class(es) and number of shares he holds. the Company shall provide the relevant information or materials in accordance with the shareholder's demand after verifying the shareholder's identity.

The obligations of shareholders are as follows:

i. to abide by laws, administrative regulations, departmental rules, the relevant regulatory rules of the place where the Company's shares are listed and the Articles of Association;

ii. to provide share capital according to the shares subscribed for and share participation methods;

iii. not to return shares unless prescribed otherwise in laws and administrative regulations;

iv. not to abuse shareholders' rights to infringe upon the interests of the Company or other shareholders; not to abuse the Company's status as an independent legal entity or the limited liability of shareholders to damage the interests of the Company's creditors. Any company shareholder who abuses shareholders' rights and causes the Company or other shareholders to suffer a loss shall be liable for making compensation in accordance with the law. Any company shareholder who abuses the status of the Company as an independent legal entity or the limited liability of shareholders to evade debts and seriously damages the interests of the Company's creditors shall assume joint and several liability for the Company's debts;

v. to perform other duties prescribed in laws, administrative regulations, the relevant regulatory rules of the place where the Company's shares are listed and the Articles of Association.

(4) The Board of Directors

The Board of Directors is responsible to the general Shareholders' meeting and exercises the following powers:

i. to convene the general meeting and present reports thereto;

ii. to implement resolutions adopted by the general meeting;

iii. to determine the Company's operating plans and investment programs;

iv. to draft the Company's annual financial budget and final accounts plan;

v. to draft plans for the distribution of company profits and plans to cover losses;

vi. to draft plans relating to any increase or reduction in registered capital, the issuance of shares, bonds or other securities, or listing;

vii. to draft plans for the Company's major purchases, the purchase of company stock, or any merger, breakup, change of corporate form or dissolution of the Company;

viii. to determine, within the scope of the powers granted by the general meeting, matters including the Company's external investments, the sale and purchase of assets, asset mortgages, external guarantees, third party financial management, related-party transactions, donation to other organizations, among other matters;

ix. to determine the establishment of the Company's internal management structure;

x. to decide on matters such as appointment or dismissal of the Company's general manager, secretary to the board of directors and other senior officers and on their compensation and incentives/disincentives; to decide on appointment or dismissal of the Company's finance manager and other senior officers as nominated by the general manager and on their remuneration and incentives/disincentives;

xi. to formulate the Company's basic management systems;

xii. to formulate plans to amend the Articles of Association;

xiii. to manage the disclosure of information by the Company;

xiv. to make proposals to the general meeting on the appointment or replacement of the accounting firm that audits the Company;

xv. to hear work reports given by the general manager of the Company and oversee the general manager's work;

xvi. any other power granted by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and other securities regulatory rules of the place where the company's shares are listed or the Articles of Association.

Matters beyond the scope of authorization of the shareholders' meeting shall be submitted to the shareholders' meeting for deliberation.

Meetings of the Board of Directors shall be attended by more than one-half of the Directors (including proxies) before the Board of Directors meeting can be convened.

(5) Independent Non-executive Director

At any time, the Board of Directors should have more than 1/3 of independent directors, and the total number of independent directors should not be less than three. At least one independent director should have appropriate professional qualifications that meet regulatory requirements, or have appropriate accounting or related financial management expertise.

(6) Secretary of the Board of Directors

The Company shall appoint a secretary of the board of directors, who shall be responsible for preparing for general meetings and meetings of the board of directors, the retention of documents, the management of shareholder materials, the disclosure of information, etc.

(7) Board of Supervisors

Our Company shall set up a Board of Supervisors.

The Board of Supervisors consists of three supervisors, including one employee representative supervisor and one chairman. The chairman of the board of supervisors shall be elected by more than half of all supervisors.

The board of supervisors shall be composed of shareholder representatives and an appropriate proportion of company employee representatives. The number of employee representatives shall be no less than one third of all supervisors. Employee representatives on the board of supervisors shall be democratically elected by employees through the employee representative congress, the employee congress, or any other means.

The Board of Supervisors shall exercise the following powers:

i. to examine and give written examination opinions on the Company's regular reports prepared by the board of directors;

ii. to review the financial affairs of the Company;

iii. to monitor the conduct of the directors or senior officers in the course of performing their duties and to propose the recall of any director or senior officer who violates any law or administrative regulations, or the Hong Kong Listing Rules and other securities regulatory rules of the place where the company's shares are listed or the Articles of Association;

iv. to require any director or senior officer who damages the Company's interests to take remedial action;

v. to propose interim general meetings, and to convene and preside over a general meeting when the Board of Directors fails to perform its duty to convene and preside over a general meeting as prescribed in the Company Law;

vi. to submit proposals to the general meeting;

vii. to file a suit against any director or senior officer of the Company in accordance with the provisions of Article 151 of the Company Law;

viii. to undertake an investigation on discovering any irregularities in the operation of the Company and, where necessary, engage an accounting firm to assist in any such investigation at the expense of the Company;

ix. Other powers prescribed by the Articles of Association and granted by the General Meeting of Shareholders.

The Supervisors may attend the meetings of the Board of Directors, query or provide suggestions on the resolution matters of the Board meeting.

(8) General Manager

Our Company has one general manager, appointed or dismissed by the Board of Directors. The general manager of our Company is responsible to the Board of Directors and exercises the following powers:

i. to manage the Company's production and operations, and organize the implementation of board resolutions;

ii. to organize the implementation of the Company's annual operating plans and investment programs;

iii. to draft the plan for the Company's internal management structure;

iv. to formulate the Company's basic management systems;

v. to formulate detailed company rules;

vi. to make recommendations to the Board of Directors on the appointment or removal of the finance manager;

vii. to appoint or remove officers of the Company other than those to be appointed or removed by the Board of Directors;

viii. any other power granted by the Articles of Association and the Board of Directors.

(9) Reserves

In distributing its current-year after-tax profits, the Company shall allocate 10% of its profit to its statutory reserve fund.

Allocations to the Company's statutory reserve fund may be waived once the cumulative amount of funds therein exceeds 50% of the Company's registered capital.

Where the statutory reserve fund is not sufficient to cover any loss made by the Company in the previous year, the current year's profit shall be used to cover such loss before any allocation is made to the statutory reserve fund pursuant to the preceding paragraph.

After an allocation to the statutory reserve fund has been made from the after-tax profit of the Company, and subject to the adoption of a resolution by the general meeting, an allocation may be made to the discretionary reserve fund.

After the Company has covered its losses and made allocations to the reserve funds, any remaining profit shall be distributed to the shareholders in proportion to their respective shareholdings unless otherwise stipulated in the Articles of Association.

Where the general meeting or the board of directors, in violation of the preceding paragraph, distributes profits to the shareholders before covering company losses and making an allocation to the Company statutory reserve fund, the profits so distributed must be returned to the Company.

Profits shall not be distributed to company shares held by the Company itself.

Company reserve funds shall be used to cover company losses, expand production and operations, or converted to increase the Company's capital. However, the capital reserve fund must not be used to cover company losses.

After converting statutory reserve funds into capital, the amount remaining in the statutory reserve fund shall be no less than 25% of the Company's registered capital existing prior to such conversion.

A. Further Information about Our Group

1. Incorporation of Our Company

Our Company was established as a joint stock company with limited liability in the PRC on October 30, 2014, and was subsequently converted into a limited liability company on July 15, 2016. On June 30, 2021, our Company was further converted into a joint stock company with limited liability under the laws of the PRC. As of the Latest Practicable Date, the registered capital of the Company was RMB338,495,832.

Our Company has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on May 24, 2023, and our Company's principal place of business in Hong Kong is at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong. Ms. ZHANG Xiao (張瀟) has been appointed as the authorized representative of our Company for the acceptance of service of process and notices in Hong Kong. The address for service of process is 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong.

As of the date of this prospectus, our Company's head office was located at Building 2, 2 Minzuyuan, Minzuyuan Road, Chaoyang District, Beijing, China.

2. Changes in Share Capital of Our Company

On October 30, 2014, our Company was incorporated with a registered capital of RMB100,000,000.

There has been no alteration in the share capital of the Company within two years immediately preceding the date of this prospectus.

3. Resolutions of the Shareholders of Our Company Passed on April 10, 2023

Pursuant to general meetings held on April 10, 2023, among other things, our Shareholders resolved that:

(a) the issuance by our Company of H Shares of nominal value of RMB1.00 each and the listing of such H Shares on the main board of the Hong Kong Stock Exchange;

(b) the number of H Shares to be issued pursuant to the Global Offering shall be no more than 84,624,000 H Shares;

(c) subject to filing with the CSRC, upon completion of the Global Offering, 180,000,000 Unlisted Shares will be converted into H Shares on a one-for-one basis;

(d) subject to the completion of the Global Offering, the adoption of the Articles of Association which shall become effective on the Listing Date, and authorization to the Board to amend the Articles of Association for the purpose of the Company's Listing; and

(e) authorization of the Board to handle all matters relating to, among other things, the Global Offering, the issue and listing of the H Shares.

4. Changes in Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in note 11 to the Accountant's Report as set out in Appendix I.

The following subsidiaries were incorporated within two years immediately preceding the date of this prospectus:

Name of Subsidiary	Place of Incorporation	Date of Incorporation
Anyang Rimag Medical Imaging Co., Ltd. (安陽一脈陽光醫學影像有限公司)	PRC	August 8, 2022
Liaoning Rimag Hospital Co., Ltd. (遼寧一脈陽光醫院有限公司)	PRC	April 14, 2023
Shaanxi Rimag Yutai Medical Technology Co., Ltd. (陝西一脈裕泰醫療科技有限公司)	PRC	May 16, 2023
Suichuan Rimag Medical Imaging Co., Ltd. (遂川一脈陽光醫學影像有限公司)	PRC	July 18, 2023
Enshizhou Jianshixian Rimag Medical Technology Co., Ltd. (恩施州建始縣一脈陽光醫療科技有限公司)	PRC	August 18, 2023
Jiaozuo Rimag Medical Imaging Co., Ltd. (焦作一脈陽光醫療影像有限公司)	PRC	December 15, 2023
Chibi Rimag Medical Technology Co., Ltd. (赤壁市一脈陽光醫療科技有限公司)	PRC	January 4, 2024

Name of Subsidiary	Place of Incorporation	Date of Incorporation
Rimag Cloud Medical Technology (Beijing) Co., Ltd. (一脈雲醫學科技(北京)有限公司)	PRC	January 22, 2024
Beijing Rimag Yuntai Medical Devices Co., Ltd. (北京一脈雲泰醫療器械有限公司)	PRC	April 2, 2024
Rimag Medical Imaging (Hong Kong) Co., Limited (一脈陽光醫學影像(香港)有限公司)	Hong Kong	April 8, 2024
Weifang Rimag Medical Imaging Diagnosis Co., Ltd. (濰坊一脈陽光醫學影像診斷有限公司)	PRC	May 7, 2024

There has been no alteration in the share capital of any subsidiary of our Company within the two years immediately preceding the date of this prospectus.

Save for the subsidiaries mentioned in the Accountant's Report set out in Appendix I to this prospectus, our Company has no other subsidiaries.

B. Corporate Reorganization

Our Company has not gone through any corporate reorganization. For details of the history and development of our Company, see the section headed "History and Corporate Structure" in this prospectus.

C. Further Information about Our Business

1. Summary of the Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Group within the two years preceding the date of this prospectus and are or may be material:

(a) the thirteenth amended and restated shareholders' agreement dated April 4, 2023 entered into between the Company, WANG Shihe (王世和), GU Junjun (顧軍軍), YU Kaitao (于開濤), ZHOU Xiaoyan (周小炎), LUO Lifang (羅立方), ZHAO Wenbing (趙文兵), YANG Jun (楊俊), Nanchang Rimag Sunshine Enterprise Management Center (Limited Partnership) (南昌一脈陽光企業管理中心(有限合夥)), Beijing Goldman Sachs Consulting Co., Ltd. (北京高盛顧問有限公司), Nanjing Neovision Growth Phase I Equity Investment Partnership (Limited Partnership) (南京高科新浚成長一期股權投資

合夥企業(有限合夥)), Ningbo Meishan Free Trade Port Zone Baishan Investment Management Partnership (Limited Partnership) (寧波梅山保税港區佰山投資管理合夥企業(有限合夥)), Hangzhou Jingxin Venture Capital Partnership (Limited Partnership) (杭州鏡心創業投資合夥企業(有限合夥)), Shanghai Liying Investment Management Center (Limited Partnership) (上海立贏投資管理中心(有限合夥)), Beijing Shengzexin Technology Development Co., Ltd. (北京盛澤鑫科技發展有限公司), Beijing Huayu Rongchuang Technology Co., Ltd. (北京華宇融創科技有限公司), Shanghai Huiyan Investment Management Center (Limited Partnership) (上海匯晏投資管理中心(有限合夥)), Ningbo Meishan Free Trade Port Zone CICC Haoguan Equity Investment Partnership (Limited Partnership) (寧波梅山保税港區中金澔冠股權投資合夥企業(有限合夥)), Gongqingcheng Xiaofeng Zhirui Entrepreneur Investment Partnership (Limited Partnership) (共青城曉溯智睿創業投資合夥企業(有限合夥)), Beijing Meiyue Enterprise Consulting Center (Limited Partnership) (北京美越企業諮詢中心(有限合夥)), PICC Beijing Health Care Fund, L.P. (北京人保健康養老產業投資基金(有限合夥)), Xiamen CICC Yingrun Equity Investment Fund Partnership (Limited Partnership) (廈門中金盈潤股權投資基金合夥企業(有限合夥)), Jiangxi Provincial State-owned Enterprise Asset Management (Holding) Co., Ltd. (江西省國有資本運營控股集團有限公司), Beijing Rimag Enterprise Management Center (Limited Partnership) (北京一脈企業管理中心(有限合夥)), Ganjiang New Area Development and Investment Group Co., Ltd. (贛江新區創新產業投資有限公司), Zaozhuang Ruiqing Equity Investment Limited Partnership (Limited Partnership) (棗莊瑞慶股權投資合夥企業(有限合夥)), Zaozhuang Ruizhi Equity Investment Limited Partnership (Limited Partnership) (棗莊瑞智股權投資合夥企業(有限合夥)), Suqian JD Yingzheng Enterprise Management Consulting Co., Ltd. (宿遷京東盈正企業管理諮詢有限公司), Nanjing Neovision Venture Capital Partnership (Limited Partnership) (南京高科創業投資合夥企業(有限合夥)), Nanjing Neovision Innovation Equity Investment Partnership (Limited Partnership) (南京高科新浚創新股權投資合夥企業(有限合夥)), ZENG Delu (曾德祿), Ningbo Zhuda Equity Investment Partnership (Limited Partnership) (寧波珠達股權投資合夥企業(有限合夥)), Novel Wealth Management Limited (諾緯資產管理有限公司), WORLDWIDE HEALTHCARE TRUST PLC, ORBIMED GENESIS MASTER FUND, L.P., ORBIMED NEW HORIZONS MASTER FUND, L.P., Shaanxi Hongrui Tourism Development Co., Ltd. (陝西鴻瑞旅遊發展有限公司), Gongqingcheng Zhongjin Zhihe Medical Industry Investment Partnership (Limited Partnership) (共青城中錦志和醫療產業投資合夥企業(有限合夥)), Gongqingcheng Zhihe Phase II Investment Partnership (Limited Partnership) (共青城智合二期投資合夥企業(有限合夥)), and Jiangxi Fenyong Technology Service Co., Ltd. (江西奮勇科技服務有限公司), pursuant to which shareholders' rights were agreed among the aforementioned parties;

(b) the cornerstone investment agreement dated May 27, 2024 entered into among our Company, Excellent Investment Enterprise Management (Hong Kong) Co., Limited (卓投企業管理(香港)有限公司), CITIC Securities (Hong Kong) Limited and CLSA Limited, pursuant to which Excellent Investment Enterprise Management (Hong Kong) Co., Limited agreed to subscribe for such number of H Shares of our Company (rounded down to the nearest whole board lot of 500 H Shares) at the Offer Price in an aggregate amount of HK$97 million (inclusive of brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy in respect of such number of H Shares to be subscribed by it);

(c) the cornerstone investment agreement dated May 27, 2024 entered into among our Company, United Imaging Healthcare Hong Kong Limited (聯影醫療科技香港有限公司), CITIC Securities (Hong Kong) Limited and CLSA Limited, pursuant to which United Imaging Healthcare Hong Kong Limited agreed to subscribe for such number of H Shares of our Company (rounded down to the nearest whole board lot of 500 H Shares) at the Offer Price in an aggregate amount of HK$12 million (excluding brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy in respect of such number of H Shares to be subscribed by it);

(d) the cornerstone investment agreement dated May 28, 2024 entered into among our Company, China New Rich Medicine Holding Co. Limited (中國新銳醫藥控股有限公司), CITIC Securities (Hong Kong) Limited and CLSA Limited, pursuant to which China New Rich Medicine Holding Co. Limited agreed to subscribe for such number of H Shares of our Company (rounded down to the nearest whole board lot of 500 H Shares) at the Offer Price in an aggregate amount of HK$12 million (excluding brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy in respect of such number of H Shares to be subscribed by it); and

(e) the Hong Kong Underwriting Agreement.

2. *Intellectual Property Rights*

(a) *Trademarks*

As of the Latest Practicable Date, we have registered the following trademarks which we consider to be or may be material to our business:

No	Trademark	Place of Registration	Registered Owner	Registration No.	Class	Expiry Date
1	Rimag Cloud	PRC	Beijing Rimag Information	60809317	9	May 14, 2022 to May 13, 2032
2	Rimag Cloud	PRC	Beijing Rimag Information	60810782	35	May 14, 2022 to May 13, 2032
3	Rimag Cloud	PRC	Beijing Rimag Information	60824759	10	May 28, 2022 to May 27, 2032
4	Rimag Cloud	PRC	Beijing Rimag Information	60812274	42	July 14, 2022 to July 13, 2032
5	智影医疗 ZHI YING MEDICINE	PRC	Hubei Zhiying	25853040	44	August 7, 2018 to August 6, 2028
6	影成V	PRC	Jiangxi Rimag Medical Technology Service Co., Ltd. (江西一脈陽光醫學科技服務有限公司)("**Jiangxi Technology**")	42683827	41	December 28, 2020 to December 27, 2030
7	影成V	PRC	Jiangxi Technology	42682909	10	October 21, 2020 to October 20, 2030
8	影成V	PRC	Jiangxi Technology	42676128	42	January 14, 2021 to January 13, 2031
9	一脉阳光	PRC	The Company	17197440	35	August 21, 2016 to August 20, 2026
10	一脉阳光	PRC	The Company	17197553	42	August 21, 2017 to August 20, 2027
11	RIMAG 一脉阳光	PRC	The Company	24986159	35	September 28, 2018 to September 27, 2028

No	Trademark	Place of Registration	Registered Owner	Registration No.	Class	Expiry Date
12	RIMAG 一脉阳光	PRC	The Company	24991466	42	November 28, 2018 to November 27, 2028
13	RIMAG 一脉阳光	PRC	The Company	24995404	36	June 28, 2018 to June 27, 2028
14	RIMAG 一脉阳光	PRC	The Company	24995930	44	June 28, 2018 to June 27, 2025
15	一脉阳光	PRC	The Company	24998085	9	July 28, 2018 to July 27, 2028
16	RIMAG 一脉阳光	PRC	The Company	25002126	10	August 28, 2018 to August 27, 2028
17	一脉阳光	PRC	The Company	25004663	36	June 28, 2018 to June 27, 2028
18	RIMAG 一 脉 阳 光 医 学 影 像	HK	The Company	305590242	9, 10, 35, 36, 38, 42, 44	April 12, 2021 to April 11, 2031
19	一脉阳光	HK	The Company	305590251	9, 10, 35, 36, 38, 42, 44	April 12, 2021 to April 11, 2031
20	一脉阳光医学影像	HK	The Company	305590260	9, 10, 35, 36, 38, 42, 44	April 12, 2021 to April 11, 2031
21	RIMAG	HK	The Company	305590279	9, 10, 35, 36, 38, 42, 44	April 12, 2021 to April 11, 2031
22	RIMAG 一 脉 阳 光	HK	The Company	305590288	9, 10, 35, 36, 38, 42, 44	April 12, 2021 to April 11, 2031

(b) Software Copyrights

As of the Latest Practicable Date, we have registered the following software copyrights which we consider to be or may be material in relation to our Group's business:

No	Registered Owner	Copyright	Registration number	Date of initial publication
1.	Jiangxi Rimag Cloud Data Co., Ltd. (江西一脈陽光雲數據有限公司) ("**Jiangxi Rimag Cloud Data**")	Artificial intelligence imaging service integration system (人工智能影像服務集成系統)	2021SR1725076	February 20, 2021
2.	Jiangxi Rimag Cloud Data	Cloud PACS system (雲PACS系統)	2020SR0803628	April 19, 2020
3.	Jiangxi Rimag Cloud Data	Cloud e-film and reporting system (雲電子膠片及報告系統)	2020SR0793189	April 2, 2020
4.	Jiangxi Rimag Cloud Data	Image specialist quality control system (影像專家質量控制系統)	2016SR019700	August 30, 2015
5.	Jiangxi Rimag Cloud Data	Integrated system for reading and diagnostic reports (集專家閱片診斷報告一體化系統)	2016SR015371	August 20, 2015
6.	Jiangxi Rimag Cloud Data	Remote imaging consultation platform management system (遠程影像諮詢平臺管理系統)	2016SR009990	September 15, 2015
7.	Beijing Rimag Information	Artificial intelligence imaging service integration system (人工智能影像服務集成系統)	2023SR0105101	April 1, 2022
8.	Beijing Rimag Information	RIMAG cloud medical imaging teleconsultation consultation system (一脈雲醫學影像遠程會診諮詢系統)	2022SR1590239	August 1, 2021
9.	Beijing Rimag Information	RIMAG cloud medical imaging quality evaluation system (一脈雲醫學影像質量評價系統)	2022SR0982807	April 1, 2021
10.	Beijing Rimag Information	RIMAG cloud medical imaging big data research platform (一脈雲醫學影像大數據科研平臺)	2022SR0982806	Not yet
11.	Beijing Rimag Information	RIMAG cloud medical imaging refined operations management system (一脈雲醫學影像精細化運營管理系統)	2022SR0982808	April 10, 2021
12.	Beijing Rimag Information	Standardised system for medical imaging tests (醫學影像檢查項目標準化系統)	2021SR1901290	Not yet

No	Registered Owner	Copyright	Registration number	Date of initial publication
13.	Beijing Rimag Information	Rimag Sunshine Zhiying Classroom APP Software (android) (一脈陽光知影課堂APP軟件(android))	2021SR1165668	March 5, 2021
14.	Beijing Rimag Information	Rimag Sunshine Zhiying classroom app management software (一脈陽光醫學知影課堂app管理軟件)	2021SR1044384	March 5, 2021
15.	Beijing Rimag Information	Medical imaging knowledge mapping system (醫學影像知識圖譜系統)	2020SR0316129	May 22, 2018
16.	Beijing Rimag Information	Medical imaging knowledge base retrieval system (醫學影像知識庫檢索系統)	2020SR0311750	April 5, 2018
17.	Beijing Rimag Information	Disease knowledge mapping system (疾病知識圖譜系統)	2020SR0311754	September 27, 2019
18.	Beijing Rimag Information	Big data intelligent analysis and mining system for medical imaging (醫學影像大數據智能分析挖掘系統)	2020SR0311199	October 6, 2019
19.	Beijing Rimag Information	Medical imaging data dispatch and integration system (醫學影像數據調度整合系統)	2020SR0311489	October 30, 2019
20.	Beijing Rimag Information	Cloud-based RIS systems (基於雲架構的RIS系統)	2020SR0070321	March 3, 2018
21.	Beijing Rimag Information	Cloud-based teleconsultation systems (基於雲架構的遠程會診系統)	2020SR0070328	June 12, 2016
22.	Beijing Rimag Information	Cloud-based medical imaging appointment management system (基於雲架構的醫學影像預約管理系統)	2020SR0047162	September 1, 2019
23.	Beijing Rimag Information	Cloud-based imaging medical consortium system (基於雲架構的影像醫聯體系統)	2020SR0041185	July 18, 2018
24.	Beijing Rimag Information	Cloud-based PACS systems (基於雲架構的PACS系統)	2020SR0005873	June 25, 2017
25.	Beijing Rimag Information	Cloud-based digital film and storage systems for images (基於雲架構的影像數字膠片與存儲系統)	2020SR0005880	March 2, 2017
26.	Beijing Rimag Information	Intelligent assistive interpretation system for medical imaging reports (醫學影像報告智能輔助解讀系統)	2019SR1401174	October 30, 2019
27.	Beijing Rimag Information	Cloud-based medical image quality control and assessment system (基於雲架構的醫學影像質量控制評估系統)	2019SR0393050	December 25, 2018

No	Registered Owner	Copyright	Registration number	Date of initial publication
28.	Hubei Zhiying	AI-based medical imaging analysis system (基於AI的醫學影像成像分析系統)	2022SR0093978	November 26, 2019
29.	Hubei Zhiying	Big data-based encryption software for medical image transmission (基於大數據的醫學影像傳輸加密處理軟件)	2022SR0093977	July 10, 2019
30.	Hubei Zhiying	Internet-based medical image graphical processing platform (基於互聯網的醫療影像圖片化處理平臺)	2022SR0093976	January 8, 2020
31.	Hubei Zhiying	Intelligent collection and analysis software of medical imaging images (醫療影像圖像智能採集分析軟件)	2021SR2019397	August 10, 2020
32.	Hubei Zhiying	Integrated visualisation management system for medical imaging technology (醫療影像技術可視化集成管理系統)	2021SR2019398	May 12, 2020
33.	Hubei Zhiying	Medical imaging automatic generation platform of case diagnosis and analysis reports (醫學影像病例診斷分析報告自動生成平臺)	2021SR2019290	January 21, 2019
34.	Hubei Zhiying	Internet-based medical image synthesis and processing technology software (基於互聯網的醫學影像圖像合成處理技術軟件)	2021SR2019399	November 11, 2020
35.	Hubei Zhiying	Integrated management platform for medical image storage data (醫學影像存儲數據集成管理平臺)	2021SR1691642	October 16, 2019
36.	Hubei Zhiying	Zhiying medical big data cloud storage system (智影醫療大數據雲存儲系統)	2019SR0786820	June 5, 2018
37.	Hubei Zhiying	Zhiying medical imaging quality control service system (智影醫學影像質控服務系統)	2019SR0783182	July 1, 2017
38.	Hubei Zhiying	Zhiying cloud medical imaging operations and management system software (智影雲醫學影像運營管理系統軟件)	2019SR0771710	December 3, 2018
39.	Jiangxi Rimag Shenghe Medical Technology Co., Ltd. (江西一脈盛和醫療科技有限公司)	Medical equipment asset management system (醫療設備資產管理系統)	2022SR0767752	June 1, 2022

(c) Domain Names

As of the Latest Practicable Date, we have registered following domain names which we consider to be or may be material to our business:

No	Domain Names	Registered Owner	Expiry Date
1.	rimag.com.cn	Zhaoqing Rimag District Medical Imaging Diagnosis Center Co., Ltd.	January 21, 2025
2.	rimagdata.com	Beijing Rimag Information	December 18, 2027
3.	rimagcloud.com	Beijing Rimag Information	December 18, 2027
4.	chinarimag.com	Beijing Rimag Information	January 21, 2025

Save as disclosed above, as of the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which were material in relation to our business.

D. Further information about Our Directors

1. Directors' and Supervisors' Service Contracts

We have entered into a service contract with each of our Directors and Supervisors in respect of, among other things, compliance with the relevant laws and regulations, the Articles of Association and applicable provisions on arbitration.

Save as disclosed above, we have not entered, and do not propose to enter, into any service contracts with any of our Directors or Supervisors in their respective capacities as Directors or Supervisors (other than contracts expiring or determinable by the employer within one year without any payment of compensation (other than statutory compensation)).

2. Remuneration of Directors

Save as disclosed in "Directors, Supervisors and Senior Management" and "Appendix I — Accountant's Report — II. Notes to The Historical Financial Information — 40. Benefits and Interests of Directors" for the three financial years ended December 31, 2021, 2022 and 2023, none of our Directors or Supervisors received other remunerations of benefits in kind from us.

E. Disclosure of Interests

1. Disclosure of Interests of Directors, Supervisors and Chief Executive of the Company

(a) Interests and Short Positions of our Directors or Chief Executive in our Share Capital and our Associated Corporations as of the Latest Practicable Date and following the Global Offering

Immediately following completion of the Global Offering, the interests or short positions of our Directors and the chief executive of our Company in our Shares, underlying Shares and debentures of our Company and its associated corporations, within the meaning of Part XV of the SFO which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

(i) Interest in Shares

Name of Directors or chief executive	Capacity/Nature of interest	Number of shares	Approximate percentage of shareholding immediately before the Global Offering	Approximate percentage of shareholding immediately after the Global Offering(1)
CHEN Zhaoyang (陳朝陽)(2)	Interest in controlled corporation	59,088,588	17.46%	16.58%

Notes:

(1) The table above is calculated on the basis that the total of 356,311,832 Shares will be in issue immediately after completion of the Global Offering.

(2) See the section headed “Substantial Shareholders” in this prospectus for details.

(ii) Interest in Associated Corporations

Name	Position in our Group	Capacity/Nature of interest	Name of associate corporations	Percentage Shareholding in our Associated Corporation
XU Ke (徐克).	Chairman of the Board and Executive Director	Beneficial owner	Liaoning Rimag Medical Imaging Diagnosis Center Co., Ltd. (遼寧一脈陽光醫學影像診斷中心有限公司)	5%

Save as disclosed above, none of the Directors, Supervisors or the chief executive officer of the Company will, immediately following completion of the Global Offering, has any interests and/or short positions in the Shares, underlying Shares and debentures of our Company's associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

(b) Interests and Short Positions Disclosable Under Divisions 2 and 3 of Part XV of the SFO

For information on the persons who will, immediately following the completion of the Global Offering, having or be deemed or taken to have beneficial interests or short position in our Shares or underlying shares which would fall to be disclosed to our Company under the provisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group, please refer to the section headed "Substantial Shareholders" in this prospectus.

2. *Disclosure of Interests of Substantial Shareholders*

(a) Interest in the Shares of Our Company

For information on the persons who will, immediately following the completion of the Global Offering and Conversion of Unlisted Shares into H Shares, have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who will directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of the Company, see "Substantial Shareholders."

(b) Interests of the Substantial Shareholders of Other Members of Our Group

As of the Latest Practicable Date, so far as our Directors are aware, the following persons (other than our Directors or chief executive of our Company) were interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of other member of our Group:

	Name of Members of our Group	Name of Shareholder(s)	Percentage of Shareholding
1.	齊齊哈爾一脈陽光醫學影像診斷中心有限公司 (Qiqihar Rimag Medical Imaging Diagnosis Center Co., Ltd.)	李競 (Li Jing)	12%
		王伯良 (Wang Boliang)	11.25%
2.	浮梁一脈陽光醫學影像診斷有限公司 (Fuliang Rimag Medical Imaging Diagnosis Co., Ltd.)	程泉 (Cheng Quan)	30%
3.	安福一脈陽光醫學影像中心有限公司 (Anfu Rimag Medical Imaging Center Co., Ltd.)	張凱輝 (Zhang Kaihui)	30%
4.	長春一脈陽光醫學影像診斷中心有限公司 (Changchun Rimag Medical Imaging Diagnosis Center Co., Ltd.)	張春禹 (Zhang Chunyu)	15%
5.	萬安一脈陽光醫學影像診斷中心有限公司 (Wan'an Rimag Medical Imaging Diagnosis Center Co., Ltd.)	江西同心圓醫療器械有限公司 (Jiangxi Tongxinyuan Medical Equipment Co., Ltd.)	20%

	Name of Members of our Group	Name of Shareholder(s)	Percentage of Shareholding
6.	恩施市一脈陽光醫學影像有限公司 (Enshi Rimag Medical Imaging Co., Ltd.)	駱子康 (Luo Zikang)	30%
7.	遼寧一脈陽光醫學影像診斷中心有限公司 (Liaoning Rimag Medical Imaging Diagnosis Center Co., Ltd.)	趙文兵 (Zhao Wenbing)	20%
8.	豐城市一脈陽光醫學影像中心有限公司 (Fengcheng Rimag Medical Imaging Center Co., Ltd.)	馮鋼 (Feng Gang)	35%
9.	江西一脈盛和醫療科技有限公司 (Jiangxi Rimag Shenghe Medical Technology Co., Ltd.)	曹寶安 (Cao Bao'an) 劉芳照 (Liu Fangzhao)	30% 15%
10.	山東一脈陽光醫療科技有限公司 (Shandong Rimag Medical Technology Co., Ltd.)	于開濤 (Yu Kaitao)	30%
11.	西咸新區一脈陽光醫學影像診斷有限公司 (Xixian New District Rimag Medical Imaging Diagnosis Co., Ltd.)	王哲 (Wang Zhe) 上海多和貿易有限公司 (Shanghai Dohe Trading Co., Ltd.)	23% 12%
12.	瀋陽一脈陽光瀋南醫學影像診斷有限公司 (Shenyang Rimag Shennan Medical Imaging Diagnosis Co., Ltd.)	趙文兵 (Zhao Wenbing)	35%
13.	耿馬一脈陽光醫學影像有限公司 (Gengma Rimag Medical Imaging Co., Ltd.)	昆明紫璇盈佳醫療服務有限公司 (Kunming Zixuan Yingjia Medical Service Co., Ltd.)	30%
14.	成都一脈佳士醫學影像診斷中心有限公司 (Chengdu Rimag Jiashi Medical Imaging Diagnosis Center Co., Ltd.)	佳士健康產業集團有限公司 (Jiashi Health Industry Group Co., Ltd.)	39%
15.	鄭州一脈陽光醫學影像診斷中心有限公司 (Zhengzhou Rimag Medical Imaging Diagnosis Center Co., Ltd.)	醫康(深圳)醫療健康產業股份公司 (Yikang (Shenzhen) Medical and Health Industry Co., Ltd.)	40%

	Name of Members of our Group	Name of Shareholder(s)	Percentage of Shareholding
16.	宜昌市一脈陽光醫學影像診斷中心有限公司 (Yichang Rimag Medical Imaging Diagnosis Center Co., Ltd.)	湖北邦康投資管理有限公司 (Hubei Bangkang Investment Management Co., Ltd.)	40%
17.	湖南一脈陽光醫學影像診斷中心有限公司 (Hunan Rimag Medical Imaging Diagnosis Center Co., Ltd.)	長沙持盈保泰醫療科技諮詢合夥企業(有限合夥) (Changsha Chiyingbaotai Medical Technology Consulting Partnership (Limited Partnership))	45%
18.	聊城市一脈陽光醫學影像診斷有限公司 (Liaocheng Rimag Medical Imaging Diagnosis Co., Ltd.)	山東合眾易方投資有限公司 (Shandong Hezhong Yifang Investment Co., Ltd.)	45%
19.	湘潭一脈陽光醫學影像診斷有限公司 (Xiangtan Rimag Medical Imaging Diagnosis Co., Ltd.)	鄧欣 (Deng Xin)	16%
		晏陽俊 (Yan Yangjun)	15%
20.	福州一脈陽光醫學影像診斷中心有限公司 (Fuzhou Rimag Medical Imaging Diagnosis Center Co., Ltd.)	福建康達醫療產業發展有限公司 (Fujian Kangda Medical Industry Development Co., Ltd.)	34%
		福建同道醫師匯醫療投資有限公司 (Fujian Tongdao Doctorhui Medical Investment Co., Ltd.)	15%
21.	海南一脈陽光醫療投資管理有限公司 (Hainan Rimag Medical Investment Management Co., Ltd.)	蔡麗堅 (Cai Lijian)	49%
22.	射洪佳士一脈醫學影像診斷有限公司 (Shehong Jiashi Rimag Medical Imaging Diagnosis Co., Ltd.)	佳士健康產業集團有限公司 (Jiashi Health Industry Group Co., Ltd.)	49%
23.	湖北智影一脈陽光醫療科技有限公司 (Hubei Zhiying Rimag Medical Technology Co., Ltd.)	開弦資本管理有限公司 (Kaixian Capital Management Co., Ltd.)	10%

	Name of Members of our Group	Name of Shareholder(s)	Percentage of Shareholding
24.	濟南一脈陽光杏林醫學影像診斷有限公司 (Jinan Rimag Xinglin Medical Imaging Diagnosis Co., Ltd.)	山東國醫醫療集團有限公司 (Shandong National Medical Group Co., Ltd.)	20%
		山東脈數通醫療科技有限公司 (Shandong Maishutong Medical Technology Co., Ltd.)	10%
25.	江西一脈陽光博海醫學影像有限公司 (Jiangxi Rimag Bohai Medical Imaging Co., Ltd.)	江西博海創富醫療管理有限公司 (Jiangxi Bohai Chuangfu Medical Management Co., Ltd.)	40%
26.	陝西一脈裕泰醫療科技有限公司 (Shaanxi Rimag Yutai Medical Technology Co., Ltd.)	西安錦希祥遠企業管理服務有限公司 (Xi'an Jinxi Xiangyuan Enterprise Management Service Co., Ltd.)	49%
27.	溫州一脈頤影醫學影像診斷有限公司 (Wenzhou Rimag Yiying Medical Imaging Diagnosis Co., Ltd.)	溫州頤影健診醫院有限公司 (Wenzhou Yiying Health Clinic Hospital Co., Ltd.)	40%
28.	一脈雲醫學科技（北京）有限公司 (Rimag Cloud Medical Technology (Beijing) Co., Ltd.)	山東巨華企業管理諮詢有限公司 Shandong Juhua Enterprise Management Consulting Co., Ltd.	40%
29.	濰坊一脈陽光醫學影像診斷有限公司 (Weifang Rimag Medical Imaging Diagnosis Co., Ltd.)	濰坊肆月企業管理有限公司 Weifang Siyue Enterprise Management Co., Ltd.	30%

3. *Disclaimers*

(a) None of our Directors or Supervisors or any of the parties listed in "Qualifications and Consents of Experts" of this Appendix is interested in our promotion, or in any assets which, within the two years immediately preceding the date of this prospectus, have been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company;

(b) Save in connection with the Hong Kong Underwriting Agreement and the International Underwriting Agreement, none of our Directors or Supervisors or any of the parties listed in "Qualifications and Consents of Experts" of this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business;

(c) Save in connection with the Hong Kong Underwriting Agreement and the International Underwriting Agreement, none of the parties listed in "Qualifications and Consents of Experts" of this Appendix:

(i) is interested legally or beneficially in any shares in any member of our Group; or

(ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group; and

(d) Save as disclosed in the section headed "Business — Our Suppliers", none of our Directors or Supervisors or their close associates (as defined in the Listing Rules) or any shareholders of our Company (who, to the knowledge of our Directors owns more than 5% of our issued share capital) has any interest in our top five customers or suppliers.

F. Employee Incentive Scheme

1. 2021 Share Incentive Scheme

(a) Background

The Company has adopted the 2021 Share Incentive Scheme by a resolution of our Shareholders in November 2021. As of the Latest Practicable Date, 20,000,001 Shares subject to the 2021 Share Incentive Scheme were held by Nanchang Rimag, the employee incentive platform, representing approximately 5.91% of the aggregate amount of the Shares in issue immediately before the completion of the Global Offering. The 2021 Share Incentive Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as all the award granted pursuant to the 2021 Share Incentive Scheme have been vested and no new option or awards will be granted by our Company under the 2021 Share Incentive Scheme after the Listing.

(b) Purposes of the 2021 Share Incentive Scheme

The purposes of the 2021 Share Incentive Scheme are to recognise the contributions of and retain our key employees and motivate them to further promote the development of the Group.

(c) Awards

An award under the 2021 Share Incentive Scheme (the "**Award(s)**") gives a participant in the 2021 Share Incentive Scheme a conditional right when granted the Award to obtain interests in Nanchang Rimag, as determined by the administrative office of the Board (董事會辦公室) (the "**Board Office**") and approved by the shareholders.

(d) Number of Underlying Shares Subject to the 2021 Share Incentive Scheme

The number of Shares held by Nanchang Rimag under the 2021 Share Incentive Scheme is 20,000,001 Shares, representing approximately 5.91% of the aggregate amount of the Shares in issue immediately before the completion of the Global Offering and approximately 5.61% of our total issued share capital immediately upon completion of the Global Offering.

(e) Participants

Participants of the 2021 Share Incentive Scheme (the "**Participants**") are selected by the Board Office from the senior- and middle-level management, core employees and other employees who are deemed to have influence on the business performance and future development of the Company and should be subject to the 2021 Share Incentive Scheme of the Group.

(f) Terms of the 2021 Share Incentive Scheme

The provisions of the 2021 Share Incentive Scheme shall in all aspects remain in full force and effect from the date of granting the Awards until the date of full exercise of all the Awards under the 2021 Share Incentive Scheme.

All the Awards granted to the Participants under the 2021 Share Incentive Scheme shall continue to be held by Nanchang Rimag and become vested in the Participants according to the conditions under the 2021 Share Incentive Scheme.

(g) Grant and Acceptance of Award

On and subject to the limitations and conditions of the 2021 Share Incentive Scheme, the list of Participants, the number of Awards to be granted, the grant price and the lock-up period shall be determined by the Board Office and subject to the approval of the Shareholders and the number of Awards to be granted may differ among selected Participants.

After the Board Office has decided to make a grant of Awards to any Participant, the Participant and the Company shall enter into a share incentive agreement, which set out the number of Awards so granted and the conditions (if any) upon which such Awards were granted and the lock-up period.

(h) Rights Attached to the Awards

A Participant shall have right to receive dividend in the Awards after the date on which such Awards are granted and prior to the date on which such Awards are vested.

(i) Awards to Be Personal to the Participants

Prior to the date of vesting of the Awards to the Participant, any Award made under the 2021 Share Incentive Scheme shall be personal to the Participant to whom it is made and shall not be assignable and no Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any other person over or in relation to the Awards referable to him pursuant to such Award.

(j) Repurchase of Award

Any unvested Awards shall be unconditionally repurchased by the Company or an entity the Board Office designated (the "**Designated Person**") where (i) such Participant's employment or service with the Group is changed or terminated due to his/her incompetency, violation of moral codes or laws, breach of confidentiality obligation, dereliction of duty or malfeasance or material violation of protocols of the Company; or (ii) such Participant's employment or service with the Group is terminated due to his voluntary resignation, dismissal, laid-off, termination of employment relationship.

If the Participant's employment or service with the Group is terminated by reason of death or disability, in terms of any unvested Awards, (i) in the event of work injuries, the Awards will be vested immediately to the Participant pursuant to the 2021 Share Incentive Scheme; (ii) in the event of non-work injuries, the Awards will be vested partially based on the Participant's contribution to the Group as determined by the Board Office, and the rest of the Awards will be repurchased by the Designated Person; (iii) in the event of death, the Awards will be vested immediately to the legal heir of the Participants pursuant to the 2021 Share Incentive Scheme.

(k) Takeovers and Mergers and Demerger

Any event of change in control or merger, or demerger will not affect the implementation of the 2021 Share Incentive Scheme.

(l) Amendment of the 2021 Share Incentive Scheme

The 2021 Share Incentive Scheme may be amended in any respect as determined by the Board Office, subject to the condition that such amendment shall not accelerate the expiration date of the lock-up period or lower the grant price of the Awards.

(m) Administration of the 2021 Share Incentive Scheme

The 2021 Share Incentive Scheme shall be subject to the administration of the Board Office in accordance with the rules of the 2021 Share Incentive Scheme, including the power to amend, implement and construe and interpret the rules of the 2021 Share Incentive Scheme and the terms of the Awards granted under it.

(n) Termination of the 2021 Share Incentive Scheme

The 2021 Share Incentive Scheme will terminate on the date of full release of all the restricted shares under the 2021 Share Incentive Scheme.

(o) Details of the Awards Granted

All Shares underlying the Awards (i.e. 20,000,001 Shares) were transferred to Nanchang Rimag in August 2022. As of the Latest Practicable Date, all Awards pursuant to the 2021 Share Incentive Scheme had been granted and vested to 20 Participants.

G. Other Information

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

So far as our Directors are aware, no litigation or claim of material importance is pending or threatened against any member of our Group.

3. *Sole Sponsor*

The Sole Sponsor has made an application on our behalf to the Stock Exchange for the listing of, and permission to deal in, the H Shares (including any H Shares to be converted from Unlisted Shares). All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The Sole Sponsor confirms that it satisfies the independence criteria applicable to a sponsor set out in Rule 3A.07 of the Listing Rules.

Our Company has entered into an engagement agreement with the Sole Sponsor, pursuant to which our Company agreed to pay the Sole Sponsor a total fee of US$500,000 to act as sponsor to our Company in connection with the Global Offering.

4. *Qualifications and Consents of Experts*

The following experts have each given and have not withdrawn their respective written consents to the issue of this prospectus with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

Name	Qualification
CITIC Securities (Hong Kong) Limited	Licensed to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) of regulated activities as defined under the SFO
Jingtian & Gongcheng	Legal advisor as to PRC law
Tian Yuan Law Firm	Legal advisor to the Company as to PRC data compliance law
PricewaterhouseCoopers	Certified Public Accountants under Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)

Name	Qualification
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant

As of the Latest Practicable Date, none of the experts named above has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

5. *No Material Adverse Change*

Our Directors confirm that there has been no material adverse change in our Company's financial or trading position or prospects since December 31, 2023 (being the date to which our latest audited consolidated financial statements were made up).

6. *Binding Effect*

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding up and Miscellaneous Provisions) Ordinance so far as applicable.

7. *Bilingual Prospectus*

The English language and the Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

8. *Compliance Adviser*

Our Company have appointed Red Sun Capital Limited as its compliance adviser in compliance with Rule 3A.19 of the Listing Rules.

9. *Preliminary Expenses*

As of Latest Practicable Date, our Company did not incur any material preliminary listing expense of the Global Offering.

10. Promoters

The promoters of our Company comprised all of the 26 then shareholders of our Company as of June 30, 2021 before our conversion into a joint stock company with limited liability. Save as disclosed in the section headed "History and Corporate Structure" in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or benefit has been paid, allotted or given, or is proposed to be paid, allotted or given to the promoters named above in connection with the Global Offering or the related transactions described in this prospectus.

11. Miscellaneous

(1) Save as disclosed in the sections headed "History and Corporate Structure" and "Statutory and General Information" in this prospectus, within the two years immediately preceding the date of this prospectus:

   (a) no share or loan capital of any member of our Group has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partly paid other than in cash or otherwise;

   (b) no share or loan capital of any member of our Group is under option or is agreed conditionally or unconditionally to be put under option; and

   (c) no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of our Group;

(2) No founder, management or deferred shares nor any debentures in any member of our Group.

(3) No share or loan capital or debenture of any member of our Group is under option or is agreed conditionally or unconditionally to be put under option.

(4) No commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries by our Company for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in or debentures of our Company or any of our subsidiaries.

(5) None of our Directors or proposed Directors or experts (as named in this prospectus), have any interest, direct or indirect, in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group.

(6) No equity or debt securities of any company within our Group is presently listed on any stock exchange or traded on any trading system nor is any listing or permission to deal being or proposed to be sought.

(7) Our Company has no outstanding convertible debt securities or debentures.

(8) There is no arrangement under which future dividends are waived or agreed to be waived.

(9) There has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus.

Documents delivered to the Registrar of Companies in Hong Kong

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(a) the written consents referred to under the section headed "Statutory and General Information — G. Other Information — 4. Qualifications and Consents of Experts" in Appendix VI to this prospectus; and

(b) a copy of each of the material contracts referred to in the section headed "Statutory and General Information — C. Further Information about Our Business — 1. Summary of the Material Contracts" in Appendix VI to this prospectus.

Documents Available on Display

Copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.rimag.com.cn** during a period of 14 days from the date of this prospectus:

(a) the Articles of Association;

(b) the Accountant's Report in respect of the historical financial information of the Group for the three years ended December 31, 2021, 2022 and 2023, the text of which is set out in Appendix I to this prospectus;

(c) the audited consolidated financial statements of our Group for the three financial years ended December 31, 2021, 2022 and 2023;

(d) the report on the unaudited pro forma financial information of our Group from PricewaterhouseCoopers, the text of which is set out in Appendix II to this prospectus;

(e) the PRC legal opinions issued by Jingtian & Gongcheng, our legal advisor as to PRC law, in respect of certain general corporate matters and property interests in the PRC of our Group;

(f) the legal opinion issued by Tian Yuan Law Firm, our Data Compliance Advisor, in respect of PRC data compliance law;

(g) the written consents referred to under the section headed "Statutory and General Information — G. Other Information — 4. Qualifications and Consents of Experts" in Appendix VI to this prospectus;

(h) the material contracts referred to in "Statutory and General Information — C. Further Information about Our Business — 1. Summary of the Material Contracts" in Appendix VI to this prospectus;

(i) the service contracts referred to in "Statutory and General Information — D. Further Information about our Directors — 1. Directors' and Supervisors' Service Contracts" in Appendix VI to this prospectus;

(j) the industry report issued by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a summary of which is set forth in "Industry Overview" in this prospectus;

(k) the terms of the Employee Incentive Scheme; and

(l) a copy of the PRC Company law, together with unofficial English translations.

江西一脈陽光集團股份有限公司
Jiangxi Rimag Group Co.,Ltd.