
RISK FACTORS

You should carefully consider all of the information in this document, 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 [REDACTED] 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.

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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.

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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.

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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

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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.

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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

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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

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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.

For each year during 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. For each year during 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

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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

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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

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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

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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

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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 [REDACTED] 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 evolution, 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

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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.

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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.

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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.

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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

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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.

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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.

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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

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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

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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.

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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 during 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

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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 document.

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

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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

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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 foregoing 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 policies 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.

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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.

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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

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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 Cybersecurity Administration of Cyber Data Security (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

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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 [REDACTED] on the Main Board does not fall within the scope of “[REDACTED] 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

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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

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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.

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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 114 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

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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.

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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.

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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.

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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

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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 [REDACTED] Nominees and payments through [REDACTED]). 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.

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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.

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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 [REDACTED] 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

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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 [REDACTED] 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 [REDACTED]

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 [REDACTED], there has been no public market for our H Shares. We have applied to the Stock Exchange for the [REDACTED] of, and permission to deal in, our H Shares. However, there can be no assurance that an active [REDACTED] market for our H Shares will develop or be sustained after completion of the [REDACTED]. Pursuant to applicable PRC laws, all of the Shares in issue as of the date of this document will be subject to a lock-up period of one year from the [REDACTED]. Therefore, upon completion of the [REDACTED], approximately [REDACTED]% of our issued shares will be subject to lock-up. If an active public market for our H Shares does not develop following the completion of the [REDACTED], the market price and liquidity of our H Shares could be materially and adversely affected. The [REDACTED] is the result of negotiations between our Company and the [REDACTED] (for itself and on behalf of the [REDACTED]), which may differ significantly from the market price at which our H Shares will be traded following completion of the [REDACTED]. The market price of our H Shares may drop below the [REDACTED] at any time after completion of the [REDACTED].

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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 [REDACTED] is higher than the net tangible asset value per Share and may experience further dilution if we issue additional Shares in the future.

The [REDACTED] is higher than the net tangible asset value per Share immediately prior to the [REDACTED]. Therefore, purchasers of the [REDACTED] in the [REDACTED] will experience an immediate dilution in [REDACTED] consolidated net tangible asset value upon such purchases. There can be no assurance that if we were to immediately liquidate after the [REDACTED], 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 [REDACTED] 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.

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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 [REDACTED] 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 [REDACTED] Shares may be converted into H Shares, and such converted Shares may be [REDACTED] or [REDACTED] on an overseas stock exchange. Any [REDACTED] or [REDACTED] 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 [REDACTED] and [REDACTED] 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, [REDACTED] Shares may be traded, after the conversion, in the form of H Shares on the Stock Exchange after one year following the [REDACTED], which could further increase the supply of our H Shares in the market and could negatively impact the market price of our H Shares.

RISK FACTORS

Facts, forecasts and statistics in this document 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 document 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 [REDACTED] 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 document 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.”

RISK FACTORS

This document 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 document 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 document 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 document may come from various sources and may not be fully reliable.

Some of the facts and statistics in this document 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 [REDACTED] 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.

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You should read the entire document 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 [REDACTED].

You are strongly advised to read the entire document 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 document.

Prior to the completion of the [REDACTED], there may be press and media coverage regarding our Group and the [REDACTED]. 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 document. By applying to purchase our H Shares in the [REDACTED], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and the [REDACTED]. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and you should not rely on such information.