

## Risk Factors Comparison 2023-05-04 to 2022-04-15 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text** Section

Investing in our shares of Common Stock involves a high degree of risk and uncertainty. You should carefully consider the risks and uncertainties described below before investing. Our business, prospects, financial condition and results of operations could be adversely affected due to any of the following risks. In that case, the value of our ordinary shares could decline, and you could lose all or part of your investment. These risk factors include, but are not limited to:

- Risks Related to Our Business**
  - There are doubts about our company's ability to continue as a going concern.
  - We have had a history of losses and our ability to grow sales and achieve profitability are unpredictable.
  - We have a substantial amount of existing debt, which may restrict our financing and operating flexibility and have other adverse consequences; defaults could have a material adverse effect on our business, financial condition, results of operations and cash flows.
  - We failed to realize any financial benefits from **most of** our recent ~~acquisition~~ **acquisitions** and may be unable to realize any benefits from any other future transactions.
  - The impairment of intangible assets and goodwill arising from our acquisitions could continue to negatively impact affect our net income and shareholders' equity.
  - Raising additional capital will be difficult and may cause dilution to our shareholders and restrict our operations.
  - The recent COVID-19 pandemic had a material adverse effect on our business operations, results of operations, cash flows and financial position during 2021 ~~2022~~.
  - ~~The markets in which we now operate are very competitive and further increases in competition could adversely affect us.~~
  - Breaches of network or information technology security could have an adverse effect on our business.
  - If we fail to implement effective internal controls required by the Sarbanes-Oxley Act of 2002, or remedy any material weaknesses in our internal controls that we may identify, such failure could result in material misstatements in our financial statements, cause investors to lose confidence in our reported financial information and have a negative effect on the trading price of our Common Stock.
  - Violations of anti-bribery, anti-corruption and / or international trade laws to which we are subject could have a material adverse effect on our business operations, financial position, and results of operations.
- Risks Relating to Our Wholesale Operations**
  - **Failure to maintain relationships with our** ~~Increasing scrutiny and changing expectations from investors, lenders, customers and other market participants with respect to our~~ **or to otherwise expand** ~~Environmental, Social and Governance, or our distribution network would materially and adversely affect ESG, policies may impose additional costs on us or our~~ **business.**
  - **Our wholesale pharmaceutical business operates without the support of manufacturing capability and is at a significant disadvantage.**
- Risks Relating to Our Pharmacy Business**
  - We may be subject to fines and penalties if we fail to comply with the applicable PRC laws and regulations governing sales of medicines under China's National Medical Insurance Program.
  - **We may not be able to maintain proper inventory levels for our pharmacy stores.**
  - Certain risks are inherent in providing pharmacy services; ~~our~~ **and we do not maintain professional liability and errors and omissions liability** ~~insurance may not be adequate to cover any claims against us.~~
- Risks Related to Our Hospitals**
  - Our ~~newly acquired~~ **historically** ~~derive~~ **derived** a significant portion of ~~their~~ **their** revenue by providing healthcare services to patients with public medical insurance coverage; any delayed payment under China's public medical insurance programs could affect our results of operations.
  - Our ~~hospitals~~ **hospital** could become the subject of patient complaints, claims and legal proceedings in the course of ~~their~~ **its** operations, which could result in costs and materially and adversely affect our brand image, reputation and results of operations.
  - If we fail to properly manage the employment of the physicians and other medical professionals of our ~~hospitals~~ **hospital**, we may be subject to penalties ~~against these hospitals~~, which could materially and adversely affect our business and results of operations.
  - ~~We have limited~~ **Our performance depends on or our ability** ~~no control over the quality of pharmaceuticals, medical consumables and other medical equipment used in the operations of our hospitals. If such quality does not meet the required standards, we could be exposed to liabilities~~ **recruit** ~~and our reputation~~ **retain skilled physicians**, business, results of operations, financial condition and prospects could be adversely affected.
  - As a provider of medical services, we are exposed to inherent risks relating to malpractice claims.
  - **Regulatory pricing controls may affect the pricing of our hospital.**
- Risks Related to Our Human Capital**
  - We may be unable to attract, hire, and ~~retain~~ **retain a highly qualified workforce**, ~~wholesale~~ **including key management.**
  - We substantially depend on a few key personnel who, if not retained, could cause declines in productivity and operational results and loss of our strategic guidance, all of which would diminish our business prospects and value to investors.
- Risk Related to Doing Business in China**
  - **Changes in the political and economic policies of the PRC government or in relations between China and the United States or other governments may materially and adversely affect our business, financial condition, and results of operations and may result** ~~newly acquired hospitals require a number of permits and licenses in order~~ **our inability to carry** ~~sustain our growth and expansion strategies.~~
  - **Adverse changes in economic and political policies of the PRC government could have a material adverse effect on their** ~~the overall economic growth of China, which could adversely affect our~~ **business.**
  - **Our shares may be delisted under the Holding Foreign Companies Accountable Act if the PCAOB is unable to inspect our auditors for two consecutive years.**
  - The approval of, or filing or other procedures with, the CSRC or other Chinese regulatory authorities may be required in connection with issuing our equity securities to foreign investors under Chinese law, and, if required, we cannot predict whether we will be able, or how long it will take us, to obtain such approval or complete **such filing or other procedures.**
  - If we do not maintain the privacy and security of sensitive **patient**, customer and business information, we could damage our reputation, incur substantial additional costs and become subject to litigation; **We may become subject to cybersecurity review.**
  - The impact of China's regulatory reforms is unpredictable.
  - ~~We may be unable to attract, hire, and retain~~ **The PRC government's significant oversight over our China-based operating subsidiaries could**

result in a highly qualified workforce, including key management material adverse change in their operations and in the value of our Common Stock. • We substantially depend on a few key personnel who, if not retained, Uncertainties with respect to the PRC legal system and the interpretation and enforcement of PRC laws and regulations could cause declines in productivity limit the legal protections available to you and operational us or results result and loss of in a material adverse change to our strategic guidance subsidiaries' business operations, all of and damage our and our subsidiaries' reputation, which would materially diminish our business prospects and adversely affect our financial condition and results of operations and cause our Common Stock to significantly decline in value to investors or become worthless. • The We are responsible for the indemnification of our officers and directors. • Adverse changes in economic and political policies of the PRC government may intervene or influence our subsidiaries' business operations at any time could have a material adverse effect on the overall economic growth of China, which could result in a material change in adversely affect our business. • Substantial uncertainties exist with respect to the their interpretation and implementation of new PRC laws, rules and regulations relating to foreign investment and how they may impact the viability of our current corporate structure, corporate governance and business operations. • Our shares may be delisted under the Holding Foreign Companies Accountable Act ("HFCAA") if the PCAOB is unable to inspect our or auditors for three consecutive years beginning in 2021. If the bill passed by the U. S. Senate on June 22, 2021 is passed by the U. S. House of Representatives and signed into law, this would reduce the number of consecutive non-inspection years required for triggering the prohibitions under the HFCAA from three years to two. The delisting of our shares, or the threat of their being delisted, may materially and adversely affect the value of your our investment in such subsidiaries. • We have limited business insurance coverage in China. • Because our funds are held in banks in the PRC that do not provide insurance, the failure of any bank in which we deposit our funds could affect our ability to continue in business. • We may suffer currency exchange losses if the RMB depreciates relative to the US Dollar. • The Chinese government Governmental control has strengthened the regulation of currency conversion may affect the value of your investments investment made by Chinese residents. • Labor laws in offshore companies and reinvestments in China made by these the PRC offshore companies. Our business may be adversely affected affect by these restrictions. • The PRC legal system embodies uncertainties which could limit the legal protections available to us and you, or our operations could lead to penalties on us. • It may be difficult to enforce any civil judgments against us or our board of directors or officers because all of our operating and / or fixed assets are located in outside of the United States PRC. • Because our assets are located overseas, shareholders may not receive distributions that they would otherwise be entitled to if we were declared bankrupt or insolvent. Risks Related • A recurrence of Severe Acute Respiratory Syndrome (SARS), Avian Flu, or another widespread public health problem, such as the spread of H1N1 ("Swine") Flu, or COVID-19 in the PRC could adversely affect our operations. • The PRC may establish complex procedures for some acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to Our Company's Common Stock pursue growth through acquisitions in China. • We will need to raise additional capital that will likely cause dilution to our shareholders. • The trading volume of shares of our Common Stock has fluctuated from time to time, which may make it difficult for investors to sell their shares at times and prices that investors feel are appropriate. • The Nasdaq Capital Market imposes listing standards on our Common Stock that we may not be able to fulfill, thereby leading to a possible delisting of our Common Stock. Risks Related There are doubts about our company's ability to Our Business continue as a going concern. Our company's independent auditors have raised doubts about our ability to continue as a going concern. There can be no assurance that sufficient funds that will be required during the next year or thereafter will be generated from operations or that funds will be available from external sources, such as securities, debt or equity financing or other potential sources. We intend to overcome the circumstances that impact our ability to remain a going concern through a combination of new sources of revenues, with interim cash flow deficiencies being addressed through additional financing. We anticipate raising additional funds through public or private financing, securities financing and / or strategic relationships or other arrangements in the near future to support our business operations; however, we may not have commitments from third parties for a sufficient amount of additional capital. We cannot be certain that any such financing will be available to us on acceptable terms, or at all, and our failure to raise capital when needed could limit our ability to continue our operations. Our ability to obtain additional funding will determine if we can continue as a going concern. Failure to secure additional financing in a timely manner and on favorable terms would have a material adverse effect on our financial performance, results of operations and share price and require us to curtail or cease operations, sell off assets, seek protection from creditors through bankruptcy proceedings, or otherwise. Furthermore, additional equity financing may be dilutive to the holders of our shares, and debt financing, if available, may have onerous terms, including restrictive covenants. Any additional financing could have a negative effect on our shareholders. We have had a history of losses and our ability to grow sales and achieve profitability are unpredictable. As of December 31, 2021-2022, we had an accumulated deficit of \$ 47-70 . 90-14 million and incurred net losses of \$ 22, 318, 056 and \$ 34, 921, 745 and \$ 1, 877, 925, in the years ended December 31, 2022 and 2021 and 2020, respectively. Our ability to maintain and improve future levels of sales and profitability depends on many factors, which include: • successfully implementing our business strategy; • increasing revenues; and • controlling costs. There can be no assurance that we will be able to successfully implement our business plan, meet our challenges and become profitable in the future. We have a substantial amount of existing debt, which may restrict our financing and operating flexibility and have other adverse consequences; defaults could have a material adverse effect on our business, financial condition, results of operations and cash flows. In order to fund our operations and recent acquisitions we have incurred a substantial amount of indebtedness. Our significant level of debt could have important consequences, including, but not limited to, the following: • making it more difficult for us to service our debt obligations and liabilities; • making us vulnerable to, and reducing our flexibility to respond to, general adverse economic and industry conditions; • requiring that a substantial portion of our cash flows from operations be dedicated to servicing debt, thereby reducing the funds available to us to fund working capital or other general corporate purposes; • impeding our ability to obtain

additional debt or equity financing and increasing the cost of any such borrowing, particularly due to the financial and other restrictive covenants contained in the agreements governing our debt; and • adversely affecting public perception of us. Although we believe we will be able to continue to service and repay our debt, there is no assurance that we will be able to do so. If our plans for future operations do not generate sufficient cash flows and earnings, our ability to make required payments on our debt would be impaired. If we fail to pay our indebtedness when due, it could have a material adverse effect on us and may require us to curtail or cease operations, sell off assets, seek protection from creditors through bankruptcy proceedings, or otherwise. **We failed to realize any financial benefits from most of our recent acquisitions and may be unable to realize any benefits from any other future transactions.** Mergers and acquisitions of companies are inherently risky and subject to many factors outside of our control and no assurance can be given that acquisition of companies in the future will be successful and will not adversely affect our business, operating results, or financial condition. In ~~2021~~ **2022**, we recorded impairment losses totaling approximately \$ ~~26.5~~ **13.4** million with respect to the goodwill relating to our acquisitions of the Guanzan Group, **Zhongshan**, Guoyitang, ~~Zhongshan~~, Minkang, Qiangsheng, ~~and~~ Eurasia ~~and~~ **Zhuoda**. If we acquire other businesses, we may face difficulties, including: • Difficulties in integrating the operations, systems, technologies, products, and personnel of the acquired businesses or enterprises; • Diversion of management's attention from normal daily operations of the business and the challenges of managing larger and more widespread operations resulting from acquisitions; • Integrating financial forecasting and controls, procedures and reporting cycles; • Difficulties in entering markets in which we have no or limited direct prior experience and where competitors in such markets have stronger market positions; • The uncertainties in the operations of the target acquisitions caused by the COVID-19 that may prevent such companies from achieving their performance projections. • Insufficient revenue to offset increased expenses associated with acquisitions; and • The potential loss of key employees, customers, distributors, vendors and other business partners of the companies we acquire following and continuing after announcement of acquisition plans. **The impairment of intangible assets and goodwill arising from our acquisitions could continue to negatively impact affect our net income and shareholders' equity,** When we acquire a business, a substantial portion of the purchase price of the acquisition may be allocated to goodwill and other identifiable intangible assets. The amount of the purchase price which is allocated to goodwill and other intangible assets is determined by the excess of the purchase price over the net identifiable assets acquired. The current accounting standards require that goodwill and intangible assets should be deemed to have indefinite lives, which should be tested for impairment at least annually (or more frequently if impairment indicators arise). Other intangible assets are amortized over their useful lives. For the ~~year years~~ ended December 31, 2021 ~~and 2022~~, we recorded ~~goodwill~~ impairment losses ~~on goodwill~~ of ~~\$ 5,385,811 and~~ \$ ~~26~~ **128,171, respectively**. Future declines in the results of our acquisitions and other factors could cause us to record an impairment of all or a portion of the relevant goodwill in the future. We may not be able to achieve our business targets for businesses we previously acquired or will acquire in the future, which could result in our incurring additional goodwill and other intangible assets impairment charges. Further declines in our market capitalization increase the risk that we may be required to perform another goodwill impairment analysis, which could result in an impairment of up to the entire balance of our goodwill based on the quantitative assessment performed. **Raising additional capital will be difficult and may cause dilution to our shareholders and restrict our operations.** We expect to finance our cash needs for our working capital and the payment of the cash portion of our recent acquisitions. Although we have been able to obtain funding from outside sources in the last year, we cannot be certain that we will be able to continue to do so or to obtain additional financing on favorable terms. One possible impediment to raising capital is the tightening credit policies of the Chinese banks and the prospects of tightening in the global credit markets. If we cannot raise additional capital on acceptable terms, we may not be able to operate our business, take advantage of future opportunities or respond to competitive pressures or unanticipated requirements. We cannot be sure that we will be able to secure all the financing we will require, or that it will be available on favorable terms. If we are unable to obtain necessary financing, we will be required to substantially curtail our approach to implementing our business objectives. To the extent that we raise additional capital through the sale of equity or convertible debt, our shareholders' ownership interest will be diluted, and the terms of such securities may include liquidation or other preferences that adversely affect shareholder rights. Debt financing and equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making acquisitions or capital expenditures. ~~We are in the early stages of development of~~ **The recent COVID-19 pandemic had a material adverse effect on** ~~our healthcare business and have limited operating history on which you can base an investment decision. We were formed in 2006, but recently changed our business focus. We are now focused on growing our healthcare business. As a result, we may encounter many expenses, delays, problems, and difficulties that we have not anticipated and for which we have not planned. There can be no assurance that at this time we will successfully develop or acquire a significant customer base, operate profitably, or that we will have adequate working capital to fund our operations, results of~~ ~~or meet our obligations as they become due. Our recently acquired operations are subject to all of the risks inherent in the initial expenses, cash flows challenges, complications, and delays frequently encountered in connection with the formation of any new business. Investors should evaluate an and investment in our company in light of the problems and uncertainties frequently encountered by companies attempting to develop new markets. Despite best efforts, we may never overcome these obstacles to achieve financial position during 2022 success. Our business is speculative and dependent upon the implementation of our business plan, as well as our ability to successfully acquire businesses on terms that will be commercially viable for us. There can be no assurance that our efforts will be successful or result in revenue or profit. There is no assurance that we will earn significant revenues or that our investors will not lose their entire investment.~~ During late 2019, a virus now known as the novel coronavirus or "COVID-19" appeared in Wuhan, the Peoples Republic of China ("PRC" or "China"). By March 11, 2020, the World Health Organization ("WHO") labeled COVID-19 as a pandemic and many countries around the world began closing borders and making efforts to either shelter-in-place or quarantine its population. During the first quarter of 2020, China placed a mandatory quarantine on certain areas, specifically in Wuhan

located in Hubei Province, which lasted for more than two months. Our company and all of its operations are located in China. Since the pandemic broke out, our operations have been materially impacted. At the beginning of February 2020, the PRC government issued a quarantine order, which lasted for more than two months in many parts of the country, where everyone had to stay at home. During February and March, all of our administrative functions had to be performed remotely. Not until the beginning of April did we start to have a small skeleton crew working in our office and were able to perform those functions that could not be handled remotely. We have incurred additional costs to ensure we meet the needs of our customers, including providing additional cleaning materials for our stores and other facilities. COVID- 19 has also caused supply chain disruption which has resulted in higher supply chain costs to replenish inventory in our stores and distribution centers. Furthermore, we have experienced restricted stock availability in a number of key categories which negatively impacted us. Certain popular and high profit margin products could not be sold due to governmental restrictive orders, which also resulted in the expiration of a large quantity of our medicines that are otherwise in high demand in the winter season. The customer traffic in our retail pharmacy stores in Dalian dropped greatly due to the pandemic. Because of the lockdown order that lasted for more than two months, we suffered reduced sales and an operating loss in the first three quarters in 2020. Although some of the businesses in China have resumed their daily activities while the pandemic is ~~was~~ under control, there have been relapses in certain regions of the country which caused temporary lockdowns. If similar lockdown orders or sales restrictions are implemented by the government, they may have greater impact on our business. We are closely monitoring the impact of the COVID- 19 pandemic on all aspects of our business, including how it will impact our customers, employees, suppliers, vendors, business partners and distribution channels. The COVID- 19 pandemic has created significant volatility, uncertainty and economic disruption, which will adversely affect our business operations and may materially and adversely affect our results of operations, cash flows and financial position. In addition to volatility in consumer demand and buying habits, we may restrict the operations of our stores or distribution facilities if we deem it necessary or if recommended or mandated by governmental authorities which would have a further adverse impact on us. The extent to which the COVID- 19 pandemic impacts us will depend on numerous evolving factors and future developments that we are not able to predict, including: the severity of the virus; the duration of the outbreak; governmental, business and other actions (which could include limitations on our operations or mandates to provide products or services); the promotion of social distancing and the adoption of shelter- in- place orders affecting foot traffic in stores; the impacts on our supply chain; the impact of the pandemic on economic activity; the extent and duration of the effect on consumer confidence and spending, customer demand and buying patterns including spend on discretionary categories; the health of and the effect on our workforce and our ability to meet staffing needs in our stores, hospitals, wholesale operations and other critical functions, particularly if members of our work force are quarantined as a result of exposure; any impairment in value of our tangible or intangible assets which could be recorded as a result of a weaker economic conditions; and the potential effects on our internal controls including those over financial reporting as a result of changes in working environments such as shelter- in- place and similar orders that are applicable to our team members and business partners, among others. In addition, if the pandemic continues to create disruptions or turmoil in the credit or financial markets, it could adversely affect our ability to access capital on favorable terms and continue to meet our liquidity needs, all of which are highly uncertain and cannot be predicted. We cannot make any assurances that COVID- 19 will not reappear with new infections and to the extent that COVID- 19, or another virus appears, we may encounter prolonged operational lockdown measures which would disrupt our business operations. **The markets in which we now operate are very competitive and further increases in competition could adversely affect us.** In the Chinese pharmaceutical wholesale sector, wholesalers without affiliated manufacturers have inherent risks, which include lack of control over product availability. We are at a significant disadvantage in comparison to other wholesalers that are also manufacturers. Also, this sector is heavily regulated industry where government exercises strong controls. Any comparative advantages we may have could be lost because of changes in laws or government policies. We face intense competition with local, regional and national companies, including other drugstore chains, independently owned drugstores, supermarkets, mass merchandisers, dollar stores and internet pharmacies. Competition from on- line retailers has significantly increased during the past few years. The ability of our stores to achieve profitability depends on their ability to achieve a critical mass of loyal, repeat customers. Some of our competitors have or may merge with or acquire pharmaceutical services companies, and health insurance companies, which may further increase competition. We may not be able to effectively compete against some of our competitors in the retail pharmacy sector because they have financial and other resources that are superior to ours. Further, we may be at a competitive disadvantage because we are more highly leveraged than our competitors. We cannot assure you that we will be able to effectively compete in our markets or increase our sales volume in response to further increased competition, or that any of our competitors are not in a better position to absorb the impact of COVID- 19. Our recently acquired hospitals compete ~~for~~ **with** larger and more established state- owned and private hospitals. We may not be able to effectively compete against these hospitals because they have financial and other resources that are superior to ours and may be able to attract new patients more easily. Consolidation in the healthcare industry could adversely affect our business, financial condition and results of operations. Many organizations in the healthcare industry have consolidated to create larger healthcare enterprises with greater market power, which has contributed to continued pricing pressures. If this consolidation trend continues, it could give the resulting enterprises even greater bargaining power, which may lead to further pressure on the prices for our products and services and / or reduce our access to customers. If these pressures result in reductions in our prices and / or reduce our access to customers, our business will become less profitable unless we are able to achieve corresponding reductions in costs or develop profitable new revenue streams. We expect that market demand, government regulation, third-party reimbursement policies, government contracting requirements, and societal pressures will continue to cause the healthcare industry to evolve, potentially resulting in further business consolidations and alliances among the industry participants we engage with, which may adversely impact our business, financial condition and results of operations. In addition, our new strategy also includes selective acquisition opportunities and we cannot assure you that we will be able to consummate any such

transactions on commercially reasonable terms, if at all. **Breaches of network or information technology security could have an adverse effect on our business.** Cyber security risks, such as a significant breach of customer, employee, or company data, could attract a substantial amount of media attention, damage our customer relationships and reputation and result in lost sales, fines or lawsuits. Throughout our operations, we receive, retain and transmit certain personal information that our customers provide to purchase products or services, fill prescriptions, enroll in promotional programs, participate in our customer loyalty programs, register on our websites, or otherwise communicate and interact with us. In addition, aspects of our operations depend upon the secure transmission of confidential information over public networks. Although we deploy a layered approach to address information security threats and vulnerabilities designed to protect confidential information against data security breaches, a compromise of our data security systems or of those of businesses with whom we interact, which results in confidential information being accessed, obtained, damaged or used by unauthorized or improper persons, could harm our reputation and expose us to regulatory actions and claims from customers, financial institutions, payment card associations and other persons, any of which could materially and adversely affect our business operations, financial position and results of operations. In addition, a security breach could require that we expend substantial additional resources related to the security of information systems and disrupt our businesses. While no actual or attempted attacks have had a material impact on our operations or financial condition, we cannot provide any assurance that our operations will not be negatively materially affected by such attacks in the future. We rely on computer software and hardware systems in managing our operations, the capacity of which may restrict our growth and the failure of which could adversely affect our business, financial condition and results of operations. We are dependent upon our information management system to monitor daily operations of our retail, wholesale and hospital businesses, and to maintain accurate and up-to-date operating and financial data for the compilation of management information. If our computer software and hardware systems fail to meet the increasing needs of our expanding operations, our ability to grow may be constrained. Furthermore, any system failure which causes interruptions to the input, retrieval and transmission of data or causes lags in service time could disrupt our normal operations. Although we believe that our computer software and hardware systems are up to date and that our disaster recovery plan is adequate in handling potential failures, we cannot provide assurance that we can effectively carry out this disaster recovery plan and that we will be able to restore our operation within a sufficiently short time frame to avoid our business being disrupted. Furthermore, our systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, security breaches, vandalism, natural disasters, catastrophic events and human error, and our disaster recovery planning cannot account for all eventualities. If any of our computer software and / or hardware systems are damaged, fail to function properly or otherwise become unavailable, we may incur substantial costs to repair or replace them, and may experience loss or corruption of critical data and interruptions or delays in our ability to perform critical functions. Due to the limited coverage of business interruption insurance policies offered in China, we do not carry business interruption insurance and, as a result, any business disruption or natural disaster could severely disrupt our business and operations and, in turn, significantly decrease our revenue and profitability. **If we fail to implement effective internal controls required by the Sarbanes-Oxley Act of 2002, or remedy any material weaknesses in our internal controls that we may identify, such failure could result in material misstatements in our financial statements, cause investors to lose confidence in our reported financial information and have a negative effect on the trading price of our Common Stock.** Section 404 of the Sarbanes-Oxley Act of 2002 requires management of public companies to develop and implement internal controls over financial reporting and evaluate the effectiveness thereof. A material weakness is a deficiency or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual interim financial statement will not be prevented or detected on a timely basis. Due to the Company's limited resources, we currently do not have accounting personnel with extensive experience in maintaining books and records and preparing financial statements in accordance with US GAAP which could lead to untimely identification and resolution of accounting matters inherent in our financial transactions in accordance with US GAAP. Any failure to complete our assessment of our internal controls over financial reporting, to remediate any material weaknesses that we may identify, including the one identified above, or to implement new or improved controls, could harm our operating results, cause us to fail to meet our reporting obligations or result in material misstatements in our financial statements. Inadequate disclosure controls and procedures and internal controls over financial reporting could also cause investors to lose confidence in our public disclosures and reported financial information, which could have a negative effect on the trading price of our Common Stock. **Violations of anti-bribery, anti-corruption and / or international trade laws to which we are subject could have a material adverse effect on our business operations, financial position, and results of operations.** We are subject to laws concerning our business operations and marketing activities in foreign countries where we conduct business. For example, we are subject to the U. S. Foreign Corrupt Practices Act (the "FCPA"), U. S. export control and trade sanction laws, and similar anti-corruption and international trade laws, any violation of which could create substantial liability for us and also harm our reputation. The FCPA generally prohibits U. S. companies and their officers, directors, employees, and intermediaries from making improper payments to foreign officials for the purpose of obtaining or retaining business abroad or otherwise obtaining favorable treatment. The FCPA also requires that U. S. public companies maintain books and records that fairly and accurately reflect transactions and maintain an adequate system of internal accounting controls. If we are found to have violated the FCPA, or any other anti-bribery, anti-corruption or international trade laws, we may face sanctions including civil and criminal fines, disgorgement of profits, and suspension or debarment of our ability to contract with governmental agencies or receive export licenses. From time to time, we may face audits or investigations by one or more domestic or foreign governmental agencies relating to our international business activities, compliance with which could be costly and time-consuming, and could divert our management and key personnel from our business operations. An adverse outcome under any such investigation or audit could subject us to fines or other penalties, which could adversely affect our business operations, financial position, and results of operations. **Increasing scrutiny and changing expectations from**

**investors, lenders, customers and other market participants with respect to our Environmental, Social and Governance, or ESG, policies may impose additional costs on us or expose us to additional risks.**

Companies across all industries and around the globe are facing increasing scrutiny relating to their ESG policies. Investors, lenders and other market participants are increasingly focused on ESG practices and in recent years have placed increasing importance on the implications and social cost of their investments. The increased focus and activism related to ESG may hinder our access to capital, as investors and lenders may reconsider their capital investment allocation as a result of their assessment of our ESG practices. If we do not adapt to or comply with investor, lender or other industry shareholder expectations and standards, which are evolving, or which are perceived to have not responded appropriately to the growing concern for ESG issues, regardless of whether there is a legal requirement to do so, may suffer from reputational damage and the business, financial condition and price our company's shares could be materially and adversely affected. Our business is subject to the risks of earthquakes, fire, power outages, floods, health epidemics and other catastrophic events and to interruption by manmade problems such as terrorism. Our operations, as well as our customers, are located in areas exposed to risks of natural disasters such as earthquakes and tsunamis. A significant natural disaster, such as an earthquake, tsunami, fire, or a flood, or other catastrophic event, such as a new pandemic, could have a material adverse effect on our or their business, which could in turn materially affect our financial condition, results of operations and prospects. Our business could be subject to environmental liabilities. Our failure to comply with past, present and future environmental laws could result in fines, penalties, third-party claims, reduced sales of our products, substantial product inventory write-offs and reputational damage, any of which could harm our business, financial condition, results of operations and prospects. We also expect that our business will be affected by new environmental laws and regulations on an ongoing basis applicable to us, including our newly acquired hospitals. To date, our expenditures for environmental compliance have not been material. Although we cannot predict the future effect of such laws or regulations, they will likely result in additional costs or require us to change the way we operate, which could have a material adverse effect on our business, financial condition, results of operations and prospects. Failure to timely identify or effectively respond to changing consumer preferences negatively affect our relationship with our customers and the demand for our products and services. The success of our businesses depends in part on customer loyalty and superior customer service. Failure to timely identify or effectively respond to changing consumer preferences could negatively affect our relationship with our customers and the demand for our products and services. Moreover, customer expectations and new technology advances from our competitors have required that our business evolve so that we are able to interface with our customers not only face-to-face but also online and via mobile and social media. If we fail to keep pace with dynamic customer expectations and new technology developments, our ability to compete and maintain customer loyalty could be adversely affected. Our success depends on our ability to establish effective advertising, marketing and promotional programs. Our success depends on our ability to establish effective advertising, marketing and promotional programs. Our pricing strategies and value propositions must be appropriate for our target customers. If we are not able to maintain and increase the awareness of our businesses and the services we provide, we may not be able to attract and retain customers and our reputation may also suffer. We expect to incur substantial expenses in our marketing and promotional efforts to both attract and retain customers. However, our marketing and promotional activities may be less successful than we anticipate, and may not be effective at building our brand awareness and customer base. In addition, the government may impose restrictions on how marketing and promotional activities can be conducted. Failure to successfully execute our advertising, marketing and promotional programs may result in material decreases in our revenue and profitability. **Risks**

**Relating to our Wholesale Operations**—Failure to maintain relationships with our customers or to otherwise expand our distribution network would materially and adversely affect our business. Our wholesale business sells products to drug stores, private clinics, pharmaceutical distributors and hospitals. For the year ended December 31, ~~2021~~ **2022**, our top ten wholesale medical devices and wholesale pharmaceuticals customers accounted ~~34.79%~~ **28%** of our wholesale revenues and ~~three no~~ **customer** accounted for ~~more than 10~~ **17.34%, 17.11% and 16.37%** of sales. In line with industry practices in the PRC, we enter into written sales agreements with our wholesale customers. However, such sales agreements are not in substance equivalent to a typical distribution agreement in the United States. Each sales agreement is more in the form of a sales order and specifies one or several purchases of one or more products without any continuing obligation to make purchases unless it is a long-term agreement. Only about 10% of our wholesale customers are subject to purchase arrangements of one-year or longer terms. Their purchases contributed more than 30% of our wholesale revenues in ~~2021~~ **2022**. In the event distribution customers choose not to continue their relationship with us after completing their existing sales agreements, they can do so without breaching any contract or agreement. Our financial results could be adversely affected if we cannot replace these customers. We compete with large wholesalers, many of whom may have higher visibility, greater name recognition, financial resources, and broader product selection than we do. Consequently, maintaining relationships with existing customers may be difficult and time-consuming. Our dependence on a limited number of customers may expose us to the risk of substantial losses if a single large customer stops purchasing our products, purchases lower quantities of our products or goes out of business and we are unable to attract new customers to recover such lost revenues. If any of our significant customers reduces the quantity of the products they purchase from us or stops purchasing from us, our net revenue would be materially and adversely affected. Any disruption in our distribution network could negatively affect our ability to effectively sell our products and would materially and adversely affect our business, financial condition and results of operations. Our wholesale pharmaceutical business operates without the support of manufacturing capability and is at a significant disadvantage. In the Chinese pharmaceutical wholesale sector, wholesalers without affiliated manufacturers have inherent risks which include lack of control over product availability and pricing disadvantages. We are at a significant disadvantage in comparison to other wholesalers that are also manufacturers. **Risks Relating to Our Pharmacy Business**—**finances and penalties if we fail to comply with the applicable PRC laws and regulations governing sales of medicines under China's National Medical Insurance Program.** Eligible participants in China's national medical insurance program, including urban and suburban residents in

China, are entitled to buy medicines using their medical insurance cards from an authorized pharmacy, provided that the medicines they purchase have been included in the national or provincial medical insurance catalogs. The pharmacy, in turn, obtains reimbursement from the relevant government social security bureaus. Moreover, the applicable PRC laws, rules and regulations prohibit pharmacies from selling goods other than pre-approved medicines when purchases are made with medical insurance cards. We have established procedures to prohibit our drugstores from selling unauthorized goods to customers who make purchases with medical insurance cards. However, we cannot provide assurance that those procedures will be strictly followed by all of our employees in all of our stores. Our ability to grow our pharmacy business may be constrained by our inability to find suitable new store locations at acceptable prices or by the expiration of our current leases. Our ability to grow our business may be constrained if suitable new store locations cannot be identified with lease terms or purchase prices that are acceptable to us. We compete with other retailers and businesses for suitable locations for our stores. Local land use regulations and other regulations applicable to the kinds of stores we seek to construct may impact our ability to find suitable locations and influence the cost of constructing our stores. The expiration of leases at existing store locations may adversely affect us if the renewal terms of those leases are unacceptable to us and we are forced to close or relocate stores. Furthermore, changing local demographics at existing store locations could materially and adversely affect revenue and profitability levels at those stores, and overall our business, financial condition, results of operation, and prospects. We may not be able to maintain proper inventory levels for our pharmacy stores. To ensure adequate inventory supply, we must forecast inventory needs and place orders with our suppliers based on our estimates of future demand for particular products. We may not be able to accurately forecast demand for supplies because of the difficulties of estimating the demand for our products. The volatile economic environment and fast-evolving demands and preferences of our customers have made accurate projection of inventory levels increasingly challenging. Inventory levels in excess of customer demand may result in inventory obsolescence, a decline in inventory values, inventory write-downs or write-offs, or expiration of products, which would cause our gross margin to suffer and could impair the strength of our brand. High inventory levels may also require us to commit substantial capital resources, preventing us from using them for other important business purposes. Conversely, if we underestimate customer demand or if our suppliers fail to provide supplies to us in a timely manner, we may experience inventory shortages. Such inventory shortages might result in unfilled customer needs, damage to our reputation, and have a negative impact on customer relationships and reduce our sales. We cannot assure you that we will be able to maintain proper inventory levels for our operations and such failure may have an adverse effect on our business, financial condition, results of operations and profitability. Certain risks are inherent in providing pharmacy services and we do not maintain professional liability and errors and omissions liability insurance. Pharmacies are exposed to risks inherent in the distribution of pharmaceuticals and other healthcare products, such as with respect to improper filling of prescriptions, labeling of prescriptions, adequacy of warnings, unintentional distribution of counterfeit drugs and expiration of drugs. In addition, laws that require our pharmacists to offer counseling, without additional charge, to customers about medication, dosage, delivery systems, common side effects and other information the pharmacists deem significant can impact our business. Our pharmacists may also have a duty to warn customers regarding any potential negative effects of a prescription drug if the warning could reduce or negate these effects. We currently do not maintain professional liability and errors and omissions liability insurance. Consequently, we may be required to expend substantial funds to satisfy these types of claims, which could have an adverse effect on our business, financial condition, results of operations and profitability.

**Risks Related to Our Newly Acquired Hospitals** Our newly acquired hospitals are historically derived a significant portion of their revenue by providing healthcare services to patients with public medical insurance coverage; any delayed payment under China's public medical insurance programs could affect our results of operations. Our remaining hospital in China is a Medical Insurance Designated Medical Institution. Patients who are covered by the public medical insurance programs may choose to rely on public medical insurance programs to pay for some of healthcare services. Any dispute or late or delinquent settlement under the public medical insurance programs may cause the trade receivables of our hospitals to increase or result in write-offs. Depending on the relevant public medical insurance programs' practice, a Medical Insurance Designated Medical Institution may be subject to a government-approved annual quota for the medical fees that it is allowed to recover from the relevant public medical insurance bureau. In addition, we cannot assure you that we our newly acquired hospitals will be able to maintain their our hospital's status as Medical Insurance Designated Medical Institution, the loss of which will not only harm our reputation but may also result in reduced patient visits. Furthermore, the PRC government may alter its reimbursement policies in coverage plans in the future such that: (i) certain healthcare services provided by our hospitals will no longer be covered; or (ii) more stringent thresholds on existing coverage may be imposed. Any reduction in the rates paid or the scope of services covered may reduce patient accessibility to our hospitals and may lead to reduced patient flow and medical fees. Any of these events could lead to a decrease in our revenue generation and profitability which could have a material adverse effect on our business, results of operations and prospects. **Our hospital could become the subject of patient complaints, claims and legal proceedings in the course of its operations, which could result in costs and materially and adversely affect our brand image, reputation and results of operations.**

We rely on the physicians and other medical professionals of our hospitals to make proper clinical decisions regarding the diagnoses and treatment of their patients. However, we do not have direct control over the clinical activities of our hospitals or over the decisions and actions taken by the physicians and other medical professionals as their diagnoses and treatments of patients are subject to their professional judgment and in most cases, must be performed on a real time basis. Any incorrect decisions or actions on the part of the physicians and other medical professionals, or any failure by our hospitals to properly manage their clinical activities may result in undesirable or unexpected outcomes, including complications, injuries and even deaths in extreme cases. In addition, there are inherent risks associated with the clinical activities that may result in unavoidable and unfavorable medical outcomes. In recent years, physicians, hospitals and other healthcare service providers in China have become subject to an increasing number of patient complaints, claims and legal proceedings alleging malpractice or

other causes of action. Although rare, incidents have occurred in hospitals and medical institutions in China where dissatisfied patients carried out extreme actions or even violence during the course of the disputes. Any such incident, if occurs, would harm our reputation, impair the ability of our hospitals to recruit and retain medical professionals and staff, discouraging other patients from visiting our ~~hospitals~~ **hospital**, and cause us to incur substantial costs. Any negative publicity about us, our ~~hospitals~~ **hospital** or the healthcare service industry could harm the brand image and reputation and trust in the services provided by our hospitals, which could result in a material and adverse impact on our business and prospects. **If we fail to properly manage the employment of the physicians and other medical professionals of our hospital, we may be subject to penalties, which could materially and adversely affect our business and results of operations.** The activities of physicians and other medical professionals are strictly regulated under the PRC laws and regulations. Physicians, nurses and medical technicians who practice at medical institutions must hold licenses and may only practice within the scope of their licenses and at the specific medical institutions at which their licenses are registered. In practice, it takes some time for physicians, nurses and medical technicians to transfer their licenses from one medical institution to another or add another medical institution to their permitted practicing institutions. We cannot assure you that ~~the our~~ **physicians of our hospitals** will complete the transfer of their licenses and related government procedures timely or at all. In addition, we cannot assure you that the medical professionals at our hospitals will always strictly follow the requirements and will not practice outside the permitted scope of their respective licenses. Any failure ~~by our hospitals~~ to properly manage the employment of ~~their our~~ **physicians and other medical professionals** may subject us to administrative penalties against our ~~hospitals~~ **hospital**, which could materially and adversely affect our business. **We have limited or no control over the quality of pharmaceuticals, medical consumables and other medical equipment used in the operations of our hospital. If such quality does not meet the required standards, we could be exposed to liabilities and our reputation, business, results of operations, financial condition and prospects could be adversely affected.** The provision of healthcare services involves the frequent use of a variety of pharmaceuticals, medical equipment and medical consumables, substantially of which we procure from suppliers we do not have control over. We cannot assure you that all supplies are authentic, free of defects and meet the relevant quality standards. If these supplies are subsequently found to have been defective at the time of the supply, even though we did not know or could not have known about such defect, we may be subject to liability claims, negative publicity, reputational damage or administrative sanction, any of which may adversely affect our results of operations and reputation. We cannot assure you that significant claims of such nature will not be asserted against us in the future, and that adverse verdicts will not be reached or that we will be able to recover losses from our suppliers. In addition, we cannot assure you that we will be able to find suitable replacement suppliers, failing which our business, results of operations, financial condition and prospects will be adversely affected. Our ~~hospitals~~ **hospital**'s operations are susceptible to fluctuations in the costs of pharmaceuticals and medical consumables, which could adversely affect our profitability and results of operations. The profitability of our ~~hospitals~~ **hospital** is influenced by fluctuations in the costs of pharmaceuticals and medical consumables. The availability and prices of the pharmaceuticals and medical 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 the procurement costs or cause a disruption in the supply. Consistent with industry practice, we ~~and our hospitals~~ have not entered into any long-term supply agreements with our suppliers and we cannot assure you that ~~we our hospitals~~ 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 our hospitals will be able to pass these cost increases onto the patients. Any of these factors may have a material and adverse effect on our profitability and results of operations. Our performance depends on our ability to recruit and retain skilled physicians. The success of our ~~hospitals~~ **hospital** depends in part on the number and quality of the physicians and the medical staffs of our hospitals, the admitting and utilization practices of those physicians, maintaining good relations with those physicians and controlling costs related to the employment of physicians. We may face increased challenges in this area as the physician population reaches retirement age, especially if there is a shortage of physicians willing and able to provide comparable services. If we are unable to provide adequate support personnel or technologically advanced equipment and hospital facilities that meet the needs of those physicians and their patients, admissions may decrease and our operating performance may decline. **As a provider of medical services, we are exposed to inherent risks relating to malpractice claims.** As a provider of medical services, any misdiagnosis or improper treatment may result in negative publicity regarding us or our services, which would harm our reputation. If we are found liable for malpractice, we may be required to pay substantial monetary damages. Furthermore, even if we successfully defend ourselves against a malpractice claim, we could be required to spend significant management, financial and other resources in the process, which could disrupt our business, and our reputation and brand name may also suffer. Since malpractice claims are not common in China, we do not carry malpractice insurance. As a result, any imposition of malpractice liability could materially harm our business, financial condition and results of operations. Regulatory pricing controls may affect the pricing of our ~~hospitals~~ **hospital**. The PRC government issues policies on the pricing of healthcare services, pharmaceuticals and medical consumables. As a **Medical Insurance Designated Medical Institutions** ~~Institution~~, our ~~hospitals~~ **hospital** ~~are is~~ subject to the pricing guidelines set by the relevant local healthcare administrative authorities. We cannot predict if the PRC government will lower the price ceilings or change the pricing guidelines in the future or if additional healthcare services, pharmaceuticals or medical consumables may become subject to price control, or more stringent insurance reimbursement limits, which may put pressure on the pricing of our hospitals. As a result, our financial condition and results of operations could be materially and adversely affected. ~~Risks Related~~ **adverse effect on** ~~Therefore, investors of our company face~~ **potential uncertainty from actions taken by the PRC government affecting our business, financial condition, results of operations and profitability.** ~~Substantially all~~ **Risk Related to Doing Business in China All** of our business operations are currently conducted in the PRC, under the jurisdiction of the PRC government. Accordingly, our results of operations, financial condition and prospects are subject to a significant degree to economic, political and legal developments in China. China's



economy differs from the economies of most developed countries in many respects, including with respect to the amount of government involvement, level of development, growth rate, and control of foreign exchange and allocation of resources. While the PRC economy has experienced significant growth in the past 20 years, growth has been uneven across different regions and to two consecutive years, we may be prohibited from listing our securities on a national securities exchange, including Nasdaq, or on over-the-counter markets in the United States, which could adversely affect the market price of our Common Stock and our ability to raise capital. In recent years, the U. S. Congress and regulatory authorities have expressed concerns about challenges in their oversight of financial statement audits of U. S.- listed companies with significant operations in mainland China and with auditors located in mainland China. For example, PCAOB inspections of auditors located in mainland China and Hong Kong have at times identified deficiencies in those auditors' audit procedures and quality control procedures, and limitations on the ability of the PCAOB to inspect or investigate auditors in mainland China or Hong Kong could deprive investors of the benefits of PCAOB inspections, which could adversely affect the ability of companies using such auditors to access U. S. capital markets. As part of the continued focus on access to audit and other information for companies with substantial operations in China, in December 2020, the United States enacted the HFCAA, which requires the SEC to identify issuers that have filed an annual report with an audit report issued by a registered public accounting firm that is located in a foreign jurisdiction and that the PCAOB has determined it is unable to inspect or investigate completely because of a restriction imposed by a non- U. S. authority in the auditor's local jurisdiction (a "Commission- Identified Issuer"). Under the HFCAA, as amended in December 2022, if the SEC conclusively identifies an issuer as a Commission- Identified Issuer for two consecutive years, the SEC is required to prohibit the trading of the issuer's securities on a national securities exchange or through any other method that is within the jurisdiction of the SEC to regulate, including over-the-counter markets in the United States. In 2021, the PCAOB issued a Determination Report, which found that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong because of positions taken by Chinese authorities in those jurisdictions. In December 2022, the PCAOB vacated its determination that it was unable to inspect and investigate PCAOB- registered public accounting firms in mainland China. As a result, until such time as the PCAOB issues a new determination, the SEC has determined that there are no issuers currently at risk of having their securities subject to a trading prohibition under the HFCAA. Although we are not currently at risk of delisting pursuant to the HFCAA, if the PCAOB were to issue a new determination regarding limitations on its ability to inspect or investigate our independent auditor and we were to fail to meet the audit requirements of the HFCAA for two consecutive years, our securities may be prohibited from trading on a national securities exchange or over-the-counter market in the United States, and this could result in our Common Stock being delisted from Nasdaq. Delisting of our Common Stock would force holders to sell their shares of our Common Stock. The foregoing could adversely affect the market price of our Common Stock and our ability to raise capital. The market price of our Common Stock could be adversely affected as a result of anticipated negative impacts of such legislative or executive actions upon, as well as negative investor sentiment toward, companies with significant operations in mainland China and Hong Kong that are listed in the United States, regardless of whether such actions are implemented and regardless of our actual operating performance. The filing or other procedures with, the CSRC or other Chinese regulatory authorities may be required in connection with issuing our equity securities to foreign investors under Chinese law, and, we cannot predict whether we will be able, or how long it will take us, to complete such filing or other procedures. If we fail to complete a filing with the CSRC, our future offering application may be impacted and we may be subject to penalties, sanctions and fines imposed by the CSRC. On February 17, 2023, the China Securities Regulatory Matters Commission (the "CSRC") issued the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (the "Trial Administrative Measures") and relevant supporting guidelines (collectively, the "New Administrative Rules Regarding Overseas Listings"), which came into force on March 31, 2023. According to the New Administrative Rules Regarding Overseas Listings, among other things, a domestic company in the PRC that seeks to offer and list securities in overseas markets must fulfill the filing procedure with the CSRC pursuant to the requirements of the Trial Administrative Measures. Initial public offerings or listings in overseas markets must file with the CSRC within three (3) working days after the relevant application is submitted overseas. If an issuer offers securities in the same overseas market where it has previously offered and listed securities subsequently, filings have to be made with the CSRC within three (3) working days after the offering is completed. Upon occurrence of any material event, such as change of control, investigations or sanctions imposed by an overseas securities regulatory agency or other relevant competent authority, change of listing status or transfer of listing segment, or voluntary or mandatory delisting, after an issuer has offered and listed securities in an overseas market, the issuer must submit a report thereof to CSRC within three (3) working days after the occurrence and public disclosure of such event. On February 24, 2023, the CSRC promulgated the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (the "Confidentiality and Archives Administration Provisions"), which also became effective on March 31, 2023. The Confidentiality and Archives Administration Provisions set out rules, requirements and procedures relating to provision of documents, materials and accounting archives for securities companies, securities service providers, overseas regulators and other entities and individuals in connection with overseas offering and listing, including without limitation to, domestic companies that carry out overseas offering and listing (either in direct or indirect means) and the securities companies and securities service providers (either incorporated domestically or overseas) that undertake relevant businesses shall not leak any state secret and working secret of government agencies, or harm national security and public interest, and a domestic company shall first obtain approval from competent authorities according to law, and file with the secrecy administrative department at the same level, if it plans to, either

directly or through its overseas listed entity, publicly disclose or provide any documents and materials that contain state secrets or working secrets of government agencies. Working papers produced in the Chinese mainland by securities companies and securities service providers in the process of undertaking businesses related to overseas offering and listing by domestic companies shall be retained in the Chinese mainland. Where such documents need to be transferred or transmitted to outside the Chinese mainland, relevant approval procedures stipulated by regulations shall be followed. While we believe we do not involve leaking any state secret and working secret of government agencies, or harming national security and public interest in connection with provision of documents, materials and accounting archives, there is uncertainty how the new provisions will be interpreted and implemented in the future, and we may be required to perform additional procedures in connection with the provision of accounting archives after the Confidentiality and Archives Administration Provisions come into effect. Any failure by us to fully comply with new regulatory requirements may significantly limit or completely hinder our ability to offer or continue to offer our Common Stock or our other securities, cause significant disruption to our business operations, severely damage our reputation, materially and adversely affect our financial condition and results of operations and cause our Common Stock or such other securities to significantly decline in value or become worthless. PRC regulations on loans and direct investments by offshore holding companies to PRC entities may delay or prevent us from making loans or additional capital contributions to our PRC subsidiaries and may prevent the use of our funds held in the PRC or Hong Kong or by a PRC or Hong Kong entity to fund our operations or for use outside of the PRC or Hong Kong. As an offshore holding company of our PRC subsidiaries, we may make loans to our PRC subsidiaries, or we may make additional capital contributions to our PRC subsidiaries. Such loans to our PRC subsidiaries in China and capital contributions are subject to PRC regulations and approvals or filing. For example, loans by us to our PRC subsidiaries cannot exceed statutory limits and must be registered with SAFE or its local branch. Information about capital contributions to our PRC subsidiaries must be filed with the PRC Ministry of Commerce or its local counterpart. In addition, the PRC government also restricts the convertibility of foreign currencies into Renminbi and use of the proceeds. On March 30, 2015, SAFE promulgated Circular 19, which took effect and replaced certain previous SAFE regulations from June 1, 2015. SAFE further promulgated Circular 16, effective on June 9, 2016, which, among other things, amend certain provisions of Circular 19. According to SAFE Circular 19 and SAFE Circular 16, the flow and use of the Renminbi capital converted from foreign currency denominated registered capital of a foreign- invested company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope. On October 23, 2019, SAFE promulgated Circular 28, which stipulates that non- investment foreign- funded enterprises are allowed to make domestic equity investment with their capital funds on the premise that the Negative List is not violated and the projects invested thereby in China are true and compliant. Violations of the applicable circulars and rules may result in severe penalties, including substantial fines as set forth in the Foreign Exchange Administration Regulations. The Circular Regarding Further Optimizing the Cross- border RMB Policy to Support the Stabilization of Foreign Trade and Foreign Investment jointly promulgated by the PBOC, NDRC, the Ministry of Commerce, the State- owned Assets Supervision and Administration Commission of the State Council, the China Banking and Insurance Regulatory Commission and SAFE on December 31, 2020 and effective on February 4, 2021 allows the non- investment foreign- invested enterprises to make domestic reinvestment with RMB capital in accordance with the law on the premise that they comply with prevailing regulations and the invested projects in China are authentic and compliant. In addition, if a foreign- invested enterprise uses RMB income under capital accounts to conduct domestic reinvestment, the invested enterprise is not required to open a special deposit account for RMB capital. Due to interventions or the imposition of transfer restrictions by the PRC government, funds or assets located in the PRC or Hong Kong or held by a PRC or Hong Kong entity, may not be available to us to fund operations or for other use outside of the PRC or Hong Kong. The applicable foreign exchange circulars and rules may significantly limit our ability to convert, transfer and use the net proceeds from public or private financings of equity or convertible notes or any offering of any equity securities in China, which may adversely affect our business, financial condition and results of operations. As the foreign exchange related regulatory regime and practice are complex and still evolving and involve many uncertainties, we cannot assure you that we have complied or will be able to comply with all applicable foreign exchange circulars and rules, or that we will be able to complete the necessary government registrations or filings on a timely basis, if at all, with respect to future loans by us to our PRC subsidiaries or with respect to future capital contributions by us to our PRC subsidiaries. If we fail to complete such registrations or filings, our ability to contribute additional capital to fund our PRC operations may be negatively affected, which could adversely and materially affect our liquidity and our ability to fund and expand our business. Our retail, wholesale operations, pharmacies and newly acquired hospitals require a number of permits and licenses in order to carry on their business. We are required to obtain certain permits and licenses from various PRC governmental authorities to operate our businesses. We are subject to a number of regulations pertaining to the licensing of our wholesale business, retail pharmacies, and the licensing, conduct and number of medical professionals. We cannot provide any assurance that we can maintain all required licenses, permits and certifications to carry on our business at all times. Moreover, these licenses, permits and certifications are subject to periodic renewal and / or reassessment by the relevant PRC governmental authorities and the standards of such renewal or reassessment may change from time to time. We intend to apply for renewal of these licenses, permits and certifications when required by applicable laws and regulations. Any failure by us to obtain and maintain all licenses, permits and certifications necessary to carry on our business at any time could have a material adverse effect on our business, financial condition and results of operations. In addition, any inability to renew any of these licenses, permits and certifications could severely disrupt our business, and prevent us from continuing to carry on our business. Any changes in the standards used by governmental

authorities in considering whether to renew or reassess our business licenses, permits and certifications, as well as any enactment of new regulations that may restrict the conduct of our business, may also decrease our revenue and / or increase our costs, materially reducing our profitability and prospects. Furthermore, if the interpretation or implementation of existing laws and regulations changes or if new regulations come into effect requiring us to obtain any additional licenses, permits or certifications that were previously not required to operate our existing businesses, we cannot provide assurance that we can successfully obtain such licenses, permits or certifications. **We believe our PRC subsidiaries have obtained all applicable licenses and permits which are material to our business operations in China.** The operations of our hospitals are subject to various laws and regulations at the national and local levels. These laws and regulations mainly relate to the operations of medical institutions and licensing of medical professionals, the use and safety management of pharmaceuticals and medical equipment, the quality and pricing of healthcare services, occupational health and safety as well as environmental protection. In addition, our hospitals are subject to periodic license or permit renewal requirements and inspections by various government agencies and departments at the provincial and municipal level. If we fail to maintain or renew any major license, permit, certificate or approval for all or any of our acquired hospitals, or if the medical professionals in above hospitals become unlicensed at any time during their practices, or if the hospitals are found to be non-compliant with any applicable laws or regulations, we may face penalties, suspension of operations or even revocation of operating licenses, depending on the nature of the findings, any of which could materially and adversely affect our business, financial condition and results of operations. If we do not maintain the privacy and security of sensitive patient, customer and business information, we could damage our reputation, incur substantial additional costs and become subject to litigation ; **We may become subject to cybersecurity review.** The protection of patient, customer, employee, and company data is critical to our businesses. Our hospitals collect and maintain medical data and treatment records of our patients. PRC laws and regulations generally require medical institutions and their medical personnel to protect the privacy of their customers and prohibit unauthorized disclosure of personal information. Such medical institutions and their medical personnel will be liable for damage caused by divulging the customers' private or medical records without consent. We have taken measures to maintain the confidentiality of our customers' medical records, including encrypting such information in our information technology system so that it cannot be viewed without proper authorization and setting internal rules requiring our employees to maintain the confidentiality of our customers' medical records. However, these measures may not always be effective in protecting our customers' medical records. Our information technology systems could be breached through hacking. Personal information could be leaked due to any theft or misuse of personal information due to misconduct or negligence. Failure to protect customers' medical records, or any restriction on or liability as a result of, our use of medical data, could have a material adverse effect on our business. The regulatory environment surrounding information security and privacy is increasingly demanding, with the frequent imposition of new and changing requirements across businesses. Compliance with changes in privacy and information security laws and standards may result in significant expense due to increased investment in technology and the development of new operational processes. If we or those with whom we share information fail to comply with these laws and regulations or experience a data security breach, our reputation could be damaged and we could be subject to additional litigation and regulatory risks. Our security measures may be undermined due to the actions of outside parties, employee error, malfeasance, or otherwise, and, as a result, an unauthorized party may obtain access to our data systems and misappropriate business and personal information. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and may not immediately produce signs of intrusion, we may be unable to anticipate these techniques or to implement adequate preventative measures. Any such breach or unauthorized access could result in significant legal and financial exposure, damage to our reputation, and potentially have an adverse effect on our businesses. Our business involves collecting and retaining certain internal and external data and information including that of our patients, customers and suppliers. The integrity and protection of such information and data are crucial to us and our business. Owners of such data and information expect that we will adequately protect their personal information. We are required by applicable laws to keep strictly confidential the personal information that we collect, and to take adequate security measures to safeguard such information. The PRC Criminal Law, as amended by its Amendment 7 (effective on February 28, 2009) and Amendment 9 (effective on November 1, 2015), prohibits institutions, companies and their employees from selling or otherwise illegally disclosing a citizen's personal information obtained in performing duties or providing services or obtaining such information through theft or other illegal ways. On November 7, 2016, the Standing Committee of the PRC National People's Congress issued the Cyber Security Law of the PRC, or Cyber Security Law, which became effective on June 1, 2017. Pursuant to the Cyber Security Law, network operators must not, without users' consent, collect their personal information, and may only collect users' personal information necessary to provide their services. Providers are also obliged to provide security maintenance for their products and services and shall comply with provisions regarding the protection of personal information as stipulated under the relevant laws and regulations. The Civil Code of the PRC (issued by the PRC National People's Congress on May 28, 2020 and effective from January 1, 2021) provides legal basis for privacy and personal information infringement claims under the Chinese civil laws. PRC regulators, including the Cyberspace Administration of China, the Ministry of Industry and Information Technology, and the Ministry of Public Security, have been increasingly focused on regulation in data security and data protection. **On June 10, 2021, the Standing Committee of the National People's Congress of China, or the SCNPC, promulgated the PRC Data Security Law, which went into effect in September 2021. The PRC Data Security Law imposes data security and privacy obligations on entities and individuals carrying out data activities, and introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, and the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, illegally acquired or used. The PRC Data Security Law also provides for a national security review procedure for data activities that may affect national security and imposes export restrictions on certain data an information.** The PRC regulatory requirements

regarding cybersecurity are evolving. For instance, various regulatory bodies in China, including the Cyberspace Administration of China, the Ministry of Public Security and the State Administration for Market Regulation, have enforced data privacy and protection laws and regulations with varying and evolving standards and interpretations. In April 2020, the Chinese government promulgated Cybersecurity Review Measures, which came into effect on June 1, 2020. According to the Cybersecurity Review Measures, operators of critical information infrastructure must pass a cybersecurity review when purchasing network products and services which do or may affect national security. On December 28, 2021, the Chinese government promulgated Cybersecurity Review Measures, which came into effect on February 15, 2022. According to the Cybersecurity Review Measures, the procurement of any network product or service by an operator of critical information infrastructure or the conducting of data processing activities by a network platform operator, that affects or may affect national security, will be subject to a cybersecurity review ~~under the Measures~~. A network platform operator that possess personal information of more than one million users must apply to the Cybersecurity Review Office set up under the CAC for a cybersecurity review when it seeks to list overseas. **As Moreover, the CAC promulgated the Measures for the Security Assessment of Cross-border Data Transmission, which became effective as of September 1, 2022. According to these measures, personal data processors are subject to security assessment prior to any cross-border transfer of data if the transfer involves (i) important data; (ii) personal information transferred overseas by operators of critical information infrastructure or a data processor that has processed personal data of more than one million persons; (iii) personal information transferred overseas by a data processor who has already provided personal data of 100,000 persons or sensitive personal data of 10,000 persons overseas since January 1 of last year; or (iv) other circumstances as requested by the CAC. Any cross-border data transfer activities conducted in violation of the Measures for the Security Assessment of Cross-border Data Transmission before the effectiveness of these measures are required to be rectified by March 2023. Though these measures have already taken effect, substantial uncertainties still exist with respect to the interpretation and implementation of these measures in practice and how they will affect our business operation. The CAC has taken action against several Chinese internet companies listed on U.S. securities exchanges for alleged national security risks and improper collection and use of the personal information of Chinese data subjects. According to the official announcement, the action was initiated based on the National Security Law of the People's Republic of China (the "National Security Law"), the Cyber Security Law and the Cybersecurity Review Measures. Effective February 15, 2022, the CAC, together with 12 other PRC governmental authorities, promulgated the Revised Cybersecurity Review Measures, pursuant to which critical information infrastructure operators procuring network products and services and online platform operators carrying out data processing activities, which affect or may affect national security, shall conduct a cybersecurity review. In addition, online platform operators possessing personal information of more than one million users seeking to be listed on foreign stock markets must apply for a cybersecurity review. The relevant competent governmental authorities may also initiate a cybersecurity review against the relevant operators if the authorities believe that the network product or service or data processing activities of such operators affect or may affect national security. There are still uncertainties as to the exact scope of network product or service or data processing activities that will or may affect national security, and the PRC government authorities may have discretion in the interpretation and enforcement of these measures. Based on the opinion of our PRC counsel, Chongqing Jinmujinyang (Jiulongpo) Law Firm (a / k / a in English: Chongqing Kingmoon & Kingyang (Jiulongpo) Law Firm), we do not expect that the current PRC laws on cybersecurity or data security will have a material adverse impact on our business operations. However, as** there remains significant uncertainty in the interpretation and enforcement of relevant PRC cybersecurity laws and regulations, we could be subject to cybersecurity review, and if so, we may not be able to pass such review. In addition, we could become subject to enhanced cybersecurity review or investigations launched by PRC regulators in the future. Any failure or delay in the completion of the cybersecurity review procedures or any other non-compliance with the related laws and regulations may result in fines or other penalties, including suspension of business, website closure, removal of our app from the relevant app stores, and revocation of prerequisite licenses, as well as reputational damage or legal proceedings or actions against us, which may have material adverse effect on our business, financial condition or results of operations. As of the date of this ~~report prospectus supplement~~, we have not been involved in any investigations on cybersecurity review initiated by the Cyber Administration of China or related governmental regulatory authorities, and we have not received any inquiry, notice, warning, or sanction in such respect. We believe that we are in compliance with the aforementioned regulations and policies that have been issued by the Cyber Administration of China. **The impact** On June 10, 2021, the Standing Committee of **China** the National People's **regulatory reforms** Congress of China, or the SCNPC, promulgated the PRC Data Security Law, which will take effect in September 2021. The PRC Data Security Law imposes data security and privacy obligations on entities and individuals carrying out data activities, and introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, and the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organizations when such data is **unpredictable** tampered with, destroyed, leaked, illegally acquired or used. The PRC Data Security Law also provides for a national security review procedure for data activities that may affect national security and imposes export restrictions on certain data information. We do not expect that the current PRC laws on cybersecurity or data security will have a material adverse impact on our business operations. However, as uncertainties remain regarding the interpretation and implementation of these laws and regulations, we cannot assure you that we will comply with such regulations in all respects and we may be ordered to rectify or terminate any actions that are deemed illegal by regulatory authorities. We may also become subject to fines and / or other sanctions which may have material adverse effect on our business, operations and financial condition. The regulatory system of Chinese medical service, especially the changes in the field of healthcare reform may have a material adverse effect on the operation and development of our business in the future. New laws and policies are expected to be promulgated. It is uncertain

what impact these new regulations and policies would have on our competitiveness, operations and corporate structure. In recent years, the PRC government launched a new healthcare reform plan to ensure that every citizen has access to affordable basic healthcare services. In pursuit of these policy objectives, the PRC government has implemented extensive regulations and policies to address the affordability, accessibility and quality of healthcare services, medical insurance coverage, distribution of pharmaceutical products and reform of public hospitals. In addition, the PRC government has gradually reduced regulatory hurdles for establishing and investing in private hospitals, in particular by private capital, and encouraged development of hospital management groups. Our business operations and future expansion are largely driven by the PRC government's policies, which may change significantly and are beyond our control. There can be no assurance that the PRC government will not impose additional or stricter laws or regulations on healthcare services or foreign investments, or strengthen and tighten supervision and management of medical institutions including hospitals, in particular, private hospitals, or implement stricter or more comprehensive regulations on the distribution of pharmaceuticals, medical equipment and medical consumables. Depending on the priorities of the PRC government, the political situation and the regulatory regime with respect to foreign investment control at any given time, and the development of the Chinese healthcare system, future regulatory changes may affect public hospital reform, limit private or foreign investments in healthcare service industry, change reimbursement rates for healthcare services provided to publicly insured patients, or implement additional price control on pharmaceuticals or healthcare services. Any of these events could have a material and adverse impact on our business, financial condition, results of operations, prospects and future growth.

**Risks Related to Our Human Capital**—The PRC government's talents and efforts of our employees, particularly our key management, are vital to our success. Our management team has significant oversight over business experience and would be difficult to replace. In addition, institutional knowledge may be lost in any potential managerial transition. We may be unable to retain them or our China-based to attract other highly qualified employees,..... adverse effect on us and our PRC operating subsidiaries—as could result in a material adverse change in their operations and in these—the value of individuals play a significant role in developing and executing our overall Common Stock. Our business plan and maintaining customer relationships and proprietary technology systems. While none of our key personnel is conducted through irreplaceable, the loss of the services of any of these individuals would be disruptive to our business. We believe that our overall future success depends in large part upon our ability to attract and retain highly skilled managerial and marketing personnel. There is no assurance that we will be successful in attracting and retaining such personnel on terms acceptable to the Company or our operating subsidiaries the employee. Inadequate personnel will limit our growth, and will be seen as a detriment to our prospects, leading potentially to a loss in China value for investors. Our labor costs may be adversely affected by competition for staffing, whose the shortage of experienced nurses and labor union activity. Our operations are governed by dependent on the efforts, abilities and..... of operations. Labor laws in the PRC may adversely affect our operations. The Labor Contract Law of the PRC imposes liabilities on employers and significantly impacts the cost of an employer's decision to reduce its workforce. The law requires certain terminations to be based upon..... of these indemnification rights could have an and adverse effect on our business, financial..... growth has been uneven across different regions regulations and among various economic sectors of China. The PRC government has implemented various measures to encourage economic development significant oversight over the conduct of our subsidiaries and guide it regulates and may intervene in the their operations allocation of resources. Our which could result in a material adverse change in the subsidiaries' business operations and or the value of our Common Stock. Also, the PRC government has recently indicated and an revenue growth primarily depend on the size of the healthcare market intent to exert more oversight over offerings that are conducted overseas and: or foreign investment in China - based issuers. Any such action As a result, our revenue and profitability may be negatively affected by changes in national, regional or local economic conditions and consumer confidence in China. External factors beyond our control that affect consumer confidence include unemployment rates, levels of personal disposable income, national, regional or local economic conditions, and acts of war or terrorism. Changes in economic conditions and consumer confidence could significantly limit adversely affect consumer preferences, purchasing power and spending patterns. A decrease in overall consumer spending as a result of changes in economic conditions could adversely affect our or product sales and negatively impact completely hinder our ability to offer our or profitability continue to offer securities to investors. In addition, acts implementation of war industry- wide regulations directly targeting or our terrorism may subsidiaries' operations could cause damage to our facilities, disrupt the supply of the products and services we offer in our stores, or our adversely impact consumer demand securities to significantly decline in value or become worthless. Any of Therefore, investors in our company face potential uncertainty from actions taken by these-- the factors could PRC government affecting the business of our subsidiaries. There are uncertainties regarding the interpretation and enforcement of Chinese laws, rules and regulations. Our Chinese subsidiaries are subject to laws, rules and regulations applicable to foreign investment in China. The Chinese legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value. In 1979, the Chinese government began to promulgate a material adverse comprehensive system of laws, rules and regulations governing economic matters in general. The overall effect on of legislation over the past our four decades has significantly enhanced business, financial condition and results of operations. On March 15, 2019, the National People- protections afforded to various forms of foreign investment in China. However, China's Congress promulgated legal system is still developing. The laws, rules and regulations are subject to interpretation and enforcement by PRC regulatory agencies and courts. In particular, because these laws, rules and regulations are relatively new, because of the limited number of published decisions and the non- precedential nature of such decisions, and because the laws, rules and regulations often give the relevant regulator significant discretion in how to enforce the them, the interpretation and enforcement of these laws, rules and regulations involve uncertainties and can be inconsistent and unpredictable. In addition, the legal system is based in part on government policies and internal rules,

some of which are not published on a timely basis or at all, and which may have a retroactive effect. The regulations in China can change quickly. As a result, we may not be aware of our violation of these policies and rules until after the occurrence of the violation. China's Foreign Investment Law, which and its implementing rule came into effect on force in January 1, 2020. The Foreign Investment Law and its implementing rules embody and replaced the expected regulatory trend to rationalize China's foreign investment regulatory regime in line with prevailing international practice and three-- the existing legislative efforts to unify the legal requirements for both foreign and domestic investments. There are still uncertainties with respect to the interpretation and implementation of the Foreign Investment Law and its implementing rules. For example, the Foreign Investment Law and its implementing rules provide that foreign invested entities established according to the previous laws regulating foreign investment prior to its implementation may maintain their structure and corporate governance for a five- year transition period. It is uncertain whether governmental authorities may require us to adjust the structure and corporate governance of certain of our Chinese subsidiaries in such transition period. Failure to take timely and appropriate measures to meet any of these or similar regulatory requirements could materially affect our current corporate governance practices and business operations and our compliance costs may increase significantly. In addition, the Security Review Rules, effective from January 18, 2021, embody China's continued efforts to provide a legal regime, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign- invested Enterprise Law, together with their implementation rules and ancillary regulations. The existing foreign- invested enterprises, or for FIEs, established prior to the effectiveness of the Foreign Investment Law may keep their corporate forms within five years. The Foreign Investment Law stipulates that China implements the management system of pre- establishment national security review comparable treatment plus a negative list to similar procedures in foreign investment, and the other jurisdictions government generally will not expropriate foreign investment, such as CFIUS review except under certain special circumstances, in the United States which case it will provide fair and reasonable compensation to foreign investors. There Foreign investors are still uncertainties barred from investing in prohibited industries on the negative list and must comply with the specified requirements when investing in restricted industries on such list. On December 26, 2019, the State Council promulgated the Implementing Regulations of the Foreign Investment Law, which came into effect on January 1, 2020 and further requires that FIEs and domestic enterprises be treated equally with respect to policy making and the interpretation, implementation and enforcement of the Security Review Rules. Foreign Investment Law, "foreign investment" means any foreign investor's direct or For example indirect investment in the PRC, national security remains undefined including: (i) establishing FIEs in the PRC either individually or jointly with other investors; (ii) obtaining stock shares, stock equity, property shares, other similar interests in Chinese domestic enterprises; (iii) investing in new project in the PRC either individually or jointly with other investors; and (iv) making investment through other means provided by laws, administrative regulations or State Council provisions. Although the Foreign Investment Law does not explicitly classify the contractual arrangements, as a form of foreign investment, it contains a catch- all provision under the definition of "foreign investment," which includes investments made by foreign investors in China through other means stipulated by laws or administrative regulations or other methods prescribed by the State Council without elaboration on the meaning of "other means." However, the Implementing Regulations of the Foreign Investment Law still does not specify whether foreign investment includes contractual arrangements. It is possible that future laws, administrative regulations or provisions prescribed by the State Council may regard contractual arrangements as a form of foreign investment, at which time it will be uncertain whether the contractual arrangements will be deemed to be in violation of the foreign investment access requirements and how the above- mentioned contractual arrangements will be handled. Therefore, there is no guarantee clear guidance on whether the biotechnology industry requires security review and what factors the regulatory authority may consider in determining whether there are security concerns. It is difficult to evaluate the impact of the Security Review Rules on our existing investments or potential investments in China. It may be difficult for overseas regulators to conduct investigations or collect evidence within China. In China, there are significant legal and other obstacles to providing information needed for regulatory investigations or litigations initiated outside China. According to Article 177 of the PRC Securities Law, which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the PRC territory. According to the Revised Confidentiality and Archives Administration Provisions, where overseas securities regulators or relevant competent authorities request to inspect, investigate or collect evidence from Chinese domestic companies concerning their overseas offering and listing or their securities firms and securities service providers that undertake securities the contractual arrangements and the business of for such Chinese domestic companies, such inspection, investigation and evidence collection must be conducted under the cross- border regulatory cooperation mechanism, and the CSRC our- or affiliated entities- competent authorities of the Chinese government will provide necessary assistance pursuant to bilateral and multilateral cooperation mechanism. Although the authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross- border supervision and administration, such cooperation with the securities regulatory authorities in the United States may not be efficient in the absence of a mutual and practical cooperation mechanism. While detailed interpretation of or implementation rules under Article 177 have yet to be promulgated, the inability for an overseas securities regulator to directly conduct investigations or evidence collection activities within China may further increase the difficulties you face in protecting your interests. For risks associated with investing in us as a Cayman Islands company, see also " — Risks Related to Our Ordinary Shares, ADSs, and RMB Shares — We are a Cayman Islands company. Because judicial precedent regarding the rights of shareholders is more limited under Cayman Islands law than under Hong Kong law, Chinese law or U. S. law, our shareholders may have fewer shareholder rights than they would have under Hong Kong law, Chinese law or U. S. law and may face difficulties

in protecting their interests.” Any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. Since administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. These uncertainties may impede our ability to enforce the contracts we have entered and could materially and adversely affect our business, financial condition and results of operations. In addition, the PRC government has announced its plans to enhance its regulatory oversight of China-based companies listed overseas and cross-border law enforcement cooperation. The Securities Opinions called for: • tightening oversight of data security, cross-border data flow and administration of classified information, as well as amendments to relevant regulation to specify responsibilities of overseas listed China-based companies with respect to data security and information security; • enhanced oversight of overseas listed companies as well as overseas equity fundraising and listing by China-based companies; and • extraterritorial application of China’s securities laws. There are great uncertainties with respect to the interpretation and implementation of the Securities Opinions and the newly promulgated Overseas Listing Trial Measures. The PRC government may promulgate relevant laws, rules and regulations to impose additional and significant obligations and liabilities on overseas listed China-based companies regarding data security, cross-border data flow, and compliance with China’s securities laws. As a company with operations in China and stock listings in and outside of China, it is uncertain whether or how these laws, rules and regulations and their interpretation and implementation may affect us. However, among other things, our ability to obtain external financing through the issuance of equity securities overseas could be adversely affected if restrictions on overseas fundraising are imposed on companies like us. The PRC government may intervene or influence our subsidiaries’ business operations at any time, which could result in a material change in the their future due-business operations or the value of our investment in such subsidiaries. We do not conduct any business operations. our business operations are conducted through our subsidiaries in the PRC, which subject our subsidiaries and us to certain laws and regulations in China. The Chinese government has exercised and continues to exercise substantial control over virtually every sector of the Chinese economy through regulation and state ownership. Our ability to operate in China may be harmed by changes in its the PRC-laws and regulations . Furthermore, if future laws, administrative-including those relating to taxation, environmental regulations , land use rights, property and other matters. The central or provisions prescribed-local governments of these jurisdictions may impose new, stricter regulations or interpretations of existing regulations These regulations may be interpreted and applied inconsistently by the State Council mandate further actions different agencies or authorities. We may incur increased costs necessary to comply be completed by companies with existing contractual arrangements, we may face substantial uncertainties as-and newly adopted laws and regulations or penalties for any failure to comply, and the timely completion of such compliance or any associated inquiries or investigations or any other government actions .In the extreme case scenario, we may be : • delay or impede our development; • result in negative publicity or increase our operating costs: • required- require significant management time and attention: and • subject us and our subsidiaries to unwind remedies, administrative penalties and even criminal liabilities that may harm our subsidiaries’ business, including fines assessed for our current or historical operations. or demands or orders that the-they modify contractual arrangements and /or dispose of our- or VIE-even cease their business practices. Government actions in the future, including any decision not to continue to support recent economic reforms and affiliated to return to a more centrally planned economy or regional or local variations in the implementation of economic policies , which-could have a significant material and adverse effect on economic conditions in China our- or particular regions thereof. and could require us to divest ourselves of any interest we then hold in our Chinese subsidiaries. We have limited business insurance coverage , financial conditions and results of operations. Our shares may be delisted under the Holding Foreign Companies Accountable Act (“ HFCAA ”) if the PCAOB is unable to inspect our auditors for three consecutive years beginning in 2021. If the bill passed by the U. S. Senate on June 22, 2021 is passed by the U. S. House of Representatives and signed into law, this would reduce the number of consecutive non- inspection years required for triggering the prohibitions under the HFCAA from three years to two. The delisting of our shares, or the threat of their being delisted, may materially and adversely affect the value of your investment. The HFCAA, was enacted on December 18, 2020. The HFCAA states if the SEC determines that a company has filed audit reports issued by a registered public accounting firm that has not been subject to inspection by the PCAOB for three consecutive years beginning in 2021, the SEC shall prohibit such shares from being traded on a national securities exchange or in the over the counter trading market in the U. S. On June 22, 2021, the U. S. Senate passed a bill which, if passed by the U. S. House of Representatives and signed into law, would reduce the number of consecutive non- inspection years required for triggering the prohibitions under the HFCAA from three years to two. The lack of access to the PCAOB inspection in China prevents the PCAOB from fully evaluating audits and quality control procedures of the auditors based in China. As a result, the investors may be deprived of the benefits of such PCAOB inspections. The inability of the PCAOB to conduct inspections of auditors in China makes it more difficult to evaluate the effectiveness of these accounting firms’ audit procedures or quality control procedures as compared to auditors outside of China that are subject to the PCAOB inspections, which could cause existing and potential investors in our stock to lose confidence in our audit procedures and reported financial information and the quality of our financial statements. On March 24, 2021, the SEC adopted interim final rules relating to the implementation of certain disclosure and documentation requirements of the HFCAA. A company will be required to comply with these rules if the SEC identifies it as having a “ non- inspection ” year under a process to be subsequently established by the SEC. The SEC began to assess how to implement other requirements of the HFCAA, including the listing and trading prohibition requirements described above. On December 2, 2021, the SEC adopted amendments to finalize rules implementing the submission and disclosure requirements in the HFCAA. On December 16, 2021, the PCAOB

issued a report on its determinations that the Board is unable to inspect or investigate completely PCAOB-registered public accounting firms headquartered in mainland China and in Hong Kong because of positions taken by PRC authorities in those jurisdictions. The Board made these determinations pursuant to PCAOB Rule 6100, which provides a framework for how the PCAOB fulfils its responsibilities under the HFCAA. The rules apply to registrants the SEC identifies as having filed an annual report with an audit report issued by a registered public accounting firm that is located in a foreign jurisdiction and that the PCAOB is unable to inspect or investigate (“Commission-Identified Issuers”). The final amendments require Commission-Identified Issuers to submit documentation to the SEC establishing that, if true, it is not owned or controlled by a governmental entity in the public accounting firm’s foreign jurisdiction. The amendments also require that a Commission-Identified Issuer that is a “foreign issuer,” as defined in Exchange Act Rule 3b-4, provide certain additional disclosures in its annual report for itself and any of its consolidated foreign operating entities. Further, the release provides notice regarding the procedures the SEC has established to identify issuers and to impose trading prohibitions on the securities of certain Commission-Identified Issuers, as required by the HFCAA. The SEC has begun to identify Commission-Identified Issuers, who will be required to comply with the submission and disclosure requirements in the annual report for each year in which they were identified. Our auditor, Audit Alliance LLP, is an independent registered public accounting firm with the PCAOB, and as an auditor of publicly traded companies in the U. S., is subject to laws in the U. S. pursuant to which the PCAOB conducts regular inspections to assess its compliance with the applicable professional standards. On December 16, 2021, the PCAOB issued its determination that the PCAOB is unable to inspect or investigate completely PCAOB-registered public accounting firms headquartered in mainland China and in Hong Kong, because of positions taken by PRC authorities in those jurisdictions, and the PCAOB included in the report of its determination a list of the accounting firms that are headquartered in the PRC or Hong Kong. Audit Alliance LLP is based in Singapore and is not included this list. However, given the recent developments, we cannot assure you whether NASDAQ or regulatory authorities would apply additional and more stringent criteria to us after considering the effectiveness of our auditor’s audit procedures and quality control procedures, adequacy of personnel and training, or sufficiency of resources, geographic reach or experience as it relates to the audit of our financial statements. The SEC may propose additional rules or guidance that could impact us if our auditor is not subject to PCAOB inspection. Such uncertainty could cause the market price of our shares to be materially and adversely affected, and our securities could be delisted or prohibited from being traded on the national securities exchange earlier than would be required by the HFCAA. If our shares of Common Stock are unable to be listed on another securities exchange by then, such a delisting would substantially impair your ability to sell or purchase our shares when you wish to do so, and the risk and uncertainty associated with a potential delisting would have a negative impact on the price of our shares. The SEC may propose additional rules or guidance that could impact us if our auditor is not subject to PCAOB inspection. For example, on August 6, 2020, the President’s Working Group on Financial Markets, or the PWG, issued the Report on Protecting United States Investors from Significant Risks from Chinese Companies to the then President of the United States. This report recommended the SEC implement five recommendations to address companies from jurisdictions that do not provide the PCAOB with sufficient access to fulfil its statutory mandate. Some of the concepts of these recommendations were implemented with the enactment of the HFCA Act. However, some of the recommendations were more stringent than the HFCA Act. For example, if a company’s auditor was not subject to PCAOB inspection, the report recommended that the transition period before a company would be delisted would end on January 1, 2022. The SEC had announced that the SEC staff was preparing a consolidated proposal for the rules regarding the implementation of the HFCA Act and to address the recommendations in the PWG report. The implications of possible additional regulation in addition to the requirements of the HFCA Act and what was recently adopted on December 2, 2021 are uncertain. Such uncertainty could cause the market price of our shares to be materially and adversely affected, and our securities could be delisted or prohibited from being traded on the national securities exchange earlier than would be required by the HFCAA. If our shares are unable to be listed on another securities exchange by then, such a delisting would substantially impair your ability to sell or purchase our shares when you wish to do so, and the risk and uncertainty associated with a potential delisting would have a negative impact on the price of our shares. The insurance industry in China is still at an early stage of development. Insurance companies in China offer limited business insurance products. As a result, we do not have any business liability or disruption insurance coverage for our operations in China. Any business disruption, litigation or natural disaster might result in substantial costs and diversion of resources. **Because our funds are held in banks in the PRC that do not provide insurance, the failure of any bank in which we deposit our funds could affect our ability to continue in business.** Banks and other financial institutions in the PRC do not provide insurance for funds held on deposit. A portion of our assets are in the form of cash deposited with banks in the PRC, and in the event of a bank failure, we may not have access to our funds on deposit. Depending upon the amount of money we maintain in a bank that fails, our inability to have access to our cash could impair our operations, and, if we are not able to access funds to pay our suppliers, employees and other creditors, we may be unable to continue in business. **We may suffer currency exchange losses if the RMB depreciates relative to the US Dollar.** Our reporting currency is the US dollar. However, substantially all of our revenues are denominated in RMB. In July 2005, China changed its exchange rate regime by establishing a managed floating exchange rate regime based on market supply and demand with reference to a basket of currencies. The RMB is no longer officially pegged to the US dollar, and the exchange rate will have some flexibility. Despite fluctuations in the exchange rate in 2020, the floating exchange rate regime has remained stable. If the RMB depreciates relative to the US dollar, our revenues as expressed in our US dollar financial statements will decline in value and if the RMB appreciates relative to the US dollar, our revenues as expressed in our US dollar financial statements will increase in value. There are very limited hedging transactions available in China to reduce our exposure to exchange rate fluctuations. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to successfully hedge our exposure, if at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert RMB into US dollars. Governmental control



of currency conversion may affect the value of your investment. The PRC government imposes controls on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currency out of China. We receive all our revenues in RMB. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade related transactions, can be made in foreign currencies without prior approval from the Chinese State Administration of Foreign Exchange (“SAFE”) by complying with certain procedural requirements. However, approval from SAFE or its local branch is required where RMB is to be converted into foreign currency and can be remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. **The Chinese government has strengthened the regulation of investments made by Chinese residents in offshore companies and reinvestments in China made by these offshore companies. Our business may be adversely affected by these restrictions.** The SAFE has adopted certain regulations that require registration with, and approval from, Chinese government authorities in connection with direct or indirect control of an offshore entity by Chinese residents. The term “control” under SAFE regulation is broadly defined as the operation rights, beneficiary rights or decision-making rights acquired by PRC residents in the offshore special purpose vehicles or PRC companies by means of acquisition, trust, proxy, voting rights, repurchase, convertible bonds or other arrangements. The SAFE regulations retroactively require registration of investments in non-Chinese companies previously made by Chinese residents. In particular, the SAFE regulations require Chinese residents to file with SAFE information about offshore companies in which they have directly or indirectly invested and to make follow-up filings in connection with certain material transactions involving such offshore companies, such as mergers, acquisitions, capital increases and decreases, external equity investments or equity transfers. In addition, Chinese residents must obtain approval from SAFE before they transfer domestic assets or equity interests in exchange for equity or other property rights in an offshore company. A newly established enterprise in China which receives foreign investments is also required to provide detailed information about its controlling shareholders and to certify whether it is directly or indirectly controlled by a domestic entity or resident. In the event that a Chinese shareholder with a direct or indirect stake in an offshore parent company fails to make the requisite SAFE registration, the Chinese subsidiaries of such offshore parent company may be prohibited from making distributions of profit to the offshore parent and from paying the offshore parent proceeds from any reduction in capital, share transfer or liquidation in respect of the Chinese subsidiaries. Further, failure to comply with the various SAFE registration requirements described above can result in liability under Chinese law for foreign exchange evasion. These regulations may have a significant impact on our present and future structuring and investment. We have requested our shareholders who to our knowledge are PRC residents to make the necessary applications, filings and amendments as required under these regulations. We intend to take all necessary measures to ensure that all required applications and filings will be duly made and all other requirements will be met. We further intend to structure and execute our future offshore acquisitions in a manner consistent with these regulations and any other relevant legislation. However, because it is presently uncertain how the SAFE regulations, and any future legislation concerning offshore or cross-border transactions, will be interpreted and implemented by the relevant government authorities in connection with our future offshore financing or acquisitions, we cannot provide any assurances that we will be able to comply with, qualify under, or obtain any approvals required by the regulations or other legislation. Furthermore, we cannot assure you that any PRC shareholders of our company or any PRC company into which we invest will be able to comply with those requirements. The inability of our company or any PRC shareholder to secure required approvals or registrations in connection with our future offshore financings or acquisitions may subject us to legal sanctions, restrict our ability to pay dividends from our Chinese subsidiaries to our offshore holding company, and restrict our overseas or cross-border investment activities or affect our ownership structure. **Labor laws in the PRC may adversely affect our operations. The Labor Contract Law of the PRC imposes liabilities on employers and significantly impacts the cost of an employer’s decision to reduce its workforce.** The law requires certain terminations to be based upon seniority and not merit. In the event we decide to significantly change or decrease our workforce, this law could adversely affect our ability to enact such changes in a manner that is most advantageous to our business or in a timely and cost-effective manner, thus materially and adversely affecting our financial condition and results of operations. ~~The Delaware General Corporation law and our bylaws provide for the indemnification of our directors, officers, employees, and agents, under certain circumstances, against costs and expenses incurred by them in any litigation to which they~~ **The PRC may establish complex procedures for some acquisitions of Chinese companies by foreign investors** legal system is a civil law system based on written statutes. Unlike common law systems, **which could make it more** is a system in which decided legal cases have little precedential value. In 1979, the PRC Government began to promulgate a comprehensive system of laws and regulations governing economic matters in general. The overall effect of legislation over the past 40 years has significantly enhanced the protections afforded to various forms of foreign investment in mainland China. Our PRC operating subsidiaries are all subject to laws and regulations applicable to foreign investment in the PRC in general and laws and regulations applicable to foreign invested companies in particular. It may be difficult to enforce any civil judgments against us or our board of directors or officers because all of our operating and/or fixed assets are located outside of the United States. Although we are incorporated in the State of Delaware, all of our operating and fixed assets are located in the PRC. As a result, it may be difficult for investors to enforce judgments outside the United States obtained in actions brought against us in the United States, including actions predicated upon the civil liability provisions of the federal securities laws of the United States or of the securities laws of any state of the United States. In addition, our directors and officers (principally based in the PRC) and all or a substantial portion of their assets are located outside the United States. As a result, it may not be possible for investors to **pursue growth through acquisitions** effect service of process within the **United.....) Flu or COVID- 19, in China**, where all of our operations are located and where all of our sales occur. Such an outbreak, will have a negative effect on our operations. Such an outbreak will have an impact on our operations as a result of: ● quarantines or closures of our facilities, which will severely disrupt our operations, ● the sickness or death of our key officers

and employees, and ● a general slowdown in the Chinese economy. In light of the uncertain and rapidly evolving situation relating to the spread of the coronavirus (COVID-19), we have taken precautionary measures intended to help minimize the risk of the virus to our employees, our customers, and the communities in which we participate, which could negatively impact our business. As the COVID-19 epidemic has continued to impact the cities in which we do business, we are still making alternative working arrangements, including requiring all of our non-medical services employees to work remotely, and we have suspended all non-essential travel for our employees and are limiting in-person work-related meetings. For the medical services segment, if and when there is a lockdown due to the COVID-19 epidemic, our private hospitals have to close temporarily, suspending the operations. Any of the foregoing events or other unforeseen consequences of public health problems will adversely affect our operations. PRC regulations and rules concerning mergers and acquisitions including the Rules on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the M & A Rules, and other recently adopted regulations and rules with respect to mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time consuming and complex. For example, the M & A Rules require that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise, if (i) any important industry is concerned, (ii) such transaction involves factors that have or may have impact on the national economic security, or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand. Moreover, according to the Anti-Monopoly Law of PRC promulgated on August 30, 2007 and the Provisions of the State Council on the Threshold of Filings for Undertaking Concentrations, or the Prior Notification Rules issued by the State Council in August 2008 and amended on September 2018, the concentration of business undertakings by way of mergers, acquisitions or contractual arrangements that allow one market player to take control of or to exert decisive impact on another market player must also be notified in advance to the MOFCOM when the threshold is crossed and such concentration shall not be implemented without the clearance of prior notification. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time consuming, and any required approval processes, including obtaining approval from the MOFCOM or its local counterparts may delay or inhibit our ability to complete such transactions. We believe that our business is not in an industry that raises “national defense and security” or “national security” concerns. However, the MOFCOM or other government agencies may publish explanations in the future determining that our business is in an industry subject to the security review, in which case our future acquisitions in the PRC, may be closely scrutinized or prohibited. Our ability to expand our business or maintain or expand our market share through future acquisitions would as such be materially and adversely affected. **Risks Related to Our Company’s Common Stock effect** service of process within the United States upon those directors and officers, or to enforce against them or us judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States or of the securities laws of any state of the United States. We have been advised by our PRC counsel, Chongqing Jinnujinyang (Jiulongpo) Law Firm (a / k / a in English: Chongqing Kingmoon & Kingyang (Jiulongpo) Law Firm), that, in their opinion, there is doubt as to the enforceability in the PRC, in original actions or in actions for enforcement of judgments of United States courts, of civil liabilities predicated solely upon the federal securities laws of the United States or the securities laws of any state of the United States. **Because our assets are located overseas, shareholders may not receive distributions that they would otherwise be entitled to if we were declared bankrupt or insolvent.** Because all of our assets are located in the PRC, they may be outside of the jurisdiction of U.S. courts to administer if we are the subject of an insolvency or bankruptcy proceeding. As a result, if we declared bankruptcy or insolvency, our shareholders may not receive the distributions on liquidation that they would otherwise be entitled to if our assets were to be located within the U.S., under U.S. Bankruptcy law. **Our operations in the PRC may be affected by the spread of public health problems including a renewed outbreak of SARS, Avian Flu or another widespread public health problem, such as the spread of H1N1 (“Swine”) Flu or COVID-19.** We believe that we will need to raise additional capital to fund our ongoing operations, repay our debt and fund future acquisitions. To the extent that we raise additional capital through the sale of equity or convertible debt, our shareholders’ ownership interest will be diluted. The trading volume of our Common Stock has fluctuated from time to time, which may make it difficult for investors to sell their shares at times and prices that investors feel are appropriate. To date, the trading volume of our Common Stock has fluctuated, sometimes significantly. Generally, lower trading volumes adversely affect the liquidity of our Common Stock, not only in terms of the number of shares that can be bought and sold at a given price, but also through delays in the timing of transactions and reduction in security analysts’ and the media’s coverage of us. This may result in lower prices for our Common Stock than might otherwise be obtained and could also result in a larger spread between the bid and asked prices for our Common Stock. **The Nasdaq Capital Market imposes listing standards on our Common Stock that we may not be able to fulfill, thereby leading to a possible delisting of our Common Stock.** As a listed Nasdaq Capital Market company, we are subject to rules covering, among other things, certain major corporate transactions, the composition of our Board of Directors and committees thereof, minimum bid price of our Common Stock and minimum stockholders equity. In order to comply with the minimum bid price rule, we recently adopted a one share 1- for five- 5 reverse split effective as of February 3, 2022 and a 1- for- 10 share reverse -split effective as of December 9, 2022. The failure to meet the Nasdaq Capital Market requirements may result in the de- listing of our Common Stock from the Nasdaq Capital Market, which could adversely affect the liquidity and market price thereof. If our Common Stock were to be de- listed, selling shares of our Common Stock could be more difficult because smaller quantities of shares would likely be bought and sold, transactions could be delayed, and security analysts’ coverage of us may be reduced. In addition, in the event our Common Stock is de- listed, broker- dealers have certain regulatory requirements imposed upon them, which may discourage broker- dealers from effecting transactions in our Common Stock, further limiting the liquidity thereof. These factors could result in lower prices for shares of our Common Stock and / or limit an investor’ s ability to execute a transaction. In addition, delisting

from NASDAQ could also greatly impair our ability to raise additional necessary capital through equity or debt financing, and could lead to significant dilution to our stockholders caused by our issuing equity in financing or other transactions at a price per share significantly below the then market price. ~~We believe that period-to-period comparisons of our financial results will not necessarily be indicative of our future performance. The price for our Common Stock may fluctuate in response to a number of events and factors, such as quarterly variations in operating results, announcements of technological innovations or new products and media reports by us or our competitors, changes in financial estimates and recommendations by securities analysts, the operating and stock price performance of other companies that investors may deem comparable to us, and news reports relating to trends in our markets or general economic conditions. The volatile price of our stock makes it difficult for investors to predict the value of our investment, to sell shares at a profit at any given time, or to plan purchases and sales in advance. In addition, the stock market in general has experienced extreme price and volume fluctuations that may have been unrelated and disproportionate to the operating performance of individual companies. These broad market and industry factors may seriously harm the market price of our Common Stock, regardless of our operating performance.~~ Because we have not paid dividends and have no present intention of paying dividends, investors will not realize any income from an investment in our Common Stock unless and until investors sell their shares at profit. We have never paid any dividends on our Common Stock and do not anticipate paying any dividends in the near future. Investors will only realize income on an investment in our stock in the event they sell or otherwise dispose of their shares at a price higher than the price they paid for their shares. Such a gain would result only from an increase in the market price of our Common Stock, which is uncertain and unpredictable. The payment of any future dividends will be at the discretion of the Board of Directors and will depend upon a number of factors, including future earnings, the success of our business activities, general financial condition, future prospects, general business conditions and such other factors as our Board of Directors may deem relevant.