CHINA'S DENTAL SERVICE MARKET

INDEPENDENT MARKET STUDY

Confidential for

Project Vanguard

Frost & Sullivan

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For and on behalf of
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.

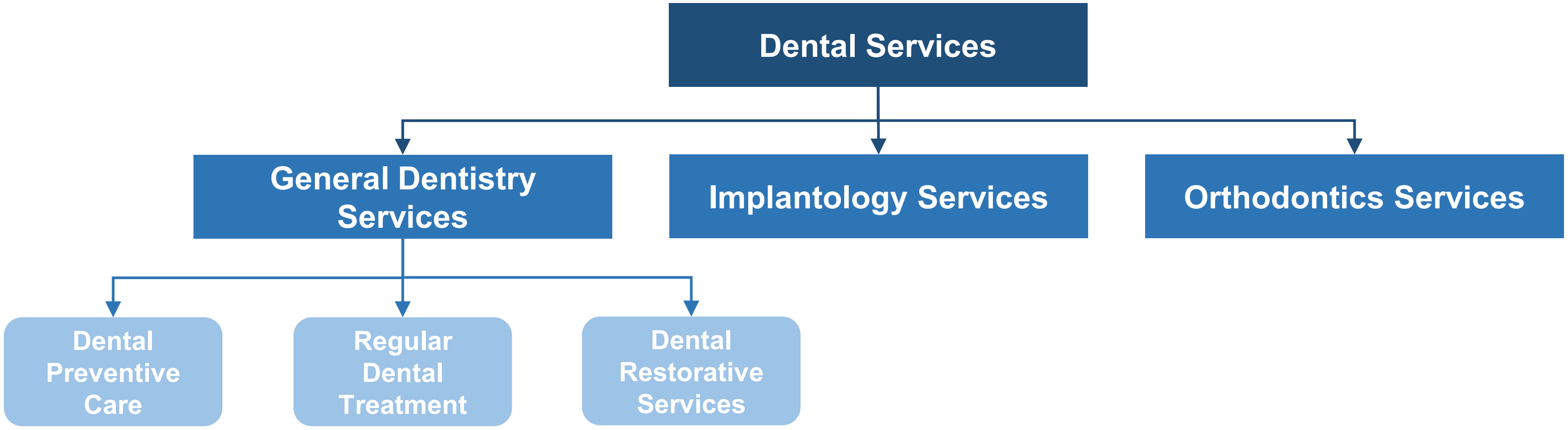
Name: Terry Tse
Title: Consulting Director

Content

Overview of Dental Services Market in China

- Dental services refer to the services provided by dental services providers to maintain oral health, which primarily includes (i) general dentistry services, (ii) implantology services, and (iii) orthodontics services.
    - ***General dentistry services.*** General dentistry services typically cover dental preventive care, regular dental treatment and dental restorative services. Dental preventive care typically includes teeth cleaning, soft tissue examination and screening for dental diseases or potential issues. Regular dental treatment mainly focuses on the examination, diagnosis, and treatment of disorders of the orofacial region, including teeth filling, root canal treatment, among others. Dental restorative services focus on restoring the function, integrity and morphology of missing tooth structure, primarily including repairing damaged teeth by dental crown or removable denture.
    - ***Implantology services.*** Implantology services mainly deal with the permanent implantation of dental prostheses in the bone tissue when it is determined that a natural tooth must be extracted. Implantology services have become a more durable option for customers who need teeth replacement as it would not slip, make noise or cause bone damage that dentures may cause.
    - ***Orthodontics services.*** Orthodontics services mainly focus on preventing, diagnosing and treating malocclusions as well as skeletal abnormalities of developing or mature orofacial structures by different types of dental braces. Orthodontics services aim to address misalignment of teeth as well as asymmetric jaw relationships.

Classification of Dental Services



Source: Frost & Sullivan Analysis

Analysis of China's Dental Service Market

Comparison of Dental Service Institutions in China

- Dental institutions are the main participants of the dental services market in China. By nature as specified in Medical Institution Practicing Licenses, dental institutions are generally categorized into dental hospitals, dental out-patient departments and dental clinics. The following table sets forth major differences among these three types of dental institutions under the applicable regulatory requirements and standards:

	Dental hospitals*	Dental out-patient departments	Dental clinics
Dental chairs	• 20 to 59 dental chairs • 15 to 49 beds	• ≥ 4 dental chairs	• ≥ 1 dental chair
Departments	• Clinical departments: at least have oral medicine, oral and maxillofacial surgery, prosthodontics, preventive dentistry, and an oral emergency room; • Medical technical departments: at least have departments of: pharmacy, laboratory, radiology, sterilization supply room and medical records room	• No departmental divisions. Carrying out diagnostic and treatment in oral medicine, oral surgery, and prosthodontics • Designate personnel to manage pharmaceuticals, laboratory testing (if no arrangement by testing center), radiology and sterilization supply	• No departmental divisions.
Medical professionals	• ≥ 1.03 medical professionals per dental chair; ≥ 2 dentists at the level of associate-chief dentist or above; ≥ 1 dentist in each department; ratio of dentists to nursing staff ≥ 1:1.5; ratio of prosthodontists to technicians shall be 1:1	• ≥1.03 medical professionals per dental chair; ≥2 dentists with one at the level of attending dentist or above; for dental out-patient departments with more than 4 dental chairs, • ≥1 additional dentist for every 4 additional dental chairs; ratio of dentists to nursing staff ≥ 1:1	• ≥1 dentist with at least five-year practicing experience; ≥ 1 additional dentist for every 2 additional dental chairs; for dental clinics with more than 4 dental chairs, • ≥1 dentist at the level of attending dentist or above
Scale	• An area of ≥ 30 sq.m. per dental chair; a net usable area of ≥ 6 sq.m. per dental chair in treatment room	• An area of ≥ 30 sq.m. per dental chair; a net usable area of ≥ 6 sq.m. per dental chair in treatment room	• For dental clinics with 1 dental chair, ≥30 sq.m.; for dental clinics with more than 2 dental chairs, an area of ≥ 25 sq.m. per dental chair; a net usable area of ≥ 9 sq.m. per dental chair in treatment room

Note: * Representing the major regulatory requirements and standards for Class II dental hospitals. Class III dental hospitals are generally subject to higher requirements and standards under the applicable laws and regulations in China, primarily including greater number of dental chairs and beds (≥ 60 dental chairs and ≥ 50 beds), larger operational scale (an area of ≥ 40 sq.m. per dental chair and an area of ≥ 60 sq.m. per bed) and more comprehensive range of departments with senior level dentist requirements.
Under the applicable PRC laws and regulations, obtaining the classification is not a compulsory requirement for dental institutions. In practice, relevant government authorities in certain areas, such as Hubei and Hunan provinces, also permit unclassified dental hospitals (not yet assigned an official tier) to commence operations. Chenzhou Hospital obtained the Medical Institution Practicing License in April 2022 and became qualified as a dental hospital under the applicable local laws and regulations. According to the Medical Institution Practicing License of Chenzhou Hospital, it had 20 dental chairs and 6 dental beds, significantly exceeding the standard requirements for dental out-patient departments. We expect to apply for the classification for such dental hospital in the future based on our actual business needs.

Source: Frost & Sullivan Analysis

Analysis of China's Dental Service Market

Comparison of Dental Service Institutions in China

- The following table sets forth a comparison of public dental institutions and our private dental institutions.

Type of institutions	Public dental institutions*	Our private dental institutions
Pricing standards	• Government-guided pricing without adjustment flexibility	• Market-oriented pricing with differentiated packages
Service scopes	• Comprehensive treatment for dental diseases, including complex diseases and in-patient services	• Daily dental care and treatment for common dental diseases, implantology services, orthodontics services, pediatric dentistry, etc.
Service experience	• Longer waiting time for registration, treatment and payment	• Seamless, convenient and customized service experiences in a comfortable environment with personalized care
Comparative advantages	• Experienced in handling complex cases and rich expert resources	• Customer-centric services, advanced medical equipment and organized allocation of resources under direct chain model

Note: * Including both dental departments of public general hospitals and public dental hospitals.

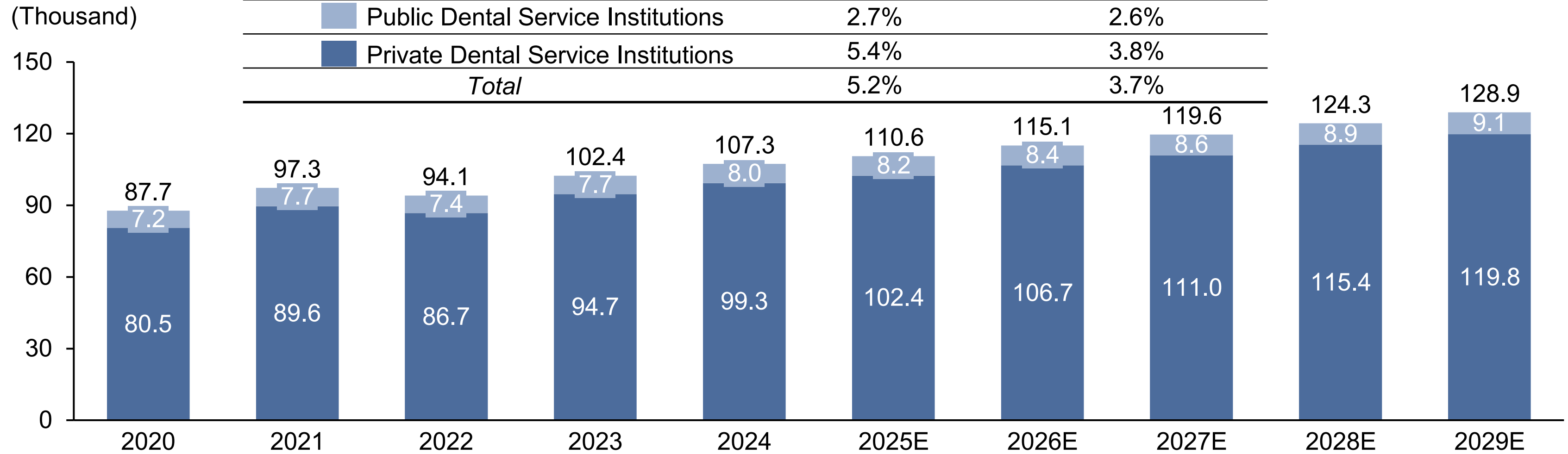
Source: Frost & Sullivan Analysis

Analysis of China's Dental Service Market

Number of Dental Service Institutions in China

Number of Dental Institutions in China, 2020 – 2029E

Number	*CAGR (2020-2024)*	*CAGR (2024-2029E)*
Public Dental Service Institutions	2.7%	2.6%
Private Dental Service Institutions	5.4%	3.8%
Total	5.2%	3.7%



- With the increasing prevalence of dental diseases as well as the rising awareness of dental care, the number of dental institutions in China is expected to increase at a CAGR of 3.7% from 107.3 thousand as of December 31, 2024 to 128.9 thousand as of December 31, 2029, among which the number of private dental institutions is expected to increase at a CAGR of 3.8% from 99.3 thousand as of December 31, 2024 to 119.8 thousand as of December 31, 2029, while the number of public dental institutions is expected to increase at a CAGR of 2.6% from 8.0 thousand as of December 31, 2024 to 9.1 thousand as of December 31, 2029. From 2024 to 2029, private dental institutions are expected to maintain a significant presence in China, comprising over 92% of the total number of dental institutions nationwide. The following diagram sets forth the historical and forecasted number of dental institutions in China from 2020 to 2029.
- Customers generally pay dental institutions through online payments via third-party platforms, cash or bank cards. Besides, customers can choose to rely on public medical insurance programs to pay expenses at Medical Insurance Designated Medical Institutions. For private dental institutions in China, settlements under the public medical insurance programs generally accounts for less than 15% of their total settlement amount. In Hubei and Hunan provinces, over 80% of the general dentistry services and substantially all of the implantology and orthodontics services are not covered by the public medical insurance programs.
- In recent years, the PRC government has been expanding public medical insurance programs to improve the accessibility of medical services and reduce the financial burden on patients. As of the Latest Practicable Date, in the private dental services market in China, the number of private and public Medical Insurance Designated Medical Institutions reached approximately 32.0 thousand and 8.0 thousand, respectively.

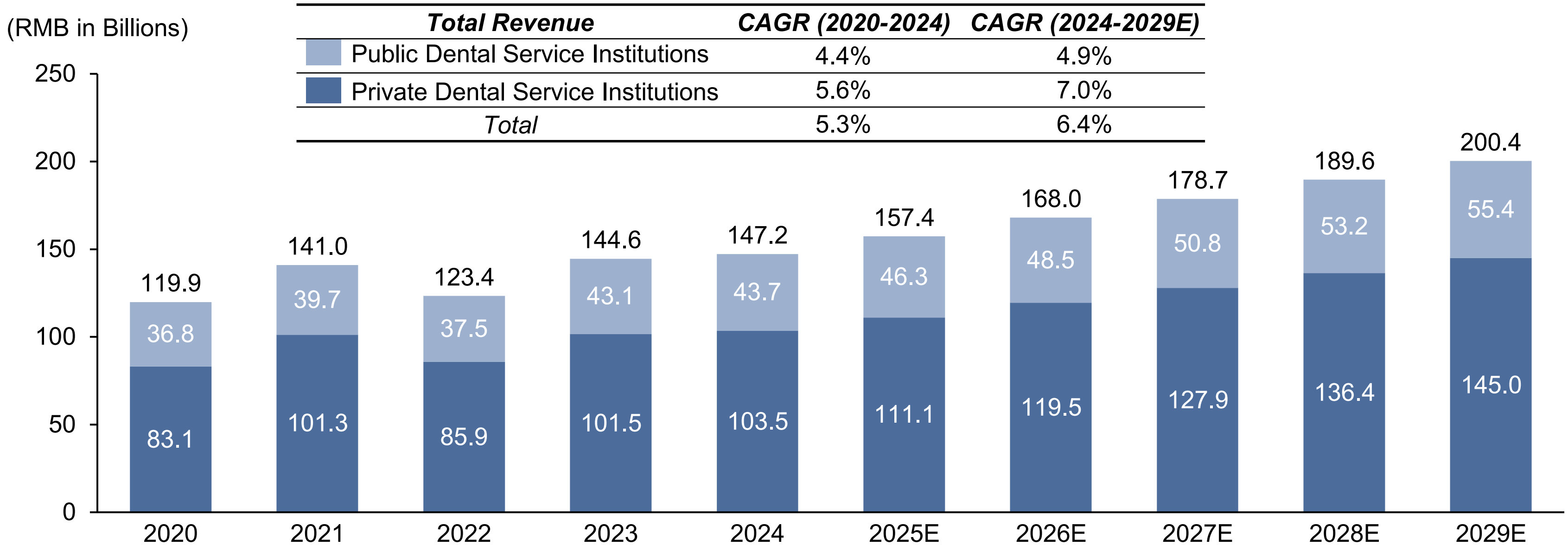
Source: Frost & Sullivan Analysis

Analysis of China's Dental Service Market

Market Size of Dental Services Market in China

Market Size of Dental Services Market in China, 2020 – 2029E

Total Revenue	*CAGR (2020-2024)*	*CAGR (2024-2029E)*
Public Dental Service Institutions	4.4%	4.9%
Private Dental Service Institutions	5.6%	7.0%
Total	5.3%	6.4%



- The market size of the dental services market in China in terms of total revenue generated by dental services providers in China fluctuated from 2020 to 2024 due to the outbreak of COVID-19 pandemic in 2020 and the following wide spreads of highly transmissible variants of COVID-19. Despite the decrease in 2020 and 2022 due to the COVID-19 pandemic, the market size of the dental services market in China increased in general from RMB119.9 billion in 2020 to RMB147.2 billion in 2024. As the post-pandemic economic recovery is slower than expected, the dental services market in China is estimated to experience dampened growth in its market size. However, in the long term, driven by favorable policies to encourage consumption and elevate the purchasing power of Chinese residents, such as the Opinions on
- Promoting High-Quality Development of Service Consumption (《關於促進服務消費高質量發展的意見》) and the Measures for Creating New Consumption Scenarios and Cultivating New Growth Points in Consumption (《關於打造消費新場景培育消費新增長點的措施》) promulgated in 2024, the market size of the dental services market in China is expected to reach RMB200.4 billion in 2029, growing at a CAGR of 6.4% from 2024 to 2029. In particular, the total revenue generated by private dental services providers in China is expected to reach RMB145.0 billion in 2029, representing a CAGR of 7.0% from 2024 to 2029. In contrast, the total revenue generated by public dental services providers in China is expected to grow at a more moderate CAGR of 4.9% from 2024 to 2029, reaching RMB55.4 billion in 2029. The following diagram sets forth the historical and forecasted market size of the dental services market in China from 2020 to 2029.

Source: Frost & Sullivan Analysis

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Analysis of China's Dental Service Market

Market Drivers of Dental Services Market in China

- Dental services market in China is primarily driven by the following key factors:

Major Drivers	Description
Favorable government policies	• The Chinese government has issued a series of favorable policies to promote the development of the dental services market in China. For instance, the NHC released the Dental Health Action Plan (2019-2025)(《健康口腔行動方案(2019年-2025年)》) in 2019, which advocates for the high-quality development of the dental services market and encourages private dental services providers to participate in the prevention and treatment of dental diseases. The State Council issued the 14th Five Year Plan for National Health (《"十四五" 國民健康計畫》) in 2022, which propels comprehensive prevention and control of chronic diseases, with a focus on common dental diseases. The promulgation of these policies indicates that the Chinese government has attached great importance to dental health, which promoted the development of the dental services market in China.
Increased prevalence of dental diseases	• The prevalence rate of dental diseases, defined as the proportion of dental disease cases relative to the total population at a given time, has been increasing in China. According to the third and fourth nationwide epidemiological surveys on dental health (全國口腔健康流行病學調查) conducted by the NHFPC in 2007 and 2017, respectively, the overall prevalence rate of dental diseases in China surpassed 90%. The number of dental disease cases in China increased at a CAGR of 4.4% from 638.2 million in 2020 to 757.7 million in 2024. In recent years, shifts in dietary patterns and excessive daily sugar consumption have elevated the risk of dental diseases. The aggregate retail sales of tobacco and alcohol in China increased at a CAGR of 9.4% from RMB412.4 billion in 2020 to RMB589.9 billion in 2024. Moreover, the sugar consumption in foods and beverages in China increased at a CAGR of 2.7% from 8.1 million tonnes in 2020 to 9.0 million tonnes in 2024. In addition, the prolonged exposure to high pressure may weaken the immune system and increase the risks of dental diseases. Meanwhile, the natural reparative capacity of teeth tends to decline with age, making the elderly population more susceptible to a range of dental issues due to the physiological effects of aging. As a result, the prevalence rate of dental diseases in China further increased, exceeding 95% as of December 31, 2024. The increased cases and prevalence rate of dental diseases stimulated robust demands for dental services in China.
Rising awareness of dental health	• With long-term knowledge popularization in dental health, customers are paying more attention to daily dental care and regular dental examinations, and are willing to pay more for quality dental services. In addition, young parents and educational institutions are placing greater emphasis on children's dental health, and have been continuously cultivating awareness of dental health from an early age. Rising awareness of dental health drives the dental services market in China continuously.
Private dental services providers play an increasingly important role	• The Chinese government has promulgated a series of policies to encourage social capital to participate in the provision of healthcare services and promote the development of private medical institutions, aiming to optimize medical resource allocation and complement the role of public medical institutions. For instance, in 2013, the NHC issued the Several Opinions on Accelerating the Development of Socially Operated Medical Institutions (《關於加快發展社會辦醫的若干意見》) to encourage social capital to establish high-level and large-scale medical institutions. In 2022, the State Council issued the 14th Five- Year Plan for National Health (《"十四五"國民健康規劃》) to promote the sustained and standardized development of socially operated medical institutions. Additionally, in 2024, the State Council issued the Key Tasks for Deepening the Reform of Medical and Health Systems (《深化醫藥衛生體制改革2024年重點工作任務》) to promote and regulate the development of private medical institutions. Benefiting from such policies, the private dental services providers, especially the community focused dental institutions, have been playing an increasingly important role and the private dental services market in China has grown rapidly in recent years. As of December 31, 2024, the number of private dental institutions accounted for approximately 92.5% of the total number of dental institutions in China. Additionally, in 2024, the revenue generated by private dental services providers accounted for approximately 70.3% of the total revenue generated by dental services providers in China. Compared to the public dental services providers, private dental services providers generally provide a wide range of dental services in comfortable environment with advanced technology and personalized care. Through offering diverse appointment channels and service choices, private dental services providers treat dental diseases while addressing customers' preferences. Leveraging high decision-making flexibility, it is easier for private dental services providers to introduce advanced dental technology and equipment to improve service capacity. With highly qualified professionals and advanced medical equipment, private dental services providers can offer personalized services and improved customer experience.

Source: Frost & Sullivan Analysis

Analysis of China's Dental Service Market

Future Opportunities of Dental Services Market in China (1/2)

- Dental services market in China faces the following major opportunities:

Future Opportunities		
	Promulgation of policies that standardize the development	• The Chinese government has promulgated a series of standards and regulations, including quality standards for healthcare services, safety standards for medical equipment and materials, and professional qualification requirements for medical professionals, to promote the standardized development of the dental services market in China. For instance, the NHC and other three departments jointly issued the Notice on Further Promoting the Management of Dental Services and Guarantees (《關於進一步推進口腔醫療服務和保障管理工作的通知》) in 2023, which emphasized the standardization of diagnosis and treatment for dental diseases. Additionally, the standardized development of the dental services market facilitates transparent pricing of dental services, which on one hand enhances the accessibility and penetration rate of dental services, and on the other hand accelerates the elimination of small-sized dental services providers that lack economies of scale and enough operational capabilities. With the standardization of the dental services market in China, leading dental services providers have gained competitive advantages by leveraging their standardized service processes and operation specifications, and economies of scale, which further promotes industry consolidation.
	Direct chain model	• In recent years, customers have paid more attention to service experience, convenience of services, service quality and brand reputation of dental services providers. With the establishment of standardized management systems, direct chain model can achieve coherent diagnosis and treatment processes, consistent service standards and unified brand image, offering customers reliable and professional services in all in-network dental institutions. Additionally, standardized direct chain model facilitates rapid expansion, achieving wide coverage and deep penetration of dental services, and thus realizing economies of scale and elevated competitiveness. As of December 31, 2024, only approximately 3% of dental institutions were operated under a chain model, which led to a fragmented market with numerous participants lack of standardization. Market participants with direct chain model can easily expand their business scales and increase market shares, which facilitates market consolidation.

Source: Frost & Sullivan Analysis

Analysis of China's Dental Service Market

Future Opportunities of Dental Services Market in China (2/2)

Future Opportunities		
	Growing demand for community dental services	• As an important part of China's healthcare service system, community healthcare services provide basic medical attention and convenient healthcare services for residents. Private community healthcare services represent community healthcare services provided by private medical institutions located in or adjacent to communities, covering a wide range of healthcare services to address residents' common healthcare demands. The total revenue of private community healthcare services in China reached approximately RMB403.0 billion in 2024, accounting for 31.2% of the total revenue of private healthcare services in China, while the revenue of dental services accounted for approximately 10% of the total revenue of private community healthcare services in China. Dental services are characterized by high frequency and strong revisit dynamics, primarily driven by the complexity of dental conditions, extended treatment timelines, and increasing demand for preventive care. To be specific, implantology services typically involve multiple stages, including the initial consultation, preoperative examination, surgical implantation and the final crown installation, spanning a period of 3 to 12 months. Complex dental conditions require longer treatment processes with multiple follow-up visits, which further increases the frequency of customer visits. In addition, with the rising awareness of dental health, more customers are opting for preventive care, such as regular teeth cleaning and dental examinations. These basic dental services which are inherently high in frequency, further enhance customer retention and return rates. The growing demand for convenient and quality dental services from residents in communities has driven the penetration of high-quality dental services into the communities. Dental services providers respond to residents' daily dental treatment needs by staying in proximity to communities. With the continuous growth in demand for community dental services, dental services providers that focus on community dental services face increasing development opportunities.
	Penetration into second- and third-tier cities	• Nowadays, the competition among dental services providers in first-tier cities and some developed second-tier cities has been fierce. As the dental services market in developed cities is nearly saturated, resources of dental services are gradually penetrating into second- and third-tier cities. The average annual disposable income in second- and third-tier cities has experienced rapid growth in recent years, which facilitated the increasing consumption willingness on dental services. In the future, more dental service resources are expected to amass to second- and third-tier cities, creating development potential for dental services providers in these cities; and
	Increasing focus on advanced digitalization	• Dental services providers in China are expected to increasingly focus on enhancing their services and operations through advanced digitalization technologies, such as digital scanning, 3D modeling and robotic-assisted implant, among others. Advancement in digitalization promotes specialization in medical practices, streamlined service delivery and improved operational efficiency, which enables dental services providers to offer high-quality services to more customers and cultivate well-regarded brand images among customers.

Source: Frost & Sullivan Analysis

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Analysis of China's Dental Service Market

Entry Barriers to Dental Services Market in China (1/2)

- New entrants to the dental services market in China primarily encounter the following entry barriers:

Entry Barriers	
Medical Talent	Professional dentists are the core competitiveness of dental services providers, as their professional skills and clinical experiences directly affect service quality and customer satisfaction. Currently, seasoned dentists are scarce in China. In 2024, the number of dentists per million population in China was only 283, far below 852 in Japan and 608 in the United States in the same year. To attract and retain excellent medical professionals, dental services providers need to offer competitive compensation packages and promising career promotion paths. In addition, established dental services providers are actively seeking collaboration with academic institutions to develop their talent teams. For new entrants, it is rather difficult to recruit and maintain their own talent reserves;
Business qualification	Establishing a dental institution needs to obtain the Medical Institution Practicing License and meet requirements on medical equipment, department standards, staff qualification, operating area, among others, to pass the examination of relevant government authorities. In addition, dental institutions need to undergo regular supervision and quality assessments to ensure compliance with industry standards for sustainable operation;
Management and operation capability	Efficient management and operation capabilities ensure that dental services providers can optimize service processes, improve service qualities and reduce operating costs. Leading dental services providers usually possess strong capabilities in medical resource allocation, equipment and consumables procurement management, and marketing strategies. Especially, the implementation of centralized procurement for dental implants caused reduction in the prices of implantology services, which could adversely affect the profitability of dental services providers. However, well-established dental services providers with chain operations and strong supply chain management capabilities can leverage economies of scale and sufficient management experience to effectively control costs and improve cost-efficiency, thereby enhancing their competitiveness. New entrants without enough capabilities may face great challenges in competing with existing dental services providers in cost control and profitability;

Source: Frost & Sullivan Analysis

Analysis of China's Dental Service Market

Entry Barriers to Dental Services Market in China (2/2)

Entry Barriers	
Local reputation and brand influence	Due to significant differences in specialization level and service quality of dental services providers, customers generally rely on local reputation and brand influence when choosing dental services providers. Moreover, customers tend to repeatedly pay visits to dental services providers with whom they are familiar and satisfied. Therefore, existing dental services providers have developed their own customer bases and sound local reputation, which enables them to achieve scalable chain operations while setting a barrier for new entrants; and
Substantial investments in medical equipment and other medical resource	There are a large number of categories of medical equipment necessary for dental services providers, such as dental chairs, disinfection equipment, operating tables, and relevant operating and management systems, among others. The deployment of these medical resources generally determines the business scale of dental services providers, which requires substantial investments and has become one of the major entry barriers in the dental services market in China. Dental services providers with positive operating cash flow and strong profitability have advantages in selecting and procuring medical equipment for better operations.

Source: Frost & Sullivan Analysis

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Analysis of China's Private Dental Service Market

Overview of Private Dental Services Market in China

- Compared to public dental services providers, private dental services providers generally possess more advanced medical equipment and offer customer-centric services. In addition, private dental services providers with chain operations easily and quickly realize business expansion, which enables them to achieve synergies among chain institutions, apply standardized diagnosis and treatment procedures, and focus on the provision of quality dental services and customer experiences.
- Despite the decrease in 2020 and 2022 due to the COVID-19 pandemic, the number of private dental institutions in China increased in general from approximately 80.5 thousand as of December 31, 2020 to 99.3 thousand as of December 31, 2024. Benefiting from the favorable policies to encourage social capital to participate in healthcare services, the number of private dental institutions in China is expected to reach 119.8 thousand as of December 31, 2029, growing at a CAGR of 3.8% from 2024 to 2029.

Competitive Advantages	Description
Rapid chain expansion and penetration into underdeveloped regions	• Private dental services providers with scalable chain operations can achieve rapid business expansion and extensive geographic coverage due to efficient and centralized management, standardized service processes, effective cost control and renowned brand reputation. Furthermore, due to the growing demand for convenient and quality dental services and uneven distribution of dental resources, customers from remote underdeveloped regions still face difficulties in obtaining effective dental diagnosis and treatment, which creates development opportunities for private dental services providers to seize market shares in these regions through chain expansion.
Convenience and timeliness attributable to proximity to communities	• Private dental institutions are generally located in proximity to communities, with significant advantages in service convenience and timeliness. Local customers gain efficient access to dental services in private dental institutions without long-distance travel. Therefore, the convenient and timely services due to proximity to communities address daily oral health needs of residents and strengthen private dental services providers' competitiveness.
Customized services and personalized consumption patterns	• Private dental services providers have high flexibility to formulate service portfolios accommodating to customers' needs and their expertise. Leading private dental services providers with strong service capabilities are able to provide customized services, such as family-oriented service programs, detailed dental health guidance and other exclusive services, as well as offer personalized consumption patterns for customers through service-based charging and package charging, which can effectively improve customer satisfaction and loyalty. In addition, private dental services providers are dedicated to upgrading their service offerings by adopting online platforms and membership systems.

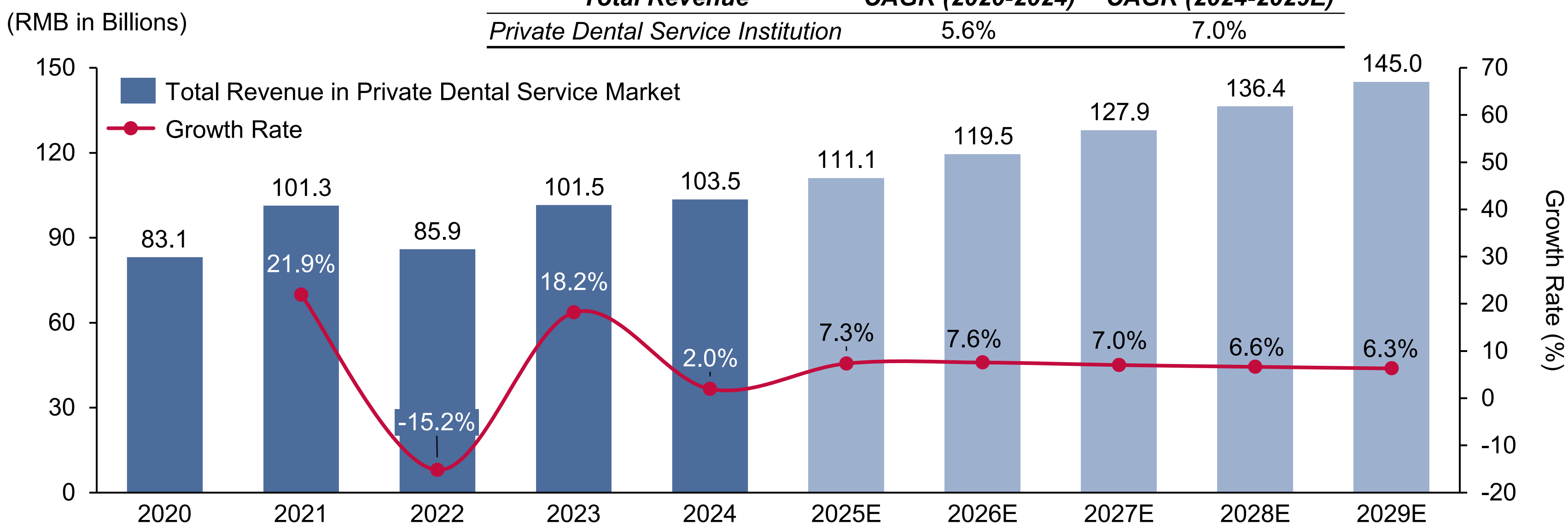
Source: Frost & Sullivan Analysis

Analysis of China's Private Dental Service Market

Market Size of Private Dental Services Market in China

Market Size of Private Dental Services Market in China, 2020-2029E

Total Revenue	*CAGR (2020-2024)*	*CAGR (2024-2029E)*
Private Dental Service Institution	5.6%	7.0%



- The market size of the private dental services market in China in terms of total revenue generated by private dental services providers in China experienced fluctuations from 2020 to 2024, primarily due to the outbreak of COVID-19 pandemic in 2020 and the following wide spreads of highly transmissible variants of COVID-19. The market size of the private dental services market in China increased in general from RMB83.1 billion in 2020 to RMB103.5 billion in 2024, despite the decrease in 2020 and 2022 due to the COVID-19 pandemic. Private dental services market in China experienced dampened growth in 2024 as the post-pandemic economic recovery is slower than expected. However, with the promulgation of multiple government policies encouraging consumption and elevating purchasing power of Chinese residents in 2024, the market size of the private dental services market in China is expected to reach RMB145.0 billion in 2029, growing at a CAGR of 7.0% from 2024 to 2029. The following diagram sets forth the historical and forecasted market size of the private dental services market in China from 2020 to 2029.

Source: Frost & Sullivan Analysis

Competitive Landscape of Private Dental Services Market in China

- Private dental services market in China is highly fragmented and competitive. Private dental service institutions in China have experienced significant development and become an increasingly important component in the dental service market in China in recent years. As of December 31, 2024, there were approximately 99.3 thousand private dental service institutions in China, and major cities, such as Beijing, Shanghai and Wuhan have become important centers for dental services due to sufficient medical resources and substantial customers' demands. Private dental service providers with chain operations have growing influence in the private dental service market in China through developing standardized processes of dental services and improving brand reputation while obtaining larger market shares.
- In terms of net profit in 2024, we ranked third among all private dental service providers in China. In terms of the number of dental service institutions in operation as of December 31, 2024, we ranked fifth among all private dental service providers in China. In terms of revenue in 2024, we ranked fourteenth among all private dental service providers in China, with a market share of approximately 0.4%. We also ranked fifth in terms of the number of dental chairs as of December 31, 2024 in China's private dental services industry, a sector characterized by high fragmentation and intense competition.

Cost Analysis of Dental Services Market in China

- The costs of the dental services market in China primarily include staff cost, cost of raw materials and consumables, depreciation and amortization and property rental, among which staff cost accounted for approximately 45% of total costs in 2024, representing the largest cost component in the dental services market in China. Cost of raw materials and consumables, being the second largest cost component in the dental services market in China, accounted for approximately 30% of total costs in 2024.

Source: Frost & Sullivan Analysis

Analysis of China's Private Dental Service Market

Ranking and Market Share (1/3)

- We ranked fifth among all private dental services providers in China in terms of the number of dental chairs as of December 31, 2024. The table below sets forth the top five private dental services providers in China in terms of the number of dental chairs as of December 31, 2024.

Ranking	Company name	Number of dental chairs as of December 31, 2024	Listing status	Background
1	Company A	3,100	Listed	a group established in 1995 engaging in the provision of dental services.
2	Company B	1,932	Non-listed	a group established in 1999 engaging in the provision of dental services nationwide.
3	Company C	1,812	Non-listed	a group established in 2015 engaging in the provision of dental services.
4	Company D	1,608	Listed	a group established in 1999 engaging in the provision of dental services.
5	**Our Group**	**702**	**Non-listed**	**See "Business."**

Source: Annual Reports; Frost & Sullivan Analysis

Analysis of China's Private Dental Service Market

Ranking and Market Share (2/3)

- We ranked fourteenth among all private dental services providers in China in terms of revenue in 2024, occupying a market share of approximately 0.4%. The table below sets forth the top private dental services providers in China in terms of revenue in 2024.

Ranking	Company name	Revenue in 2024 (RMB in billions)	Market share (%)	Listing status	Background
1	Company A	2.73	2.6%	Listed	a group established in 1995 engaging in the provision of dental services.
2	Company C	1.80	1.7%	Non-listed	a group established in 2015 engaging in the provision of dental services.
3	Company D	1.77	1.7%	Listed	a group established in 1999 engaging in the provision of dental services.
4	Company B	1.76	1.7%	Non-listed	a group established in 1999 engaging in the provision of dental services nationwide.
5	Company E	1.58	1.5%	Non-listed	a group established in 2010 engaging in the provision of dental services.
6	Company F	0.90	0.9%	Non-listed	a group established in 2008 engaging in the provision of dental services.
7	Company G	0.77	0.7%	Listed	a group established in 1998 engaging in the provision of dental services.
8	Company H	0.65	0.6%	Non-listed	a group established in 2014 engaging in the provision of dental services.
9	Company I	0.63	0.6%	Non-listed	a group established in 2019 engaging in the provision of dental services, and dental research and development, training and academic research.
10	Company J	0.55	0.5%	Non-listed	a group established in 2013 engaging in the provision of dental services.
11	Company K	0.50	0.5%	Non-listed	a group established in 2015 engaging in the provision of dental services.
12	Company L	0.43	0.4%	Listed	a group established in 2012 engaging in the provision of dental services, ophthalmic services and other specialty services.
13	Company M	0.42	0.4%	Non-listed	a group established in 2011 engaging in the provision of dental services.
14	**Our Group**	**0.41**	**0.4%**	**Non-listed**	**See "Business."**

Source: Annual Reports; Frost & Sullivan Analysis

- We ranked third among all private dental services providers in China in terms of net profit generated in 2024. The table below sets forth the top five private dental services providers in China in terms of net profit generated in 2024.

Ranking	Company name	Net Profit generated in 2024	Listing status	Background
		(RMB in millions)		
1	Company A	501	Listed	a group established in 1995 engaging in the provision of dental services.
2	Company E	108	Non-listed	a group established in 2010 engaging in the provision of dental services.
3	**Our Group**	**63**	**Non-listed**	**See "Business."**
4	Company I	58	Non-listed	a group established in 2019 engaging in the provision of dental services, and dental research and development, training and academic research.
5	Company J	52	Non-listed	a group established in 2013 engaging in the provision of dental services.

Source: Annual Reports; Frost & Sullivan Analysis

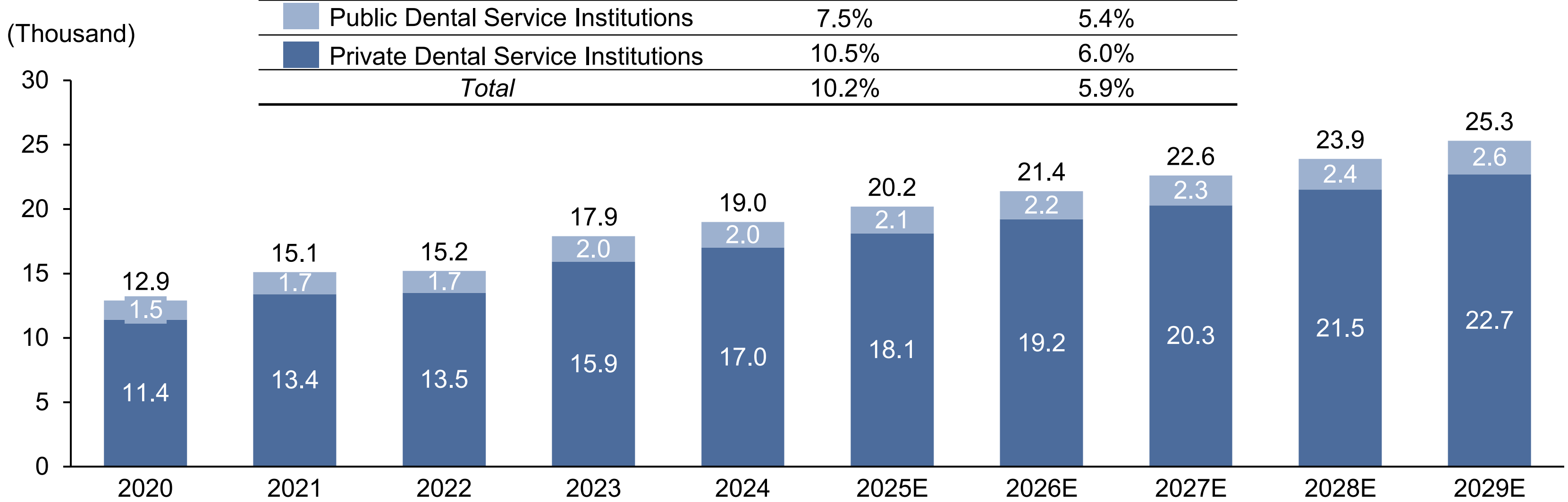
Content

Analysis of Dental Service Market in Central China

Number of Dental Service Institutions in Central China

Number of Dental Service Institutions in Central China, 2020-2029E

Number	*CAGR (2020-2024)*	*CAGR (2024-2029E)*
Public Dental Service Institutions	7.5%	5.4%
Private Dental Service Institutions	10.5%	6.0%
Total	10.2%	5.9%



- Central China consists of Hubei province, Hunan province, Henan province and Jiangxi province. As one of the most important economic development regions in China, Central China had a nominal GDP of approximately RMB21.1 trillion in 2024, accounting for 15.6% of China's nominal GDP, and a total population of approximately 266.6 million in 2024, accounting for approximately 18.9% of China's total population.
- The number of dental institutions in Central China increased at a CAGR of 10.2% from 12.9 thousand as of December 31, 2020 to 19.0 thousand as of December 31, 2024 and is expected to reach 25.3 thousand as of December 31, 2029, representing a CAGR of 5.9% from 2024 to 2029, among which the number of private dental institutions is expected to reach 22.7 thousand as of December 31, 2029, growing at a CAGR of 6.0% from 2024 to 2029. The below diagram sets forth the number of dental institutions in Central China from 2020 to 2029.
- In Hubei province, the number of public and private dental institutions as of December 31, 2024 amounted to 0.7 thousand and 3.9 thousand, respectively, which is expected to reach 0.9 thousand and 5.0 thousand as of December 31, 2029, growing at a CAGR of 5.2% and 5.1%from 2024 to 2029, respectively. In Wuhan, the number of public dental institutions is expected to remain stable at 0.3 thousand from 2024 to 2029, while the number of private dental institutions is expected to increase at a CAGR of 2.9% from 1.3 thousand as of December 31, 2024 to 1.5 thousand as of December 31, 2029.
- In Hunan province, the number of public and private dental institutions as of December 31, 2024 amounted to 0.7 thousand and 4.0 thousand, respectively, which is expected to reach 0.8 thousand and 5.1 thousand as of December 31, 2029, growing at a CAGR of 2.7% and 5.0%from 2024 to 2029, respectively.

Source: Frost & Sullivan Analysis

Analysis of Dental Service Market in Central China

Pricing of Dental Services in Central China

- The following table sets forth the pricing comparison of major dental services between our dental institutions and public dental institutions in Hubei and Hunan provinces during the Track Record Period.

Type of services		Our price range	Price range in public dental institutions in Hubei and Hunan provinces
General dentistry services	Crown service	RMB980 to RMB7,500 per tooth	RMB600 to RMB6,000 per tooth
	Dental filling services	RMB200 to RMB600 per tooth	RMB120 to RMB500 per tooth
	Root canal treatment services	RMB300 to RMB1,500 per tooth	RMB300 to RMB2,000 per tooth
Implantology services	Single-implant	RMB1,920 to RMB11,900 per tooth	RMB2,000 to RMB14,000 per tooth
	Half denture	RMB20,000 to RMB70,000 per denture	RMB20,000 to RMB80,000 per denture
Orthodontics services		RMB4,500 to RMB42,000 per case	RMB5,000 to RMB45,000 per case

- As a customer-centric dental services provider located in densely populated areas and adjacent to communities, we position general dentistry services as our advantageous services and offer customers premium service experience. During the Track Record Period, the prices of our crown and dental filling services were relatively higher than those of public dental institutions in Hubei and Hunan provinces, primarily due to the relatively low prices of such dental services provided by public dental institutions at township or village levels. During the same period, the prices of our implantology and orthodontics services were slightly lower than those of public dental institutions in the same regions, primarily as our dental institutions feature community-focused dental care and offer affordable dental services to the general public, while public dental institutions at township or village levels generally do not provide implantology and orthodontics services.

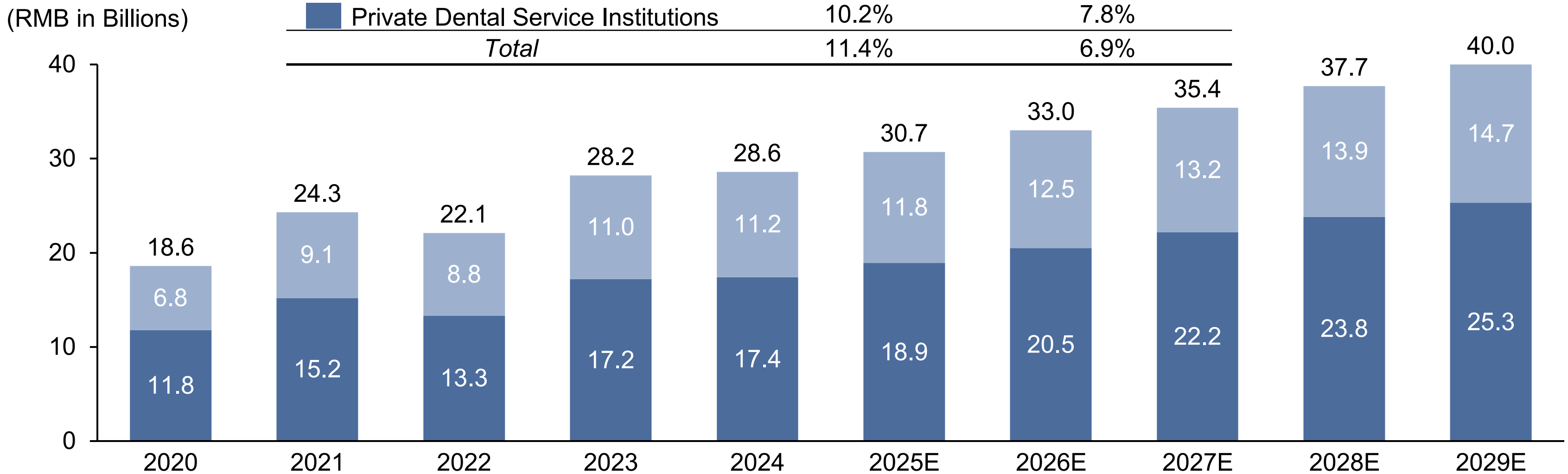
Source: Frost & Sullivan Analysis

Analysis of Dental Service Market in Central China

Market Size of Dental Services Market in Central China

Market Size of Dental Services Market in Central China

Total Revenue	*CAGR (2020-2024)*	*CAGR (2024-2029E)*
Public Dental Service Institutions	13.3%	5.6%
Private Dental Service Institutions	10.2%	7.8%
Total	11.4%	6.9%



- The market size of the dental services market in Central China in terms of revenue generated by dental services providers in Central China increased in general at a CAGR of 11.4% from RMB18.6 billion in 2020 to RMB28.6 billion in 2024, despite the decrease in 2020 and 2022 due to the COVID-19 pandemic. Such market size is expected to reach RMB40.0 billion in 2029, representing a CAGR of 6.9% from 2024 to 2029. The total revenue generated by private dental services providers in Central China is expected to reach RMB25.3 billion, growing at a CAGR of 7.8% from 2024 to 2029. The following diagram sets forth the historical and forecasted market size of the dental services market in Central China from 2020 to 2029.
- In Hubei province, the total revenue generated from public and private dental services providers in 2024 amounted to RMB4.0 billion and RMB5.4 billion, respectively, which is expected to reach RMB5.0 billion and RMB7.8 billion in 2029, growing at a CAGR of 4.6%and 7.6% from 2024 to 2029, respectively.
- In Hunan province, the total revenue generated from public and private dental services providers in 2024 amounted to RMB3.8 billion and RMB4.7 billion, respectively, which is expected to reach RMB5.2 billion and RMB7.2 billion in 2029, growing at a CAGR of 6.5%and 8.9% from 2024 to 2029, respectively.

Source: Frost & Sullivan Analysis

Analysis of Dental Service Market in Central China

Market Drivers of the Dental Services Market in Central China

- The development of the dental services market in Central China is mainly driven by the following factors:

Drivers	Main Content
Favorable policies in Central China	• The government authorities in Central China have promulgated a series of policies to promote dental health, such as the Notice on Integrating Dental Implant Projects and Regulating Prices (《關於做好口腔種植醫療服務項目整合和價格調控的通知》), and the 14th Five-Year Plan for Development of Healthcare Industry in Hubei Province (《湖北省衛生健康事業發展"十四五"規劃》). These policies aim to allocate more resources to improve dental health, including establishing dental institutions and providing subsidies, which can make dental services more accessible to local residents. In addition, dental health action plans, such as the 2024 Henan Province Elderly Dental Health Action Plan (《2024年河南省老年口腔健康行動工作方案》), have been issued to introduce the importance of regular dental examinations and oral hygiene to the public, thereby boosting demands for dental services in Central China.
Increasing disposable income drives the growth in per capita health expenditure	• In recent years, the income level of residents in Central China has experienced a continuous improvement. For instance, the per capita annual disposable income in Hubei province increased at a CAGR of 7.3% from RMB27,881 in 2020 to RMB36,947 in 2024 and is expected to further grow at a CAGR of 4.7% from 2024 to 2029. The continuous increase in disposable income has driven the growth in health expenditure, thereby stimulating the growing demands for dental services in Central China.
Supply of dental services falls short of demands	• In recent years, people's awareness of oral health issues has been increasing, driving the demands for dental services. Along with an aging population and the implementation of two-child and three-child policies, it is expected that the population of children and elderly people will grow in Central China, thereby bringing substantial demands for dental services in this region. However, the dental services market in Central China is currently facing a shortage of qualified dentists. According to the NHC, the number of dentists per million population in Central China reached approximately 197 in 2024, which is lower than that in China of approximately 283. The gap between the demand for dental services and the supply of dental resources is expected to drive the development of the dental services market in Central China.
High-level dental resources in Wuhan	• The dental services market in Wuhan embraces significant advantages in talent cultivation and scientific research. There are prestigious academic institutions and dental institutions in Wuhan, which integrate teaching, research and dental services. Each year, dental talents graduate from outstanding universities and colleges in Wuhan and enrich dental resources of the dental services market in local regions. Furthermore, experienced dental professionals in Wuhan promote technological advancement in dental services, and facilitate academic communication and cooperation in Central China and across the country, continuously attracting dental talents from other regions.

Source: Frost & Sullivan Analysis

Analysis of Dental Service Market in Central China

Market Drivers in Hubei and Hunan Provinces

- The development of the dental services market in Hubei and Hunan provinces is primarily driven by the following key factors:

Drivers	Main Content
Supportive government policies	• Benefiting from supportive government policies, the dental services markets in Hubei and Hunan provinces have experienced stable growth. For instance, in 2021, the Health Commission of Hubei Province issued the 14th Five-Year Plan for Health Development in Hubei Province (《湖北省衛生健康事業發展“十四五”規劃》), which emphasized to support private capital to establish high-quality dental institutions. In addition, in 2021, the People's Government of Hunan Province (湖南省人民政府) released the 14th Five-Year Plan for the Construction of Healthy Hunan (《健康湖南“十四五”建設規劃》), which proposed to expand the supply of high-quality healthcare resources and further promote dental health. Driven by these supportive government policies, Hubei and Hunan provinces are gradually establishing comprehensive and efficient dental service systems to address residents' diverse needs for dental care.
Growing per capita disposable income	• In 2024, the per capita annual disposable income in Hubei and Hunan provinces reached RMB36,947 and RMB37,679, respectively, which is lower than that in China, indicating broad growth potentials for the income levels in these provinces. By 2029, the per capita annual disposable income in Hubei and Hunan provinces is expected to reach RMB46,523 and RMB48,154, growing at a CAGR of 4.7% and 5.0% from 2024 to 2029, respectively. The growing per capita disposable income of residents in Hubei and Hunan provinces enhanced their awareness on dental care and increased their willingness to pay for dental services. Therefore, the growing per capita disposable income promoted the development of dental services market in these provinces.
Abundant dental resources	• Hubei and Hunan provinces have prestigious academic institutions, which have established a comprehensive and systematic dental education system and cultivated numerous dental talents. By introducing advanced treatment methodologies and modern clinical concepts, these dental talents are promoting technological advancements in dental services market in Hubei and Hunan provinces. Supported by abundant educational resources and expanding dental talent reserves, the dental services markets in Hubei and Hunan provinces have experienced sustained growth.

Source: Frost & Sullivan Analysis

Analysis of Dental Service Market in Central China

Future Opportunities of the Dental Services Market in Central China

- Set forth below are major opportunities for dental services providers in the dental services market in Central China:

Future Opportunities		
	Penetration into county-level cities	In recent years, the number of dental services providers in developed cities in Central China, such as Wuhan and Changsha, has been increasing, leading to fierce competition in local markets. For instance, with the continuous business expansion of leading dental services providers, the number of dental institutions in Wuhan is expected to reach 1.8 thousand in 2029. As the dental services market in these developed cities approaches saturation, increasing dental services providers are gradually penetrating into county-level cities. In addition, with the growing awareness of dental health in Central China especially those county-level cities, the demands for dental services is expected to witness significant growth in the future. Considering the large populations and growing demands for dental services in county-level cities of Central China, the dental services providers that expand their business to county-level cities can explore extensive development potentials and obtain larger market shares.
	Regional chain operation achieves economies of scale	Dental services providers with regional chain operations in Central China have competitive advantages with increasing economies of scale. They purchase medical equipment and consumables in bulk and negotiate favorable prices with their suppliers. Additionally, dental services providers with regional chain operations can share their managerial, marketing and training resources among in-network institutions in different regions, which can reduce their overall operational and management costs. Furthermore, dental services providers with regional chain operations in Central China attract new customers based on their renowned reputation and established brand in local markets, which can also reduce their marketing costs.
	Rooted in the regional market to further propel market integration and entrench market position through acquisitions and scalable operations	In Central China, dental services providers that focus on the local market generally have a better understanding of local demands for dental services and are capable of offering services tailored to such demands. Taking advantage of renowned brand reputation and matured operational and managerial models, the newly established institutions of these dental services providers can easily achieve scalable operation and efficiently enter the fully-fledged stage. Efficient and effective business expansion in local market further consolidates their market positions. Along with intensified market competition and standardized development of the industry, leading dental services providers with business focus on local market can further consolidate medical resources and increase their market shares.
	Regional integration of resources	In Central China, leading dental services providers have greater capabilities to integrate dental resources within or across provinces, which promotes the rationalized allocation and utilization of resources. Meanwhile, the regional collaboration in Central China also enables the allocation and sharing of quality dental resources among developed and underdeveloped regions. With solid industrial foundation, scientific and educational resources to foster high-quality development of dental services, Hubei province embraces significant regional advantages. The integration of resources including talents, equipment and technologies contributes to the improvement of service capacity and the standardization of management in dental institutions in county-level cities, benefiting customers in these regions with quality and affordable dental services.

Source: Frost & Sullivan Analysis

Analysis of Dental Service Market in Central China

Ranking and Market Share (1/2)

- The dental services market in Central China is relatively fragmented and highly competitive. As of December 31, 2024, there were approximately 17.0 thousand private dental services providers in Central China, among which the top five providers accounted for approximately 9.6% of the market share in terms of total revenue generated from Central China in 2024. As such market is rapidly developing, private dental services providers explore development potentials while facing intensified market competition. There have been increasing large private dental services providers with chain operations that extend their business to Central China and compete with small and medium-sized private dental services providers. Leveraging their abundant dental resources, technological advantages and brand reputation, large private dental services providers attract customers and increase their market shares in Central China. Meanwhile, local private dental services providers attract customers with competitive prices, brand recognition and customers' trust accumulated over long-term operations in local communities.
- We ranked first among all private dental services providers in Central China in terms of the number of dental chairs as of December 31, 2024. The table below sets forth the top five private dental services providers in Central China in terms of the number of dental chairs as of December 31, 2024.

Ranking	Company name	Number of dental chairs in Central China as of December 31, 2024	Listing status	Background
1	**Our Group**	**702**	**Non-listed**	**See "Business."**
2	Company I	535	Non-listed	a group established in 2019 engaging in the provision of dental services, and dental research and development, training and academic research.
3	Company N	502	Non-listed	a group established in 2021 engaging in the provision of dental services, and investment, business operation and marketing.
4	Company C	454	Non-listed	a group established in 2015 engaging in the provision of dental services.
5	Company K	300	Non-listed	a group established in 2015 engaging in the provision of dental services.

Source: Frost & Sullivan Analysis

Analysis of Dental Service Market in Central China

Ranking and Market Share (2/2)

- We ranked first among all private dental services providers in Central China in terms of revenue generated from Central China in 2024, occupying a market share of approximately 2.4%. The table below sets forth the top five private dental services providers in Central China in terms of revenue generated from Central China in 2024.

Ranking	Company name	Revenue generated from Central China in 2024	Market share	Listing status	Background
		(RMB in billions)	(%)		
1	**Our Group**	**0.41**	**2.4**	**Non-listed**	**See "Business."**
2	Company I	0.40	2.3	Non-listed	a group established in 2019 engaging in the provision of dental services, and dental research and development, training and academic research.
3	Company N	0.33	1.9	Non-listed	a group established in 2021 engaging in the provision of dental services, and investment, business operation and marketing.
4	Company C	0.28	1.6	Non-listed	a group established in 2015 engaging in the provision of dental services.
5	Company K	0.25	1.4	Non-listed	a group established in 2015 engaging in the provision of dental services.

Source: Frost & Sullivan Analysis

Content

Appendix

- We ranked first among all private dental services providers in Central China in terms of revenue generated therefrom in 2024, occupying a market share of approximately 2.4%.
- The market size of the dental services market in China was RMB147.2 billion in 2024 and is expected to grow at a CAGR of 6.4% from 2024 to 2029, reaching RMB200.4 billion in 2029. In particular, the market size of the private dental services market in China was RMB103.5 billion in 2024 and is expected to grow at a CAGR of 7.0% from 2024 to 2029, reaching RMB145.0 billion in 2029.
- The private dental services market in Central China represented 16.8% of the market share of China's private dental services market in 2024, constituting an essential component of the national dental services market, with numerous untapped demands in this densely populated region. The market size of the private dental services market in Central China increased from RMB13.3 billion in 2022 to RMB17.4 billion in 2024 and is expected to grow at a CAGR of 7.8% from 2024 to 2029, reaching RMB25.3 billion in 2029. In particular, in Hubei province, the number of public and private dental institutions as of December 31, 2024 amounted to 0.7 thousand and 3.9 thousand, respectively, which is expected to reach 0.9 thousand and 5.0 thousand as of December 31, 2029, growing at a CAGR of 5.2% and 5.1% from 2024 to 2029, respectively. In Wuhan, the number of public dental institutions is expected to remain stable at 0.3 thousand from 2024 to 2029, while the number of private dental institutions is expected to increase at a CAGR of 2.9% from 1.3 thousand as of December 31, 2024 to 1.5 thousand as of December 31, 2029. In Hunan province, the number of public and private dental institutions as of December 31, 2024 amounted to 0.7 thousand and 4.0 thousand, respectively, which is expected to reach 0.8 thousand and 5.1 thousand as of December 31, 2029, growing at a CAGR of 2.7% and 5.0% from 2024 to 2029, respectively.
- Benefiting from our highly standardized and refined direct chain model, our profitability stands out among private dental services providers in China.
- We experienced a decrease of 6.1% in customer visits to general dentistry services, which resulted in the decrease of our total customer visits in 2024. Such decline aligned with broader industry trends among dental services providers in Central China in the challenging market environment in 2024.
- We operate in the highly competitive and fragmented private dental services industry in China.
- We generally witness increase in customer visits in July and August each year and experience fewer customer visits shortly before and during the Chinese New Year holiday. Such seasonality is in line with the industry norm in the dental services industry in China.
- As a testament to our industry leading position, we have achieved the following outstanding accomplishments:
  - ranked first among all private dental services providers in Central China in terms of revenue generated therefrom in 2024;
  - ranked fourteenth among all private dental services providers in China in terms of revenue in 2024; and
  - ranked third among all private dental services providers in China in terms of net profit generated in 2024.

Appendix

- The number of dentists per million population in China was only 283 in 2024, which was largely lower than that of the developed countries, such as the United States, the European Union and Japan in the same year.
- The market size of the dental services market in Central China is expected to grow at a CAGR of 6.9% from 2024 to 2029, reaching RMB40.0 billion in 2029. In particular, the market size of the private dental services market in Central China accounted for approximately 16.8% of the total market size of the private dental services market in China in 2024, and is expected to grow at a CAGR of 7.8% from 2024 to 2029, reaching RMB25.3 billion in 2029. In terms of revenue generated from Central China in 2024, we commended a market share of 2.4% in the private dental services market in Central China.
- The total revenue of private community healthcare services in China reached approximately RMB403.0 billion in 2024, accounting for 31.2% of the total revenue of private healthcare services in China.
- The revenue contributed by dental services accounted for approximately 10% of the total revenue generated from private community healthcare services in China.
- Primarily due to the close and efficient collaboration among our departments under our centralized management system.
- It usually takes around 1to2 years for a new dental institution to reach the monthly breakeven point in Central China.
- The number of private dental institutions in China amounted to approximately 99.3 thousand in 2024, among which less than 3.0% of dental institutions achieved direct chain operations.
- The total number of customer complaints we experienced during the Track Record Period only accounted for approximately 0.01% of the total customer visits to our dental service network, significantly lower than the industry average of approximately 1.0% during the same year.
- As of December 31, 2024, dentists with qualifications at mid-end or above level accounted for over 57% of the total number of dentists practicing at our dental service network, which surpassed the industry average level.
- Evaluating the profitability of different business lines through operational profit margin is generally in line with the industry norm.
- Compared with other business models, such as licensing, franchising and financial investment, the direct chain model generally has the following advantages: (i) direct control over daily operations to ensure the adherence to unified standards; (ii) comprehensive management on clinical practices and customer services to achieve whole-process quality control; (iii) better protection of brand image and reputation to avoid negative publicity caused by poor performance; (iv) stronger motivation to upgrade the services and adapt to the latest industry trend as a result of deeper sense of belonging; and (v) direct benefits from the operations without heavy reliance on the capability and integrity of the franchisees or licensees.
- During the Track Record Period, the level of our base salaries and performance-based bonuses for our dentists that were minority shareholders of our dental institutions, was comparable to that paid by other private dental services providers in Hubei and Hunan provinces for dentists with similar practicing experience and qualifications.

Appendix

- We generally do not maintain medical liability insurance for dentists practicing at our dental institutions, considering (i) there is no statutory requirement for our dental institutions to maintain such insurance coverage; and (ii) it is not a common industry practice for private dental services providers in China to maintain such insurance.
- Representing the prices of an integral dental treatment procedure, which generally requires multiple visits due to the complexity of dental conditions and the necessary treatment duration. For instance, customers undergoing implantology and orthodontics services typically make approximately 5 and 12 visits, respectively, to complete their treatments. Consequently, the price range for each category of services exceeds the average spending per customer visit, which is also in line with the industry practice.
- The market size of the China's dental services market in terms of revenue generated by dental services providers in China fluctuated from 2020 to 2024 due to the outbreak of COVID-19 pandemic in 2020 and the following spreads of transmissible variants of COVID-19.
- The market size of the dental services market in Central China is expected to reach RMB40.0 billion in 2029, representing a CAGR of 6.9% from 2024 to 2029. In particular, the total revenue generated by private dental services providers in Central China is expected to reach RMB25.3 billion in 2029, growing at a CAGR of 7.8% from 2024 to 2029, demonstrating extensive market potential for private dental services providers therein.
- Based on expert interviews and market research, there were sufficient dental institutions in Central China that meet our selection criteria for our strategic acquisition as of the Latest Practicable Date.
- Based on expert interviews and market research, there are sufficient market demands for dental care in Central China for us to expand our dental service network by establishment or acquisitions in the next five years.
- Representing the actual number of customer visits per dentist during the relevant year as a percentage of the maximum service capacity of our dentists in the same year. The maximum service capacity of our dentists represents the theoretical maximum number of customer visits of each dentist can serve during the relevant year, which is calculated based on: (i) estimated 45 minutes per visit; (ii) the maximum number of servicing hours of dentists being approximately 7.5 hours per clinic day; and (iii) 300 working days on average per year. Accordingly, each dentist can theoretically accommodate up to 10 customer visits on each working day. Such calculation method is generally in line with the industry norm, based on expert interviews and research on the prospectus and annual reports of major dental services providers to confirm that the same calculation method for such rate (i.e. formula and the assumption used therein, including the industry average (a) time spent by dentists for a single customer visit, (b) dentists' servicing hours per day and (c) dentists' working days per year) is adopted by major industry peers. The industry average utilization rate of dentists in the private dental services industry in China was approximately 60%, 65% and 65% in 2022, 2023 and 2024, respectively, according to the same source.

Abbreviations and Terms

Abbreviations and Terms

- **CAGR**: compound annual growth rate
- **GDP:** gross domestic product
- **R&D:** research & development
- **RMB:** Renminbi, the lawful currency of the PR

Limitations in Source of Information

- Interviews with end-users, venders and distributors are conducted to collect information for this report, based on a best-efforts basis.
- Frost & Sullivan will not be responsible for any information gaps where interviewees have refused to divulge confidential data or figures.
- In instances where information is not available, figures based on similar indicators combined with Frost & Sullivan in-house analysis will be deployed to arrive at an estimate.
- Frost & Sullivan will state the information sources at the bottom right-hand corner of each slide for easy reference.

Note to Numeric Calculations

- Value and percentage figures in this report are all rounded. Figures may not add up to the respective totals owing to rounding.
- The base year is 2024. The historic period is from 2020 to 2024. The forecast period is from 2025 to 2029.

Methodologies

- Frost & Sullivan is an independent global consulting firm, which was founded in 1961 in New York. It offers industry research and market strategies and provides growth consulting and corporate training. Its industry coverage in the PRC includes automotive and transportation, chemicals, materials and food, commercial aviation, consumer products, energy and power systems, environment and building technologies, healthcare, industrial automation and electronics, industrial and machinery, and technology, media and telecom.

- The Frost & Sullivan's report includes analysis of China's dental service market, analysis of China's private dental service market, analysis of dental service market in Central China, among others.

- The market research process for this study has been undertaken through detailed primary research which involves discussing the status of the industry with leading industry participants and industry experts. Secondary research involved reviewing published sources including reports of market participants, independent research reports and data based on Frost & Sullivan's own research database.

- Projected total market size was obtained from historical data analysis plotted against macroeconomic data as well as specific related industry drivers.

- Frost & Sullivan's report was compiled based on the below assumptions:
  - China's economy is likely to maintain steady growth in the next decade;
  - China's social, economic, and political environment is likely to remain stable in the forecast period;
  - Market drivers such as the stable development of favorable regulatory policies, upgraded and activated consumption willingness and rising awareness of dental care, increased prevalence of dental diseases, increasingly important roles of private dental services providers in the industry, among others. In particular, the projected total market size was estimated based on historical data analysis plotted against macroeconomic data as well as specific related industry drivers.
  - The COVID-19 is likely to affect the stability of China's macro economy in short term.