

RICI HEALTHCARE  
HOLDINGS LIMITED  
瑞慈醫療服務控股  
有限公司

2024

INTERIM REPORT  
中期報告





# CONTENTS

Definitions	2
Corporate Information	4
Management Discussion and Analysis	6
Supplementary Information	16
Report on Review of Interim Financial Information	26
Interim Condensed Consolidated Financial Statements	
Interim Condensed Consolidated Balance Sheet	27
Interim Condensed Consolidated Statement of Profit or Loss	29
Interim Condensed Consolidated Statement of Other Comprehensive Income	30
Interim Condensed Consolidated Statement of Changes in Equity	31
Interim Condensed Consolidated Statement of Cash Flows	32
Notes to the Interim Condensed Consolidated Financial Information	33

# Definitions

In this interim report, unless the context otherwise requires, the following expressions shall have the following meanings.

“Audit Committee”	the audit committee of the Board
“Board of Directors” or “Board”	our board of Directors
“BVI”	British Virgin Islands
“CG Code”	the “Corporate Governance Code” as contained in Appendix C1 to the Listing Rules
“Chelsea Grace”	Chelsea Grace Holdings Limited (翠慈控股有限公司), a company incorporated in the BVI with limited liability on July 11, 2014, which is wholly owned by Dr. Mei
“China” or “PRC”	the People’s Republic of China, which, for the purpose of this interim report and for geographical reference only, excludes Hong Kong, Macau and Taiwan
“Class III Hospital”	the largest and best regional hospitals in China designated as Class III hospitals by the NHC’s hospital classification system, typically having more than 500 beds, providing high-quality professional healthcare services covering a wide geographic area and undertaking more sophisticated academic and scientific research initiatives
“Company”, “our Company”, “Rici”, “Group”, “we”, “our” or “us”	Rici Healthcare Holdings Limited (瑞慈醫療服務控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability on July 11, 2014 and except where the context indicated otherwise, (i) our subsidiaries and (ii) with respect to the period before our Company became the holding company of our present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)
“Company Secretary”	the secretary of the Company
“Controlling Shareholder(s)”	Dr. Mei and Chelsea Grace or any one of them
“Director(s)”	the director(s) of our Company or any one of them
“Dr. Fang”	Dr. Fang Yixin, our chairman, chief executive officer, executive Director, the spouse of Dr. Mei and the father of Mr. Fang Haoze
“Dr. Mei”	Dr. Mei Hong, our executive Director, a Controlling Shareholder, the spouse of Dr. Fang and the mother of Mr. Fang Haoze
“Grade A, Grade B and Grade C”	hospitals in China can be categorized into Class I, II and III in terms of service quality, management level, medical equipment, hospital size and medical technology. Each class can be further divided into Grade A, Grade B and Grade C. Class III Grade A hospitals are the top level hospitals in China
“HK\$” or “Hong Kong dollars”	Hong Kong dollars and cents, each being the lawful currency of Hong Kong
“HKFRSs”	Hong Kong Financial Reporting Standards
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Interim Dividends”	interim dividend of HK\$0.045 per Share to be paid for the Reporting Period
“IPO”	the initial public offering of the Company, having become unconditional in all aspects on October 6, 2016
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	October 6, 2016, on which the Shares were listed and from which dealings therein were permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Model Code”	the “Model Code for Securities Transactions by Directors of Listed Issuers” set out in Appendix C3 to the Listing Rules
“Nantong Rich Hospital”	Nantong Rich Hospital Co., Ltd. (南通瑞慈醫院有限公司), a company incorporated in the PRC with limited liability on August 14, 2000, which is an indirectly wholly-owned subsidiary of our Company
“Nantong Rich Meidi Elderly Care Centre”	Nantong Rich Meidi Elderly Care Centre Co., Ltd. (南通瑞慈美邸護理院有限公司), a company incorporated in the PRC with limited liability on August 19, 2014, which is a subsidiary of a joint venture of our Group
“NHC”	National Health Commission (國家衛生健康委員會) of the PRC
“Nomination Committee”	the nomination committee of the Board
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme adopted by the Company on September 19, 2016
“Prospectus”	the prospectus of the Company dated September 26, 2016
“Remuneration Committee”	the remuneration committee of the Board
“Reporting Period”	the six months ended June 30, 2024
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of US\$0.0001 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Share Option Scheme”	the share option scheme conditionally adopted by the Company on September 19, 2016
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Dr. Fang Yixin (*Chairman and Chief Executive Officer*)

Dr. Mei Hong

Mr. Fang Haoze

Ms. Lin Xiaoying

### Independent Non-executive Directors

Dr. Wang Yong

Ms. Wong Sze Wing

Mr. Jiang Peixing

## COMPANY SECRETARY

Mr. Chen Kun (*Solicitor of HKSAR*)

## AUTHORISED REPRESENTATIVES

Dr. Fang Yixin

Mr. Chen Kun

## AUDIT COMMITTEE

Ms. Wong Sze Wing (*Chairlady*)

Mr. Jiang Peixing

Dr. Wang Yong

## REMUNERATION COMMITTEE

Mr. Jiang Peixing (*Chairman*)

Ms. Wong Sze Wing

Dr. Mei Hong

## NOMINATION COMMITTEE

Dr. Fang Yixin (*Chairman*)

Dr. Wang Yong

Mr. Jiang Peixing

## AUDITOR

BDO Limited

*Certified Public Accountants*

*Registered Public Interest Entity Auditor*

25th Floor, Wing On Centre

111 Connaught Road Central

## REGISTERED OFFICE

4th Floor, Harbour Place

103 South Church Street

P.O. Box 10240

Grand Cayman KY1-1002

Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

17/F

Qiantan International Plaza

No. 90 Qirong Road

Pudong New District

Shanghai

PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2413A, 24/F.

Tower One, Lippo Centre

89 Queensway, Admiralty

Hong Kong

## PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited  
4–4A Des Voeux Road Central  
Hong Kong

Shanghai Pudong Development Bank  
Zhangjiang Innovation Sub-branch  
Building D, No. 56, Boyun Road  
Pudong New District  
Shanghai  
PRC

China Merchants Bank  
Jinshajiang Road Branch  
1759 Jinshajiang Road  
Putuo District  
Shanghai  
PRC

Bank of Communications  
Zhang Jiang Sub-branch  
560 Songtao Road  
Pudong New District  
Shanghai  
PRC

Bank of Shanghai  
Zhangjiang Sub-Branch  
No. 665 Zhang Jiang Road  
Pudong New District  
Shanghai  
PRC

## HONG KONG LEGAL ADVISER

Wilson Sonsini Goodrich & Rosati  
Suite 1509, 15/F, Jardine House  
1 Connaught Place, Central  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Harneys Services (Cayman) Limited  
4th Floor, Harbour Place  
103 South Church Street  
P.O. Box 10240  
Grand Cayman KY1-1002  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712–1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

## STOCK CODE AND BOARD LOT

Stock Code: 1526  
Board Lot: 1,000

## WEBSITE

[www.rich-healthcare.com](http://www.rich-healthcare.com)

# Management Discussion and Analysis

## BUSINESS OVERVIEW AND STRATEGIC OUTLOOK

### Industry Overview

The year 2024 is a critical year for reform and innovation, foundation enhancement and overall improvement in the healthcare services industry. At the policy level, China has elevated national health to a national strategy, providing a solid foundation for industry development through promoting healthcare reform, increasing investment in public health services, and optimizing the medical insurance system. At the technology level, the application of big data and artificial intelligence provides intrinsic motivation for improving the efficiency and quality of healthcare services, and promoting substantial development in personalized and precision diagnosis and treatment. At the demand level, with the increase in residents' health awareness and the prominent trend of an aging population, the demand of the community for high-quality healthcare services is continuously growing, bringing vast market for industry development.

For the hospital sector, with the normalization of special anti-corruption campaigns in healthcare, the pace of in-hospital operations and the order of medical activities have gradually resumed, and the rigid and consumption demands in hospital settings are recovering continuously. According to data from the National Health Commission, from January to November 2023, the total number of patient visits to medical institutions nationwide reached 6.41 billion, representing a year-on-year increase of 9.4%. During such period of time, the number of patient visits to hospitals was 3.86 billion, representing a year-on-year increase of 7.1%, of which public hospitals had 3.23 billion visits, representing a year-on-year increase of 6.7%; and private hospitals had 640 million visits, representing a year-on-year increase of 9.3%.

For the medical examination industry, the market size has been expanding year after year with the increasing health awareness among the populace. Meanwhile, the increase in income per capita has driven up healthcare spending per capita, leading to a continuous rise in the demand for high-end health examination services. According to the statistics from the Zhongshang Industry Research Institute (中商產業研究院), from 2018 to 2022, the market size of the medical examination industry in China grew from RMB151.1 billion to RMB217.0 billion, with an annual compound growth rate of approximately 9.46%. Meanwhile, the application of digital technology and artificial intelligence empowers health examinations, further improving detection efficiency and accuracy of such services, providing customers with more innovative products and personalized health management services, promoting in-depth integration across multiple industry chains such as medical treatment, rehabilitation, and insurance, and thereby facilitating the industry's sustainable growth.

### General Hospital Business

Nantong Rich Hospital is the only high-level general hospital in the Economic and Technological Development Area, Nantong. It is currently a Class III Grade B general hospital and also a designated hospital for medical insurance reimbursement and a national standardized medical residency training coordination base.

In March 2024, Phase I of the Rici Rehabilitation Center (瑞慈康復中心) was officially put into use, with two wards and 80 beds. Each ward is decorated and furnished in a home-like style and equipped with bedside monitors, multi-functional ventilators, defibrillators, tracheal intubation and other emergency equipment, to provide personalized and comprehensive services to the citizens. In April 2024, Rici entered into a cooperation agreement with the International Medical Department of the Affiliated Hospital of Tokyo Medical University from Japan. The two parties will carry out all-round cooperation in medical treatment, teaching, management and other aspects, to provide first-class medical services to local residents and international visitors through telemedicine and other forms. In the same month, Nantong Rich Hospital officially became an affiliated hospital of Yangzhou University, taking the cooperative relationship between the two parties to a new level.

During the Reporting Period, Nantong Rich Hospital provided services for 161,604 outpatient visits (corresponding period in 2023: 174,756, excluding outpatient visits for nucleic acid testing), representing a year-on-year decrease of 7.53%, and provided services for 15,760 inpatient visits (corresponding period in 2023: 14,977), representing a year-on-year increase of 5.23%. During the Reporting Period, out of the discharged patients, 2,429 patients received surgeries, representing an increase of 4.38% from the corresponding period in 2023. Among such surgeries, the proportion of level-four surgeries was 20.26%, representing an increase of 3.41 percentage points from the corresponding period. Nantong Rich Hospital's share of drug sales in the total revenue has shown a downward trend for six consecutive years.

Located in Nantong Rich Hospital, Nantong Rich Meidi Elderly Care Centre is a joint venture formed by Nantong Rich Hospital and Medical Care Service Company Inc., which is a senior care institution combined with medical and wellness services integrating professional senior care, nursing care, and rehabilitation and physical therapy. As of June 30, 2024, Nantong Rich Meidi Elderly Care Centre served 89 elderly people (as of June 30, 2023: 106) with an occupancy rate of 84.0% (as of June 30, 2023: 100%).

### Medical Examination Business

The revenue of the medical examination business accounts for the largest share of the Group's total revenue. During the Reporting Period, the Group continued to adhere to the strategy of dual brand operation and development of key markets. With the mid-to-high-end brand "Rici Medical Examination" and the high-end brand "XMEDIC Medical Examination" complementing each other, we met the needs of Chinese consumers for more segmented and personalized medical examination services. In view of "Rici Medical Examination", the Group implemented the strategy of development of key markets, and insisted on focusing on four major markets, Shanghai, Beijing, the Greater Bay Area and Zhejiang, and marching into new first-tiers cities and second-tier cities. As of June 30, 2024, the Group had 82 medical examination centers in China, among which 72 centers were in operation, covering 29 cities.

Rici Medical Examination has always adhered to the pursuit of medical quality and high-quality services, and has been continuously committed to improving customer experience. During the Reporting Period, to further enhance customer satisfaction, the Medical Examination Operations Service Department and various institutions jointly established the "Service Promotion and Improvement Special Action Team", exploring issues frequently raised by customers. After sorting and analyzing, 111 service improvement goals were extracted. Each institution quickly identified the areas subject to improvement and took actions to improve, with an improvement effectiveness rate of 93%. In terms of medical quality control, we carried out in depth remote system monitoring, strengthened medical guidance services, and strictly implemented quality control and specialized improvements. We focused on developing key disciplines such as ultrasound, imaging, tests, and attending physicians, strengthened "management of important abnormal results", and achieved full coverage of the three-tier quality control system. In terms of refined operations, we developed payment functions for additional services in consultation rooms to improve payment flexibility and multi-scenario revenue conversion capabilities; by connecting the medical examination management system to the cloud PACS system, customers are enabled to apply for electronic films or film printing on their own in WeChat to optimize customers' referral experience.

# Management Discussion and Analysis

## Outlook

As the aging population reaches a tipping point, the demand for full-course and full-life-cycle medical management is constantly rising. At the same time, the incidence rate of various diseases continues to rise, with the types of diseases increasingly affecting younger populations and becoming more complex. As an important supplement to the public medical system, private healthcare meets the growing medical needs of the people. Since 2024, China has issued multiple policies to encourage the establishment of grassroots private hospitals and to support the development of various doctor groups and specialty clinics, presenting new development opportunities for Nantong Rich Hospital. Nantong Rich Hospital aims to become a Class III Grade A general hospital and strives to be one of the three major medical centers in Nantong. Specifically, through the implementation of the Three-Year Plan for High-Quality Development of Key Specialties (《重點專科高質量發展三年計劃》), we will focus on six key specialties in the discipline group model, involving tumors, rehabilitation, and elderly-related diseases; we will enhance the core competitiveness of the hospital by creating specialties and technologies; by implementing the “Patient Satisfaction Priority (患者滿意度第一)” action plan, we are committed to improving patients’ medical experience and satisfaction, to shape the hospital’s service brand with Rici’s cultural values; and leveraging Yangzhou University Affiliated Hospital as a platform, and taking the opportunity to collaborate with various hospitals affiliated with Fudan University, we will continuously improve the hospital’s medical standards, management capabilities, and research strength, promoting high-quality sustainable development of the hospital.

In 2024, healthcare consumption has become a new driving force for consumption, with policies guiding and fostering the growth of new service formats such as health examinations, consultations and management, which creates a broader development space for the medical examination industry. Looking ahead to the second half of the year, the industry as a whole will enter a peak business season and will overcome the high base effect in terms of performance, moving into high-speed phase of development. The medical examination business of the Group will continue to implement the dual-brand strategy of the mid-to-high-end medical examination “Rici Medical Examination” and the high-end medical examination “XMEDIC Medical Examination”, complementing each other to meet consumers’ diversified health management needs; focusing on the development objectives of “focusing on core business and high-quality development”, we will enhance medical service quality, refine management processes, and improve operational efficiency; we will focus on product iteration and upgrades, gradually replacing unscientific items, developing post-examination medical services and derivative products, and creating “medical-grade medical examinations”; and we will strengthen our efforts to identify and develop talents, cultivate a pool of young managers, and build a robust talent pipeline.

## FINANCIAL REVIEW

### Revenue

The Group's revenue was mainly generated from general hospital business and medical examination business. The following table sets forth the components of our revenue by operating segments for the periods indicated:

	Six months ended June 30,		Percentage change
	2024 RMB'000	2023 RMB'000	
General hospital business	<b>323,966</b>	312,416	3.7%
Medical examination business	<b>922,936</b>	982,535	(6.1%)
Inter-segment	<b>(15,697)</b>	(10,611)	47.9%
<b>Total</b>	<b>1,231,205</b>	1,284,340	(4.1%)

The Group's revenue for the Reporting Period amounted to RMB1,231.2 million, representing a decrease of 4.1% as compared to that of RMB1,284.3 million for the corresponding period in 2023. The reason for the year-on-year decrease in revenue during the Reporting Period was mainly attributable to the higher revenue base of the Group's medical examination business due to the impact of the external environment during the corresponding period in 2023.

Revenue from the general hospital business for the Reporting Period amounted to RMB308.3 million, representing an increase of 2.1% from that of RMB301.8 million for the corresponding period in 2023, excluding inter-segment revenue of RMB15.7 million and RMB10.6 million for the six months ended June 30, 2024 and 2023, respectively. The increase in revenue from the general hospital business was mainly attributable to the increase in inpatient revenue.

Revenue from the medical examination business for the Reporting Period amounted to RMB922.9 million, representing a decrease of 6.1% from that of RMB982.5 million for the corresponding period in 2023. This was mainly due to the higher revenue base of the Group's medical examination business due to the impact of the external environment during the corresponding period in 2023.

# Management Discussion and Analysis

## Cost of Sales

The Group's cost of sales primarily consists of pharmaceuticals and medical consumables costs, staff costs and depreciation and amortization expenses. The following table sets forth a breakdown of cost of sales by operating segments for the periods indicated:

	Six months ended June 30,		Percentage Change
	2024 RMB'000	2023 RMB'000	
General hospital business	250,714	241,921	3.6%
Medical examination business	599,901	568,997	5.4%
Inter-segment	(15,697)	(10,611)	47.9%
Total	834,918	800,307	4.3%

The Group's cost of sales for the Reporting Period amounted to RMB834.9 million, representing an increase of 4.3% over that of RMB800.3 million for the corresponding period in 2023.

Cost of sales from the general hospital business for the Reporting Period amounted to RMB250.7 million, representing an increase of 3.6% over that of RMB241.9 million for the corresponding period in 2023. The increase in cost of sales was mainly due to the expansion of the general hospital business.

Cost of sales from the medical examination business for the Reporting Period amounted to RMB599.9 million, representing an increase of 5.4% over that of RMB569.0 million for the corresponding period in 2023, which was mainly attributable to a year-on-year increase in the number of medical examination centers in the first half of 2024, which further increased various costs, leading to the overall increase in costs.

## Gross Profit

The Group's gross profit decreased from RMB484.0 million for the six months ended June 30, 2023 to RMB396.3 million for the Reporting Period. Gross profit margin decreased by 5.5 percentage points from 37.7% for the six months ended June 30, 2023 to 32.2% for the Reporting Period. This was due to the decline in revenue from the medical examination business during the Reporting Period while its fixed costs had no material change.

## Distribution Costs and Selling Expenses

The Group's cost of sales and selling expenses for the Reporting Period amounted to RMB108.6 million, as compared to that of RMB163.2 million for the corresponding period in 2023. The decrease was mainly due to the decrease in revenue from the Company's medical examination business, the decrease in commission from sales staff and the decrease in investment in promotional expenses in the first half of 2024.

## **Administrative Expenses**

The Group's administrative expenses for the Reporting Period amounted to RMB111.8 million, representing a slight increase as compared to that of RMB100.4 million for the corresponding period in 2023, mainly due to the increase in the remuneration expenses of the executives as a result of a year-on-year increase in the number of medical examination centers in the first half of 2024.

## **Other Income**

The Group's other income, which mainly comprised government subsidies, amounted to RMB9.9 million during the Reporting Period (corresponding period in 2023: RMB12.1 million).

## **Other Losses**

The Group's other losses for the Reporting Period amounted to RMB1.9 million, as compared to that of RMB1.6 million for the corresponding period in 2023. Other losses mainly represented losses on disposal of leasehold improvements and other miscellaneous losses.

## **Finance Costs — Net**

Our finance costs — net amounted to RMB61.0 million during the Reporting Period, as compared to that of RMB49.0 million for the corresponding period in 2023. The exchange losses amounted to RMB0.5 million during the Reporting Period, as compared to the exchange gains RMB9.8 million for the corresponding period in 2023 due to exchange rate fluctuation.

## **Share of Results of Investments Accounted for Using Equity Method**

For the Reporting Period, the Group recognised a share of profit of RMB0.4 million from investments accounted for using equity method (corresponding period in 2023: RMB0.4 million) in its consolidated results, mainly due to the operating profit generated by Nantong Rich Meidi Elderly Care Centre, a subsidiary of a joint venture of the Group.

## **Income Tax Expense**

For the Reporting Period, income tax expense amounted to RMB38.0 million (corresponding period in 2023: income tax expense of RMB53.7 million). The decrease in income tax expense was mainly due to the decrease in current income during the Reporting Period.

# Management Discussion and Analysis

## Profit for the Period

As a result of the above, the Group reported a net profit of RMB87.1 million for the Reporting Period (corresponding period in 2023: a net profit of RMB126.2 million).

## Adjusted EBITDA

To supplement our interim condensed consolidated financial information which are presented in accordance with HKAS 34 Interim Financial Reporting, we use adjusted EBITDA as an additional financial measure. We define adjusted EBITDA as profit for the period before certain expenses and depreciation and amortization as set out in the table below. Adjusted EBITDA is not an alternative to (i) profit before income tax or profit for the period (as determined in accordance with HKFRSs) as a measure of our operating performance; (ii) cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs; or (iii) any other measures of performance or liquidity. The following table reconciles our loss for the periods under HKFRSs to our definition of adjusted EBITDA for the periods indicated.

	Six months ended June 30,	
	2024 RMB'000	2023 RMB'000
Calculation of adjusted EBITDA		
Profit for the Period	87,121	126,219
Adjustments to the following items:		
Income tax expense	38,027	53,718
Finance costs — net	60,966	49,039
Depreciation and amortization	216,506	192,616
Pre-opening expenses and EBITDA loss of soft-opening <sup>(1)</sup>	6,164	14,901
Share options clawback	—	(5,351)
<b>Adjusted EBITDA</b>	<b>408,784</b>	<b>431,142</b>
<b>Adjusted EBITDA margin <sup>(2)</sup></b>	<b>33.2%</b>	<b>33.6%</b>

### Notes:

- (1) Primarily represents (a) the pre-opening expenses, such as staff costs and rental expenses, incurred in the applicable period in connection with the construction of medical examination centers; and (b) the EBITDA loss incurred during the period when the newly opened medical examination centers commenced their operations.
- (2) The calculation of adjusted EBITDA margin is based on adjusted EBITDA divided by revenue and multiplied by 100%.

The adjusted EBITDA amounted to RMB408.8 million during the Reporting Period, representing a decrease of 5.2% as compared to that of RMB431.1 million for the corresponding period in 2023, mainly due to the decrease in revenue from the medical examination business during the Reporting Period, which resulted in a slight decrease in profit.

## FINANCIAL POSITION

### Property and Equipment

Property and equipment primarily consist of buildings, medical equipment, general equipment, leasehold improvements and construction in progress. As at June 30, 2024, the property and equipment of the Group amounted to RMB1,519.2 million, representing an increase of RMB23.0 million as compared to that of RMB1,496.2 million as at December 31, 2023.

### Trade Receivables

As at June 30, 2024, the trade receivables of the Group amounted to RMB285.8 million, representing a decrease of RMB13.7 million as compared to RMB299.5 million as at December 31, 2023.

### Net Current Liabilities

As at June 30, 2024, the Group's current liabilities exceeded its current assets by RMB708.2 million (as at December 31, 2023: RMB726.6 million). The decrease in the Group's net current liabilities was mainly due to the decrease in the amount of borrowings as at the end of the Reporting Period.

### Liquidity and Capital Resources

As at June 30, 2024, the Group had cash and cash equivalents of RMB587.1 million (as at December 31, 2023: RMB811.2 million), with available unused bank facilities of RMB115.0 million (as at December 31, 2023: RMB180.0 million). As at June 30, 2024, the Group had outstanding borrowings of RMB813.5 million (as at December 31, 2023: RMB866.6 million), with non-current portion of long-term borrowings of RMB201.5 million (as at December 31, 2023: RMB219.1 million). Based on the Group's past experience and good credit standing, the Directors are confident that such bank facilities could be renewed or extended for at least 12 months upon maturity. We adopt prudent treasury policies in cash and financial management to achieve better risk control, manage financial resources efficiently and minimize the cost of funds. For the currency in which cash and cash equivalents are denominated, please refer to Note 15 to the interim condensed consolidated financial information.

### Significant Investments, Material Acquisitions and Disposals

During the Reporting Period, the Group did not have any significant investment, material acquisition or material disposal.

### Capital Expenditure and Commitments

For the Reporting Period, the Group incurred capital expenditures of RMB321.8 million (corresponding period in 2023: RMB256.3 million), primarily due to (i) the Renovation Project of Nantong Rich Hospital Phase I; (ii) purchases of medical equipment as well as renovation for our medical examination centers; and (iii) the lease of business premises for new medical examination centers.

As at June 30, 2024, the Group had a total capital commitment of RMB12.3 million (as at December 31, 2023: RMB32.5 million), mainly comprising the leasehold improvement.

# Management Discussion and Analysis

## **Borrowings**

As at June 30, 2024, the Group had total bank and other borrowings of RMB813.5 million (as at December 31, 2023: RMB866.6 million). Please refer to Note 19 to the interim condensed consolidated financial information for more details.

## **Contingent Liabilities**

The Group had no material contingent liability as at June 30, 2024 (as at December 31, 2023: Nil).

## **Financial Instruments**

The Group did not have any financial instruments as at June 30, 2024 (as at December 31, 2023: Nil).

## **Gearing Ratio**

As at June 30, 2024, on the basis of net debt divided by total capital, the Group's gearing ratio was 59.3% (as at December 31, 2023: 56.7%). The increase in gearing ratio was mainly due to the decrease in monetary funds during the Reporting period which were used in the Renovation Project of Nantong Rich Hospital Phase I and the purchase of medical equipment.

## **Cash Flow and Fair Value Interest Rate Risk**

Our exposure to changes in interest rates is mainly attributable to our bank borrowings and lease liabilities.

Borrowings obtained at variable rates expose us to cash flow interest rate risk. Borrowings obtained at fixed rates expose us to fair value interest rate risk. As at June 30, 2024, borrowings of RMB342,000,000 were with floating interest rates (as at December 31, 2023: RMB399,439,000). We did not hedge our cash flow and fair value interest rate risk during the Reporting Period.

## **Foreign Exchange Risk**

For the Reporting Period, the Group was not exposed to significant foreign currency risk, except for bank deposits denominated in Hong Kong dollar and United States dollar. The Group currently does not have a foreign currency hedging policy. However, the management closely monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

## **Credit Risk**

We have no significant concentration of credit risk. The carrying amount of cash and cash equivalents, trade and other receivables and deposits from long-term leases represent our maximum exposure to credit risk in relation to our financial assets. The objective of our measures to manage credit risk is to control potential exposure to recoverability problem.

Cash and cash equivalents were deposited in the major financial institutions, which the directors believe are of high credit quality.

## Management Discussion and Analysis

The Group has policies in place to ensure that receivables with credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of the counterparties. The credit period granted to the customers and the credit quality of these customers are assessed, which takes into account their financial position, past experience and available forward-looking information. The Group considers the probability of default upon initial recognition of a financial asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The Group also considers available reasonable and supportive forward-looking information.

The credit risk of hospital business is related to the recoverability of trade receivables and other receivables. The credit risk of medical examination business is related to the length of the overdue period of trade receivables from corporate customers and other receivables.

### Liquidity Risk

Our finance department monitors rolling forecasts of our liquidity requirements to ensure that we have sufficient cash to meet operational needs while maintaining sufficient headroom on our undrawn borrowing facilities at all times so that we do not breach borrowing limits or covenants (where applicable) on any of our borrowing facilities. We expect to fund the future cash flow needs through cash flows generated from operations, borrowings from financial institutions and issuing debt instruments or capital contribution from the Shareholders, as necessary. Based on contractual undiscounted payments, our financial liabilities were RMB3,209.9 million as at June 30, 2024 (as at December 31, 2023: RMB3,269.1 million).

### Pledge of Assets

As at June 30, 2024, the Group had assets with a total carrying amount of RMB140,747,000 (as at December 31, 2023: assets of RMB135,271,000) pledged for the Group's borrowings.

## HUMAN RESOURCES

The Group had 9,654 employees as of June 30, 2024, as compared to 9,413 employees as of December 31, 2023. The Group enters into employment contracts with its employees to cover matters such as position, term of employment, wage, employee benefits and liabilities for breaches and grounds for termination.

Remuneration of the Group's employees includes basic salaries, allowances, bonus, share option scheme and other employee benefits, and is determined with reference to their experience, qualifications and general market conditions. The emolument policy for the employees of the Group is set up by the Board on the basis of their merit, qualification and competence. We provide regular training to our employees in order to improve their skills and knowledge. The training courses range from further educational studies to skill training to professional development courses for management personnel, including a management trainee program.

# Supplementary Information

## INTERIM DIVIDEND

The Board has resolved to declare interim dividend of HK\$0.045 per Share for the Reporting Period, in a total amount of HK\$71.6 million. The Interim Dividend shall be payable to the Shareholders whose names appear on the Company's register of members at the close of business on September 16, 2024. It is expected that the Interim Dividend will be paid in cash on or around September 23, 2024. For the purpose of determining the entitlement of the Interim Dividend, the register of members of the Company will be closed from September 12, 2024 to September 16, 2024 (both days inclusive), during which period no transfer of Shares will be registered. In order to be qualified for the Interim Dividend, unregistered holders of Shares should ensure all share transfer documents accompanied by the relevant share certificates are lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on September 11, 2024.

## SUBSEQUENT EVENTS

Save for the subsequent event disclosed in Note 34 to the interim condensed consolidated financial information set forth in this report, there has been no other significant event since the end of the Reporting Period and up to the date of this report that is required to be disclosed by the Company.

### CORPORATE GOVERNANCE PRACTICES

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. The Company has adopted the code provisions as set out in the CG Code as contained in the Listing Rules, as its own code to govern its corporate governance practices.

In the opinion of the Directors, the Company has complied with the relevant code provisions contained in the CG Code during the Reporting Period, save for deviation from code provisions C.1.8 and C.2.1 of the CG Code.

Code provision C.1.8 of the CG Code provides that appropriate insurance cover in respect of legal action against directors should be arranged. For the Reporting Period, the Company did not have insurance cover for legal action against the Directors. However, pursuant to the Company's articles of association, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices. In view of the above, the Board considers that the Directors' exposure to litigation risk is manageable even if there is no insurance cover for legal action against the Directors.

Pursuant to code provision C.2.1 of the CG Code, the responsibility between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. However, the Company does not have a separate chairman and the chief executive officer and Dr. Fang performs these two roles. The Board considers that vesting the roles of the chairman and the chief executive officer in Dr. Fang is beneficial to the Group for implementing its new business strategies given his abundant experience in the healthcare industry and longtime and substantive involvement in the day to day management and operation of the Group. In addition, the balance of power and authority is ensured by the operation of the Board and the senior management, which comprises experienced and capable individuals independent from Dr. Fang (except his spouse, Dr. Mei, and his son, Mr. Fang Haoze). The Board comprised four executive Directors and three independent non-executive Directors as at the date of this report and has a fairly strong independence element in its composition.

The Board will continue to review and monitor the practices of the Company with an aim of maintaining a high standard of corporate governance.

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding dealings in the securities of the Company by the Directors and the Group's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company's securities.

Upon specific enquiry, all Directors confirmed that they have complied with the Model Code during the Reporting Period. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the Reporting Period.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

### **REVIEW OF INTERIM FINANCIAL STATEMENTS**

#### **Audit Committee**

The Audit Committee, comprising Ms. Wong Sze Wing, Mr. Jian Peixing and Dr. Wang Yong, has discussed with the management and the external auditor and reviewed the unaudited interim condensed consolidated financial statements of the Group for the Reporting Period.

#### **Auditor**

In addition, the Company's external auditor, BDO Limited, has performed an independent review of the Group's interim condensed consolidated financial statements for the Reporting Period in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity".

### **CHANGES OF MEMBERS OF THE BOARD AND UPDATE ON THE DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES**

There is no change in information on the Directors since the date of the annual report 2023 of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### **CONTINUING DISCLOSURE OBLIGATION PURSUANT TO THE LISTING RULES**

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

## INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SECURITIES

As at June 30, 2024, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

### (A) Long/Short position in ordinary shares of the Company

Name of Director	Long position	Capacity	Number of ordinary shares interested <sup>(1)</sup>	Approximate percentage <sup>+</sup> of the Company's issued share capital
Dr. Mei <sup>(2)</sup>	Long position	Interest in controlled corporation;	958,636,800 (L)	60.28%
Dr. Fang <sup>(3)</sup>	Long position	Interest of spouse	958,636,800 (L)	60.28%

### (B) Long position in underlying shares of the Company – physically settled unlisted equity derivatives

Name of Director	Capacity	Number of underlying shares in respect of the share options granted <sup>(1)(2)</sup>	Approximate percentage <sup>+</sup> of the Company's issued share capital
Dr. Mei <sup>(2)</sup>	Beneficial owner; Interest of spouse	31,807,000 (L)	2.00%
Dr. Fang <sup>(3)</sup>	Beneficial owner; Interest of spouse	31,807,000 (L)	2.00%

## Supplementary Information

Notes:

- (1) The letter "L" denotes the person's long position in the Shares and the letter "S" denotes the person's short position in the Shares.
  - (2) Chelsea Grace was beneficially interested in the 958,636,800 Shares as at June 30, 2024. Under the SFO, Dr. Mei is deemed to be interested in all the Shares held by Chelsea Grace by reason of her 100% interest in its issued share capital and is also deemed to be interested in all the interests held by Dr. Fang as she is the wife of Dr. Fang who is granted an option to subscribe for 15,903,500 Shares under the Pre-IPO Share Option Scheme. Dr. Mei is granted an option to subscribe for 15,903,500 Shares under the Pre-IPO Share Option Scheme.
  - (3) Dr. Fang is the husband of Dr. Mei. Therefore, Dr. Fang is deemed to be interested in Dr. Mei's interests in our Company who is granted an option to subscribe for 15,903,500 Shares under the Pre-IPO Share Option Scheme. Dr. Fang is granted an option to subscribe for 15,903,500 Shares under the Pre-IPO Share Option Scheme.
- + The percentage represents the number of ordinary shares/underlying shares interested divided by the number of the Company's issued shares as at June 30, 2024.

### (C) Interest in associated corporation

Name of Director	Associated corporation	Capacity/ nature of interest	Number of shares	Percentage of shareholding interest
Dr. Mei <sup>(1)</sup>	Chelsea Grace <sup>(2)</sup>	Beneficial owner	1	100%
Dr. Fang <sup>(1)</sup>	Chelsea Grace <sup>(2)</sup>	Interest of spouse	1	100%

Notes:

- (1) Dr. Fang is the husband of Dr. Mei. Therefore, under the SFO, Dr. Fang is deemed to be interested in Dr. Mei's interests in Chelsea Grace.
- (2) Under the SFO, a holding company of the listed corporation is regarded as an "associated corporation". As at June 30, 2024, Chelsea Grace held 60.28% of our issued share capital and thus was our associated corporation.

Save as disclosed in this interim report and to the best knowledge of the Directors, as at June 30, 2024, none of the Directors or the chief executive of the Company has any interests and/or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

So far as is known to any Director or chief executive of the Company, as at June 30, 2024, the following corporations/ persons (other than Directors or the chief executive of the Company) had interests of 5% or more in the issued shares of the Company according to the register of interests required to be kept by the Company under section 336 of the SFO:

### Long/Short position in ordinary shares of the Company

Name	Capacity	Number of ordinary shares interested <sup>(1)</sup>	Approximate percentage* of the Company's issued share capital
Chelsea Grace	Beneficial owner	958,636,800 (L)	60.28%

*Notes:*

(1) The letter "L" denotes the person's long position in the Shares and the letter "S" denotes the person's short position in the Shares.

\* The percentage represents the number of ordinary Shares interested divided by the number of the issued Shares as at June 30, 2024.

Save as disclosed above and to the best knowledge of the Directors, as at June 30, 2024, no person (other than the Directors or chief executives of the Company) had registered an interest or a short position in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

# PRE-IPO SHARE OPTION SCHEME AND SHARE OPTION SCHEME

### Pre-IPO Share Option Scheme

The Company conditionally approved and adopted the Pre-IPO Share Option Scheme pursuant to the resolutions of the Shareholders passed on September 19, 2016.

The purpose of the Pre-IPO Share Option Scheme is to attract, retain and motivate employees and Directors, and to provide a means of compensating them through the grant of options for their contribution to the growth and profits of the Group, and to allow such employees and Directors to participate in the growth and profitability of the Group.

On September 19, 2016, options (exercisable for 10 years subject to vesting schedule as set out in the grant letter) to subscribe for an aggregate of 47,710,500 Shares were conditionally granted by the Company under the Pre-IPO Share Option Scheme to a total of three grantees, including two executive Directors. Such options were granted based on the performance of the grantees that have made important contributions or are important to the long term growth and profitability of the Group. The exercise price is HK\$1.60 per Share as determined by the Board taking into account of the grantees' contribution to the development and growth of the Group. Apart from the above share options, no options were granted under the Pre-IPO Share Option Scheme. In addition, no further options can be granted under the Pre-IPO Share Option Scheme on or after the Listing Date. The total number of Shares currently available for issue under the Pre-IPO Share Option Scheme is 47,710,500 Shares, representing approximately 3.0% of the issued share capital of the Company as at the date of this interim report.

Subject to the Pre-IPO Share Option Scheme, each option shall be vested in the following manner:

Tranche	Vesting Date
five percent (5%) of the Shares subject to an option so granted	third (3rd) anniversary of the offer date for an option
ten percent (10%) of the Shares subject to an option so granted	fourth (4th) anniversary of the offer date for an option
fifteen percent (15%) of the Shares subject to an option so granted	fifth (5th) anniversary of the offer date for an option
seventy percent (70%) of the Shares subject to an option so granted	sixth (6th) anniversary of the offer date for an option

No options were exercised, cancelled or lapsed by the Company under the Pre-IPO Share Options Scheme during the Reporting Period.

Details of movement of the share options granted under the Pre-IPO Share Option Scheme for the Reporting Period are set out below:

Name of option holder	Outstanding as at January 1, 2024	Number of Options			Outstanding as at June 30, 2024	Exercise Price
		Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period		
<b>Directors of the Company</b>						
Dr. Fang	15,903,500	—	—	—	15,903,500	HK\$1.60
Dr. Mei	15,903,500	—	—	—	15,903,500	HK\$1.60
<b>Senior management and Other Employees of the Group</b>						
Cao Ying	15,903,500	—	—	—	15,903,500	HK\$1.60
Total	47,710,500	—	—	—	47,710,500	

The Directors, who have been granted options under the Pre-IPO Share Option Scheme, have undertaken to the Company that they will not exercise the options granted to them under the Pre-IPO Share Option Scheme if as a result of which the Company would not be able to comply with the public float requirements of the Listing Rules.

A summary of the terms (including the terms of the scheme, the calculation method of the exercise price and vesting periods and conditions) of the Pre-IPO Share Option Scheme has been set out in the section headed “E. Pre-IPO Share Option Scheme” in Appendix IV to the Prospectus.

Details of the impact of options granted under the Pre-IPO Share Option Scheme on the consolidated financial statements since the date of grant of such options and the subsequent financial periods are set out under Note 18 to the interim condensed consolidated financial statements in this interim report.

### Share Option Scheme

On September 19, 2016, the Company adopted the Share Option Scheme, which falls within the ambit of, and is subject to, the regulations under Chapter 17 of the Listing Rules. The purpose of the Share Option Scheme is to attract, retain and motivate employees, Directors and other participants, and to provide a means of compensating them through the grant of options for their contribution to the growth and profits of the Group, and to allow such employees, Directors and other persons to participate in the growth and profitability of the Group.

The Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and other share option schemes of our Company (and to which the provisions of the Listing Rules are applicable) shall not exceed 79,517,500 Shares (i.e. 5% of the aggregate of the Shares in issue on the Listing Date (“**Scheme Mandate Limit**”) and as at the date of this interim report). Options lapsed in accordance with the terms of the Share Option Scheme shall not be counted for the purpose of calculating this Scheme Mandate Limit.

## Supplementary Information

The total number of Shares issued and to be issued upon the exercise of the options granted to or to be granted to each eligible person under the Share Option Scheme (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue.

The Share Option Scheme will remain in force for a period of 10 years from September 19, 2016 and the options granted have a 10-year exercise period. Options may be vested over such period(s) as determined by the Board in its absolute discretion subject to compliance with the requirements under any applicable laws, regulations or rules.

The exercise price of the option shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant option (and shall be stated in the letter containing the offer of the grant of the option), but in any case the subscription price shall not be less than the higher of (a) the closing price of the Shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a business day, (b) the average closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five (5) business days immediately preceding the date of grant, and (c) the nominal value of a Share.

On November 24, 2017, the Company granted share options to certain then Directors and employees of the Company and its subsidiaries to subscribe for a total of 79,517,500 ordinary shares in the share capital of the Company, at the price of HK\$2.42 per Share. The closing price of the Shares before the date of grant of such options was HK\$2.35 per Share. As at June 30, 2024, among the Options granted as described above, options in respect of a total of 700,000 Shares were granted to an associate (as defined under the Listing Rules) of a Director and the acceptance letter has been signed. Details of such options granted to the associate of a Director are set out as follows:

Director's associate	Position	Number of options granted
Mr. Mei Ye <sup>(1)</sup>	Deputy General Manager of Medical Examination Business Department	700,000
Total		700,000

Note:

(1) Mr. Mei Ye is an associate of Dr. Mei.

Details of the options granted under the Share Option Scheme and those remained outstanding as at June 30, 2024 are as follows:

Name of option holder	Date of Grant	Number of Options				Outstanding as at June 30, 2024	Exercise Price
		Outstanding as at January 1, 2024	Exercised during the Report Period	Cancelled during the Report Period	Lapsed during the Report Period		
<b>Associate of Director</b>							
Mr. Mei Ye <sup>(1)</sup>	November 24, 2017	700,000	–	–	–	700,000	HK\$2.42
<b>Other Employees</b>							
	November 24, 2017	45,500,000	–	–	–	45,500,000	HK\$2.42
Total		46,200,000	–	–	–	46,200,000	

Note:

(1) Mr. Mei Ye is an associate of Dr. Mei.

20% of the options granted will be exercisable from the date falling on the 3rd anniversary of the date of grant of such options; 20% of the options granted will be exercisable from the date falling on the 4th anniversary of the date of grant of such options; 20% of the options granted will be exercisable from the date falling on the 5th anniversary of the date of grant of such options; and the remaining 40% of the options granted will be exercisable from the date falling on the 6th anniversary of the date of grant of such options.

Details of the impact of the options granted under the Share Option Scheme on the consolidated financial statements since the date of grant of such options and the subsequent financial periods are set out under Note 18 to the interim condensed consolidated financial statements in this interim report.

A summary of the terms of the Share Option Scheme has been set out in the section headed “F. Share Option Scheme” in Appendix IV to the Prospectus.

# Report on Review of Interim Financial Information

**TO THE BOARD OF DIRECTORS OF RICI HEALTHCARE HOLDINGS LIMITED**

*(incorporated in the Cayman Islands with limited liability)*

## Introduction

We have reviewed the interim financial information set out on pages 27 to 70, which comprises the interim condensed consolidated balance sheet of Rici Healthcare Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) as at 30 June 2024 and the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of other comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and notes to the interim condensed consolidated financial statements, including material accounting policy information (the “**interim financial information**”). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (“**HKSRE 2410**”) issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with HKAS 34.

**BDO Limited**

*Certified Public Accountants*

**Lui Chi Kin**

Practising Certificate no. P06162

Hong Kong, 28 August 2024

# Interim Condensed Consolidated Balance Sheet

As at 30 June 2024

	Notes	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	7	1,519,237	1,496,201
Right-of-use assets	8	1,328,504	1,245,255
Intangible assets	9	16,583	17,858
Investments accounted for using equity method	10	10,497	10,080
Financial assets at fair value through profit or loss		1,500	1,500
Financial assets at fair value through other comprehensive income		182,700	182,100
Deposits for long-term leases	11	62,009	56,475
Deferred tax assets	12	124,941	109,911
Other receivables	14	50,000	50,000
Prepayments	16	31,404	29,775
		<b>3,327,375</b>	<b>3,199,155</b>
<b>Current assets</b>			
Inventories		39,372	37,396
Trade receivables	13	285,800	299,469
Other receivables	14	279,987	264,779
Prepayments	16	21,564	22,293
Amounts due from related parties	33	699	2,553
Restricted cash	15	900	900
Cash and cash equivalents	15	587,118	811,210
		<b>1,215,440</b>	<b>1,438,600</b>
<b>Total assets</b>		<b>4,542,815</b>	<b>4,637,755</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	17	1,065	1,065
Reserves	18	1,211,471	1,125,880
		<b>1,212,536</b>	<b>1,126,945</b>
<b>Non-controlling interests</b>		<b>(25,904)</b>	<b>(12,900)</b>
<b>Total equity</b>		<b>1,186,632</b>	<b>1,114,045</b>

# Interim Condensed Consolidated Balance Sheet

As at 30 June 2024

	Notes	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	19	201,500	219,140
Lease liabilities	21	1,227,954	1,135,647
Deferred income	20	3,098	3,695
		<b>1,432,552</b>	<b>1,358,482</b>
<b>Current liabilities</b>			
Borrowings	19	612,000	647,466
Lease liabilities	21	272,376	264,298
Contract liabilities	22	578,832	601,400
Trade and other payables	23	421,288	541,229
Amounts due to related parties	33	—	132
Income tax payables		37,637	108,745
Deferred income	20	1,498	1,958
		<b>1,923,631</b>	<b>2,165,228</b>
<b>Total liabilities</b>		<b>3,356,183</b>	<b>3,523,710</b>
<b>Total equity and liabilities</b>		<b>4,542,815</b>	<b>4,637,755</b>

The notes on pages 33 to 70 are an integral part of the interim condensed consolidated financial information.

# Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2024

		Unaudited Six months ended 30 June 2024 RMB'000	Unaudited 2023 RMB'000
	Notes		
<b>Revenue</b>	24	<b>1,231,205</b>	1,284,340
Cost of sales	26	<b>(834,918)</b>	(800,307)
<b>Gross profit</b>		<b>396,287</b>	484,033
Distribution costs and selling expenses	26	<b>(108,614)</b>	(163,189)
Administrative expenses	26	<b>(111,793)</b>	(100,393)
Reversal of impairment losses/(impairment losses) on financial assets	26	<b>1,871</b>	(2,374)
Other income	25	<b>9,885</b>	12,102
Other losses		<b>(1,939)</b>	(1,643)
<b>Operating profit</b>		<b>185,697</b>	228,536
Finance costs	27	<b>(64,055)</b>	(61,535)
Finance income	27	<b>3,089</b>	12,496
Finance costs — net		<b>(60,966)</b>	(49,039)
Share of results of investments accounted for using equity method	10	<b>417</b>	440
<b>Profit before income tax</b>		<b>125,148</b>	179,937
Income tax expense	28	<b>(38,027)</b>	(53,718)
<b>Profit for the period</b>		<b>87,121</b>	126,219
<b>Profit attributable to:</b>			
Owners of the Company		<b>84,991</b>	123,370
Non-controlling interests		<b>2,130</b>	2,849
		<b>87,121</b>	126,219
<b>Earnings per share for profit attributable to owners of the Company</b>			
— Basic and diluted	29	<b>RMB0.05</b>	RMB0.08

The notes on pages 33 to 70 are an integral part of the interim condensed consolidated financial information.

# Interim Condensed Consolidated Statement of Other Comprehensive Income

For the six months ended 30 June 2024

	Unaudited Six months ended 30 June 2024 RMB'000	Unaudited 2023 RMB'000
<b>Profit for the period</b>	<b>87,121</b>	126,219
<b>Other comprehensive income</b>		
<b>Item will not be subsequently reclassified to profit or loss</b>		
– Change in fair value of financial assets at fair value through other comprehensive income	600	3,695
<b>Total comprehensive income for the period</b>	<b>87,721</b>	129,914
<b>Total comprehensive income for the period attributable to:</b>		
Owners of the Company	85,591	127,065
Non-controlling interests	2,130	2,849
	<b>87,721</b>	129,914

The notes on pages 33 to 70 are an integral part of the interim condensed consolidated financial information.

# Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Attributable to Owners of the Company			Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Reserves RMB'000 (Note 18)	Sub-total RMB'000		
<b>Balance at 1 January 2024 (audited)</b>	1,065	1,125,880	1,126,945	(12,900)	1,114,045
Profit for the period	—	84,991	84,991	2,130	87,121
Other comprehensive income	—	600	600	—	600
<b>Total comprehensive income</b>	—	85,591	85,591	2,130	87,721
Capital contributions by non-controlling interests of subsidiaries	—	—	—	4,550	4,550
Dividend paid to non-controlling interests	—	—	—	(19,684)	(19,684)
<b>Balance at 30 June 2024 (unaudited)</b>	1,065	1,211,471	1,212,536	(25,904)	1,186,632
<b>Balance at 1 January 2023 (audited)</b>	1,065	952,853	953,918	(49,092)	904,826
Profit for the period	—	123,370	123,370	2,849	126,219
Other comprehensive income	—	3,695	3,695	—	3,695
<b>Total comprehensive income</b>	—	127,065	127,065	2,849	129,914
Capital contributions by non-controlling interests of a subsidiary	—	—	—	5,750	5,750
Share option scheme	—	(5,351)	(5,351)	—	(5,351)
Dividend paid to non-controlling interests	—	—	—	(9,230)	(9,230)
<b>Balance at 30 June 2023 (unaudited)</b>	1,065	1,074,567	1,075,632	(49,723)	1,025,909

The notes on pages 33 to 70 are an integral part of the interim condensed consolidated financial information.

# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Unaudited Six months ended 30 June 2024 RMB'000	Unaudited 2023 RMB'000
<b>Cash flow from operating activities</b>		
Cash generated from operations	261,492	351,985
Interest paid	(63,533)	(61,535)
Income tax paid	(124,165)	(71,397)
<b>Net cash generated from operating activities</b>	<b>73,794</b>	<b>219,053</b>
<b>Cash flow from investing activities</b>		
Purchases of property and equipment	(112,123)	(207,676)
Proceeds from disposal of property and equipment	13	1,388
Release of restricted bank deposits	—	115,500
Interest received	3,089	6,440
Loans to third parties	(100,000)	—
Repayment of loans to third parties	100,000	—
Consideration receivable received	—	50,000
<b>Net cash used in investing activities</b>	<b>(109,021)</b>	<b>(34,348)</b>
<b>Cash flows from financing activities</b>		
Capital contributions from non-controlling interests of subsidiaries	4,550	5,750
Repayment of other financial liabilities	—	(162,920)
Proceeds from bank borrowings	260,000	250,000
Repayments of bank borrowings	(296,500)	(304,000)
Repayments of other borrowings	(16,606)	(16,776)
Principal elements of lease payments	(109,270)	(103,027)
Dividend paid to non-controlling interests	(19,684)	(9,230)
Dividend paid to shareholders	(10,833)	—
<b>Net cash used in financing activities</b>	<b>(188,343)</b>	<b>(340,203)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(223,570)</b>	<b>(155,498)</b>
Cash and cash equivalents at beginning of the period	811,210	720,141
Exchange (loss)/gain on cash and cash equivalents	(522)	5,765
<b>Cash and cash equivalents at end of the period</b>	<b>587,118</b>	<b>570,408</b>

The notes on pages 33 to 70 are an integral part of the interim condensed consolidated financial information.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 1 General information

Rici Healthcare Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2013 Revision) of the Cayman Islands on 11 July 2014. The address of the Company’s registered office is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Company, an investment holding company and its subsidiaries (collectively, the “**Group**”) are principally engaged in the provision of general hospital services and medical examination services in the People’s Republic of China (“**PRC**”).

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 6 October 2016.

The interim condensed consolidated financial information is presented in thousands of Renminbi (“**RMB’000**”), unless otherwise stated, and was approved and authorised for issue by the board of directors (the “**Board**”) of the Company on 28 August 2024.

## 2 Basis of preparation

This interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with HKAS 34 “Interim Financial Reporting”, and does not include all the notes of the type normally included in an annual financial statements. The interim condensed consolidated financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) and together with any public announcements made by the Company.

### Going concern

As at 30 June 2024, the Group’s current liabilities exceeded its current assets by RMB708,191,000. Contract liabilities and deferred income included in current liabilities of the Group as at 30 June 2024 amounting to RMB580,330,000 in aggregate are not expected to create cash outflow for the Group. The Group meets its day-to-day working capital requirements depending on cash flows generated from operating activities, bank borrowings and unutilised banking facilities provided by banks in the PRC. Based on the Group’s past experience and good credit standing, the directors are confident on future operating cash flows and that the Group’s bank financing could be renewed and/or extended for at least another twelve months upon maturity, as and when necessary. The directors therefore are of the opinion that it is appropriate to adopt the going concern basis in preparing the interim condensed consolidated financial information.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 3 Accounting policies

The accounting policies applied in the preparation of the interim condensed consolidated financial information are consistent with those of the annual financial statements of the Group for the year ended 31 December 2023, as described in those annual financial statements, except for the adoption of amended standards, as set out below.

### (a) Amended standards adopted by the Group

- HK Interpretation 5 (revised) — Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
- Amendments to HKAS 1 — Non-current Liabilities with Covenants
- Amendments to HKAS 1 — Classification of Liabilities as Current or Non-current
- Amendments to HKFRS 16 — Lease Liability in a Sale and Leaseback
- Amendments to HKAS 7 and HKFRS 7 — Supplier Finance Arrangements

The amended standards listed above did not have any impact on the amounts recognised in prior years and are not expected to materially affect the current or future reporting period.

### (b) New and revised standards and interpretations not yet adopted

Certain new and amendments of HKFRSs have been published but are not mandatory for the financial year beginning 1 January 2024 and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

## 4 Critical accounting estimates and judgements

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements of the Group for the year ended 31 December 2023.

## 5 Financial risk management

### 5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow and fair value interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2023.

There have been no changes in the risk management policies since year end.

### 5.2 Foreign exchange risk

The Group is engaged in the provision of general hospital services and medical examination services in the PRC with almost all transactions denominated in RMB. In addition, the majority of the Group's assets and liabilities are denominated in RMB. Accordingly, the Group is not exposed to significant foreign currency risk, except for the bank deposits denominated in Hong Kong Dollar ("HKD") and United States Dollar ("USD").

The Group currently does not have a foreign currency hedging policy. However, management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

At 30 June 2024, if RMB had weakened/strengthened by 5% against the HKD with all other variables held constant, post-tax profit for the period would have been RMB729,000 (31 December 2023: RMB330,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of cash in bank.

At 30 June 2024, if RMB had weakened/strengthened by 5% against USD with all other variables held constant, post-tax profit for the period would have been RMB780,000 (31 December 2023: RMB2,058,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of cash in bank.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 5 Financial risk management (continued)

### 5.3 Cash flow and fair value interest rate risk

The Group's exposure to changes in interest rates is mainly attributable to its borrowings from banks and other non-bank finance institutions.

Borrowings obtained at variable rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group does not hedge its cash flow and fair value interest rate risk. The interest rates and terms of repayments of borrowings are disclosed in Note 19.

As at 30 June 2024 and 31 December 2023 if interest rates had risen/fallen by 50 basis points with all other variables held constant, the Group's net results for the period/year would have changed mainly as a result of higher/lower interest expenses on floating rate borrowings. Details of changes are as follows:

	Unaudited Period ended 30 June 2024 RMB'000	Audited Year ended 31 December 2023 RMB'000
Net results (decrease)/increase		
— risen 50 basis points	(1,710)	(2,068)
— fallen 50 basis points	1,710	2,068

### 5.4 Credit risk

The Group's credit risk arises from restricted cash, cash and cash equivalents, trade receivables and other receivables, amounts due from related parties and deposits for long-term leases. The credit risk of general hospital segment is from the recoverability of trade receivables and other receivables. The credit risk of medical examination segment is from the length of the overdue period of trade receivables and other receivables by corporate customers. The objective of the Group's measures to manage credit risk is to control potential exposure to recoverability problem.

Cash and cash equivalents and restricted cash were deposited in the major financial institutions, which the directors believe are of high credit quality.

The Group established policies in place to ensure that the Group assesses the credit worthiness and financial strength of its customers as well as considering prior dealing history with the customers and volume of sales. Management makes periodic assessment on the recoverability of trade receivables and other receivables based on historical payment records, the length of the overdue period, the financial strength of the debtors and whether there are any trade disputes with the debtors.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 5 Financial risk management (continued)

### 5.5 Liquidity risk

Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. The Group expected to fund the future cash flow needs through internally generated cash flows from operations, borrowings from financial institutions and issuing debt instruments and capital injection from shareholders, as necessary.

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity grouping based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
<b>As at 30 June 2024 (Unaudited)</b>					
Borrowings, including interest	622,098	146,552	71,571	—	840,221
Lease liabilities	283,068	279,506	697,403	688,404	1,948,381
Trade and other payables	421,288	—	—	—	421,288
	<b>1,326,454</b>	<b>426,058</b>	<b>768,974</b>	<b>688,404</b>	<b>3,209,890</b>
<b>As at 31 December 2023 (Audited)</b>					
Borrowings, including interest	661,395	102,887	138,453	—	902,735
Lease liabilities	278,397	257,961	672,024	616,614	1,824,996
Amounts due to related parties	132	—	—	—	132
Trade and other payables	541,229	—	—	—	541,229
	<b>1,481,153</b>	<b>360,848</b>	<b>810,477</b>	<b>616,614</b>	<b>3,269,092</b>

The interest on borrowings is calculated based on borrowings held as at 30 June 2024 and 31 December 2023, respectively. Floating-rate interests are estimated using the current interest rate as at 30 June 2024 and 31 December 2023, respectively.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 5 Financial risk management (continued)

### 5.6 Fair value estimation

#### 5.6.1 Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The following table presents the Group's financial assets measured and recognised at fair value at 30 June 2024 and 31 December 2023 on a recurring basis:

At 30 June 2024	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Assets (unaudited)</b>				
Financial assets at fair value through profit or loss				
– Unlisted equity securities	–	–	1,500	1,500
Financial assets at fair value through other comprehensive income				
– Unlisted equity securities	–	–	182,700	182,700
<b>Total</b>	<b>–</b>	<b>–</b>	<b>184,200</b>	<b>184,200</b>
At 31 December 2023	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Assets (Audited)</b>				
Financial assets at fair value through profit or loss				
– Unlisted equity securities	–	–	1,500	1,500
Financial assets at fair value through other comprehensive income				
– Unlisted equity securities	–	–	182,100	182,100
<b>Total</b>	<b>–</b>	<b>–</b>	<b>183,600</b>	<b>183,600</b>

As at 30 June 2024, the fair value of financial assets at fair value through profit or loss is approximately equal to their carrying amount. There's no change in level 3 instruments for the six months ended 30 June 2024.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

## 5 Financial risk management (continued)

### 5.6 Fair value estimation (continued)

#### 5.6.1 Fair value hierarchy (continued)

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The fair value of unlisted equity securities classified as financial assets at fair value through other comprehensive income is determined by the directors of the Company based on the valuation report prepared by the independent valuer with market approach using price to revenue ratio. It is a Level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balances are provided as below:

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Opening balance	182,100	181,725
Fair value change during the period/year	600	375
Closing balance	182,700	182,100

One of the key significant unobservable inputs to determine the fair value of unlisted equity securities classified as financial assets at fair value through other comprehensive income is price to revenue ratio.

A higher price to revenue ratio would result in an increase in the fair value of unlisted equity securities classified as financial assets at fair value through other comprehensive income, and vice versa.

#### 5.6.2 Fair values of other financial instruments

The Group also has a number of financial instruments which are not measured at fair value in the interim condensed consolidated balance sheet. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature. Fair value of trade receivables, other receivables, amounts due from related parties, trade and other payables, borrowings, lease liabilities, and amount due to related parties approximates to their carrying amount.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 6 Segment information

Management has determined the operating segments based on the information reviewed by the chief operating decision-maker (“**CODM**”) for the purpose of corporate planning, allocating resources and assessing performance.

Management considers the business from a business perspective, and assesses the performance of the business segment based on segment profit without allocation of administrative expenses, reversal of impairment losses on financial assets, impairment losses on financial assets, interest income, interest expenses, net exchange losses, net exchange gains, other income, other losses, share of result of investments accounted for using equity method and income tax expense.

The amounts provided to management with respect to total assets and total liabilities are measured consistent with that of the financial information. These assets are allocated based on the operations of segments. Certain assets and liabilities related to some subsidiaries with corporate function are not allocated into segments. Elimination of revenue are mainly inter-segment service charges related to general hospital business.

The Group manages its business by two operating segments based on their services, which is consistent with the way in which information is reported internally to the Group’s CODM for the purpose of resources allocation and performance assessment. The principal assets employed by the Group are located in the PRC, and accordingly, no geographical segment analysis has been prepared.

### (a) General hospital

The business of this segment is in Nantong, a city of Jiangsu Province. Revenue from this segment is derived from general hospital services provided by Nantong Rich Hospital Co., Ltd. (“**Nantong Rich Hospital**”) and maternity care services provided by Nantong Advanced Hejia Maternity and Child Nursing Service Co., Ltd.

### (b) Medical examination centers

The business of this segment is in Shanghai city, Jiangsu Province and other provinces in the PRC. Revenue from this segment is derived from medical examination services.

The following table presents revenue and profit information regarding the Group’s operation segments for the six months ended 30 June 2024 and 2023, and the segment assets and liabilities as at 30 June 2024 and 31 December 2023.

Revenue between segments are carried out at arm’s length and are eliminated on consolidation. The revenue from external parties is measured in the same way as in the interim condensed consolidated statement of profit or loss.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 6 Segment information (continued)

	General Hospital RMB'000	Medical Examination Centers RMB'000	Unallocated RMB'000	Elimination RMB'000	Total RMB'000
<b>For the six months ended 30 June 2024 (unaudited)</b>					
Revenue	323,966	922,936	—	(15,697)	1,231,205
Segment profit/(loss)	72,356	215,616	(299)	—	287,673
Administrative expenses					(111,793)
Reversal of impairment losses on financial assets					1,871
Interest income					3,089
Interest expenses					(63,533)
Net exchange losses					(522)
Other income					9,885
Other losses					(1,939)
Share of result of investments accounted for using equity method					417
Profit before income tax					125,148
Income tax expense					(38,027)
Profit for the period					87,121

	General Hospital RMB'000	Medical Examination Centers RMB'000	Unallocated RMB'000	Elimination RMB'000	Total RMB'000
<b>As at 30 June 2024 (unaudited)</b>					
Segment assets	1,334,284	3,810,376	1,005,625	(1,607,470)	4,542,815
Segment liabilities	654,175	2,837,686	488,735	(624,413)	3,356,183
<b>For the six months ended 30 June 2024 (unaudited)</b>					
<b>Other information</b>					
Additions to property and equipment, right- of-use assets and intangible assets	37,419	284,359	—	—	321,778
Depreciation and amortisation	24,255	192,251	—	—	216,506

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 6 Segment information (continued)

	General Hospital RMB'000	Medical Examination Centers RMB'000	Unallocated RMB'000	Elimination RMB'000	Total RMB'000
<b>For the six months ended 30 June 2023 (unaudited)</b>					
Revenue	312,416	982,535	—	(10,611)	1,284,340
Segment profit/(loss)	70,877	253,519	(3,552)	—	320,844
Administrative expenses					(100,393)
Net impairment losses on financial assets					(2,374)
Interest income					2,736
Interest expenses					(61,535)
Net exchange gains					9,760
Other income					12,102
Other losses					(1,643)
Share of result of investments accounted for using equity method					440
Profit before income tax					179,937
Income tax expense					(53,718)
Profit for the period					126,219
<b>As at 31 December 2023 (audited)</b>					
Segment assets	1,358,756	3,983,125	994,407	(1,698,533)	4,637,755
Segment liabilities	699,339	3,059,105	476,253	(710,987)	3,523,710
<b>For the six months ended 30 June 2023 (unaudited)</b>					
<b>Other information</b>					
Additions to property and equipment, right- of-use assets and intangible assets	102,287	154,060	—	—	256,347
Depreciation and amortisation	17,204	175,412	—	—	192,616

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 7 Property and equipment

	Buildings RMB'000	Medical equipments RMB'000	General equipments RMB'000	Leasehold improvements RMB'000	Others RMB'000	Construction in progress RMB'000	Total RMB'000
<b>As at 1 January 2024 (Audited)</b>							
Cost	908,791	811,992	101,541	694,164	12,685	69,695	2,598,868
Accumulated depreciation	(91,046)	(516,627)	(75,752)	(391,954)	(9,212)	—	(1,084,591)
Impairment	—	—	—	(18,076)	—	—	(18,076)
Net book amount	817,745	295,365	25,789	284,134	3,473	69,695	1,496,201
<b>Six months ended 30 June 2024 (Unaudited)</b>							
Opening net book amount	817,745	295,365	25,789	284,134	3,473	69,695	1,496,201
Additions	2,558	622	—	2,283	—	106,660	112,123
Transfers	4,190	43,301	3,612	37,367	574	(82,177)	6,867
Disposal	—	(164)	(53)	(5)	—	(40)	(262)
Depreciation	(10,702)	(45,131)	(4,247)	(35,297)	(315)	—	(95,692)
Closing net book amount	813,791	293,993	25,101	288,482	3,732	94,138	1,519,237
<b>As at 30 June 2024 (Unaudited)</b>							
Cost	915,539	861,965	101,681	733,810	13,259	94,138	2,720,392
Accumulated depreciation	(101,748)	(567,972)	(76,580)	(427,252)	(9,527)	—	(1,183,079)
Impairment	—	—	—	(18,076)	—	—	(18,076)
Net book amount	813,791	293,993	25,101	288,482	3,732	94,138	1,519,237
<b>As at 1 January 2023 (Audited)</b>							
Cost	279,081	695,066	97,224	593,022	7,924	768,684	2,441,001
Accumulated depreciation	(89,732)	(446,580)	(76,803)	(359,418)	(5,814)	—	(978,347)
Impairment	—	—	—	(18,076)	—	—	(18,076)
Net book amount	189,349	248,486	20,421	215,528	2,110	768,684	1,444,578
<b>Six months ended 30 June 2023 (Unaudited)</b>							
Opening net book amount	189,349	248,486	20,421	215,528	2,110	768,684	1,444,578
Additions	42,941	1,664	706	1,716	4,761	155,888	207,676
Transfers	688,125	96,385	4,545	59,572	—	(834,159)	14,468
Disposal	—	(64)	(18)	—	—	—	(82)
Written-off	—	—	—	—	—	(1,306)	(1,306)
Depreciation	(4,736)	(44,969)	(2,112)	(28,249)	(3,099)	—	(83,165)
Closing net book amount	915,679	301,502	23,542	248,567	3,772	89,107	1,582,169
<b>As at 30 June 2023 (Unaudited)</b>							
Cost	1,012,817	806,818	98,914	654,310	12,685	89,107	2,674,651
Accumulated depreciation	(97,138)	(505,316)	(75,372)	(387,667)	(8,913)	—	(1,074,406)
Impairment	—	—	—	(18,076)	—	—	(18,076)
Net book amount	915,679	301,502	23,542	248,567	3,772	89,107	1,582,169

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 7 Property and equipment (continued)

- (a) Depreciation of property and equipment has been charged to the interim condensed consolidated statement of profit or loss as follows:

	Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
Cost of sales	84,383	155,985
Distribution costs and selling expenses	87	94
Administrative expenses	11,222	16,363
	<b>95,692</b>	172,442

- (b) As at 30 June 2024, buildings with a total carrying amount of RMB137,999,000 (31 December 2023: RMB122,772,000) were pledged for the Group's borrowings (Note 19).
- (c) As at 31 December 2023, equipment with a total carrying amount of RMB9,701,000 are pledged for the Group's borrowings (Note 19).

## 8 Right-of-use assets

	Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
Properties	1,325,756	1,232,859
Equipment	—	9,598
Land use rights	2,748	2,798
	<b>1,328,504</b>	1,245,255

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 8 Right-of-use assets (continued)

	Properties RMB'000	Equipment RMB'000	Land use rights RMB'000	Total RMB'000
<b>As at 1 January 2024 (Audited)</b>				
Cost	1,931,042	32,445	4,698	1,968,185
Accumulated depreciation	(698,183)	(22,847)	(1,900)	(722,930)
Net book amount	1,232,859	9,598	2,798	1,245,255
<b>Six months ended 30 June 2024 (Unaudited)</b>				
Opening net book amount	1,232,859	9,598	2,798	1,245,255
Transfer to property and equipment	—	(7,090)	—	(7,090)
Additions	209,655	—	—	209,655
Depreciation	(116,758)	(2,508)	(50)	(119,316)
Closing net book amount	1,325,756	—	2,748	1,328,504
<b>As at 30 June 2024 (Unaudited)</b>				
Cost	2,033,512	—	4,698	2,038,210
Accumulated depreciation	(707,756)	—	(1,950)	(709,706)
Net book amount	1,325,756	—	2,748	1,328,504
<b>As at 1 January 2023 (Audited)</b>				
Cost	1,774,358	32,445	4,698	1,811,501
Accumulated depreciation	(572,729)	(17,440)	(1,800)	(591,969)
Net book amount	1,201,629	15,005	2,898	1,219,532
<b>Six months ended 30 June 2023 (Unaudited)</b>				
Opening net book amount	1,201,629	15,005	2,898	1,219,532
Transfer to property and equipment	—	(15,005)	—	(15,005)
Additions	48,671	—	—	48,671
Depreciation	(108,596)	—	(50)	(108,646)
Closing net book amount	1,141,704	—	2,848	1,144,552
<b>As at 30 June 2023 (Unaudited)</b>				
Cost	1,806,197	—	4,698	1,810,895
Accumulated depreciation	(664,493)	—	(1,850)	(666,343)
Net book amount	1,141,704	—	2,848	1,144,552

As at 30 June 2024, land with a total carrying amount of RMB2,748,000 (31 December 2023: RMB2,798,000) were pledged for the Group's borrowings (Note 19).

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 9 Intangible assets

	Computer software RMB'000
<b>As at 1 January 2024 (Audited)</b>	
Cost	47,329
Accumulated amortisation	(29,471)
Net book amount	17,858
<b>Six months ended 30 June 2024 (Unaudited)</b>	
Opening net book amount	17,858
Transfer from construction in progress	223
Amortisation	(1,498)
Closing net book amount	16,583
<b>As at 30 June 2024 (Unaudited)</b>	
Cost	47,552
Accumulated amortisation	(30,969)
Net book amount	16,583
<b>As at 1 January 2023 (Audited)</b>	
Cost	32,554
Accumulated amortisation	(27,166)
Net book amount	5,388
<b>Six months ended 30 June 2023 (Unaudited)</b>	
Opening net book amount	5,388
Transfer from construction in progress	537
Amortisation	(805)
Closing net book amount	5,120
<b>As at 30 June 2023 (Unaudited)</b>	
Cost	33,091
Accumulated amortisation	(27,971)
Net book amount	5,120

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 10 Investments accounted for using equity method

	Unaudited Six months ended 30 June 2024 RMB'000	Unaudited 2023 RMB'000
Opening balance	10,080	9,122
Share of results	417	440
Ending balance	10,497	9,562

The particulars of the joint venture and associate of the Group during the periods, which are unlisted, are set out as follows:

Company name	Country/date of incorporation and operation	Paid-in capital	Equity interests held		Principal activities
			As at 30 June 2024	As at 31 December 2023	
Shanghai Rich Meidi Management Consulting Co., Ltd.	29 October 2013, Shanghai, the PRC	RMB15,000,000	60%	60%	Joint Venture
Neijiang Rich Ruichuan Clinic Co., Ltd.	29 March 2017, Sichuan, the PRC	RMB14,313,000	20%	20%	Associate

## 11 Deposits for long-term leases

The Group paid deposits for leases of certain medical examination centers, which are due over 1 year from balance sheet date and are recoverable at the end of the lease term.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 12 Deferred tax assets

	Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
The balance comprises temporary differences attributable to:		
Tax losses	50,841	41,324
Right-of-use assets and lease liabilities	43,301	37,476
	<b>94,142</b>	78,800
Share option scheme	24,279	24,279
Loss allowances for financial assets	3,217	3,529
Impairment of property and equipment	3,303	3,303
	<b>30,799</b>	31,111
Total deferred tax assets	<b>124,941</b>	109,911

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 12 Deferred tax assets (continued)

Movements in deferred income tax assets for both six months ended 30 June 2024 and 2023, without taking into consideration the offsetting of balance within the same tax jurisdiction, are as follows:

	Tax losses carried forward RMB'000	Right-of- use assets and lease liabilities RMB'000	Share option scheme RMB'000	Deferred income RMB'000	Assets impairment RMB'000	Total RMB'000
<b>As at 1 January 2024 (audited)</b>	41,324	37,476	24,279	—	6,832	109,911
Credited/(debited) to condensed consolidated statement of profit or loss	9,517	5,825	—	—	(312)	15,030
<b>As at 30 June 2024 (unaudited)</b>	50,841	43,301	24,279	—	6,520	124,941
<b>As at 1 January 2023 (audited)</b>	55,807	34,710	27,532	1,401	5,356	124,806
(Debited)/credited to condensed consolidated statement of profit or loss	(5,343)	2,716	(1,338)	(1,401)	304	(5,062)
<b>As at 30 June 2023 (unaudited)</b>	50,464	37,426	26,194	—	5,660	119,744

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of RMB87,221,000 (31 December 2023: RMB86,503,000) in respect of tax losses amounting to RMB349,857,000 (31 December 2023: RMB346,014,000) as at 30 June 2024. All these tax losses will expire within five years.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 13 Trade receivables

	Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
Trade receivables	299,466	315,006
Less: Loss allowance	(13,666)	(15,537)
	<b>285,800</b>	299,469

As at 30 June 2024 and 31 December 2023, the fair value of trade receivables of the Group approximated to their carrying amount.

The aging analysis of trade receivables based on the date the relevant service was rendered is as follows:

	Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
Trade receivables		
– Up to 6 months	272,576	295,752
– 6 months to 1 year	14,527	10,118
– 1 to 2 years	4,711	1,913
– 2 to 3 years	5,765	5,359
– Over 3 years	1,887	1,864
	<b>299,466</b>	315,006

Movements of loss allowance for trade receivables are as follows:

	Unaudited Six months ended 30 June 2024 RMB'000	2023 RMB'000
At the beginning of the period	15,537	9,040
(Decrease)/increase in loss allowance	(1,871)	2,374
Receivables written off as uncollectible	—	(468)
At the end of the period	<b>13,666</b>	10,946

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 14 Other receivables

	Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
Loans to non-controlling interests of subsidiaries (Note (a))	59,000	59,000
Deposits	13,388	11,899
Advances to staff	10,206	5,845
Interest receivable	7,612	6,490
Others (Note (b) & (c))	241,539	233,303
	<b>331,745</b>	316,537
Less: Loss allowance	<b>(1,758)</b>	(1,758)
	<b>329,987</b>	314,779
Current	<b>279,987</b>	264,779
Non-current	<b>50,000</b>	50,000
	<b>329,987</b>	314,779

*Notes:*

- (a) Balance represents loans to the non-controlling interests of subsidiaries, which are unsecured and bore the interest rate at 1-year loan prime rate plus 1 basis point. They were recoverable within twelve months from the reporting date as at 30 June 2024.
- (b) Consideration receivable of RMB100,000,000 (31 December 2023: RMB100,000,000) from the disposal of Shanghai Shuixian Obstetrics, Gynecology & Pediatric Hospital Co., Ltd. is included in Others as at 30 June 2024. The consideration receivable is unsecured and non-interest bearing. RMB50,000,000 will be settled in September 2024; and RMB50,000,000 will be settled in September 2025. The consideration receivable of RMB50,000,000 (31 December 2023: RMB50,000,000) is not recoverable within twelve months from the reporting date as at 30 June 2024.
- (c) Loan to a third party of RMB100,000,000 (31 December 2023: RMB100,000,000), which is unsecured and bore the interest rate at 5% per annum, is included in Others. The Group expects to realise the loan within twelve months from the reporting date as at 30 June 2024.

The carrying amounts of the Group's other receivables are denominated in RMB.

As at 30 June 2024 and 31 December 2023, the fair value of other receivables approximated to their carrying amount.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 15 Cash and bank balances

### (a) Cash and cash equivalents

	Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
Cash at bank and on hand		
– Denominated in RMB	528,039	769,217
– Denominated in USD	51,961	23,340
– Denominated in HKD	7,118	18,653
	<b>587,118</b>	811,210

### (b) Restricted cash

As at 30 June 2024, RMB900,000 placed in a bank (31 December 2023: RMB900,000) is a guarantee deposits for gas heating service.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 16 Prepayments

	Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
<b>Non-current:</b>		
Prepayments for property and equipment	31,404	29,775
<b>Current:</b>		
Prepayments for consumables	7,803	8,591
Others (note)	13,761	13,702
	21,564	22,293
<b>Total prepayments</b>	<b>52,968</b>	<b>52,068</b>

Note:

Others mainly included prepaid advertising expenses and prepaid property management fee.

## 17 Share capital

Ordinary shares, issued and fully paid:

	Number of ordinary shares	Share capital RMB'000
As at 30 June 2024 and 31 December 2023	1,590,324,000	1,065

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 18 Reserves

	Share premium RMB'000	Merger and capital reserves RMB'000	Statutory reserves and other reserves RMB'000 (a)	FVOCI reserve RMB'000	Share option scheme RMB'000 (b)	Retained earnings/ (accumulated losses) RMB'000	Total RMB'000
<b>As at 1 January 2024 (audited)</b>	527,388	(333,180)	314,487	2,100	97,662	517,423	1,125,880
Profit for the period	—	—	—	—	—	84,991	84,991
Other comprehensive income	—	—	—	600	—	—	600
Appropriation to statutory reserves	—	—	43,032	—	—	(43,032)	—
<b>As at 30 June 2024 (unaudited)</b>	527,388	(333,180)	357,519	2,700	97,662	559,382	1,211,471
<b>As at 1 January 2023 (audited)</b>	715,292	(333,180)	226,702	1,725	110,672	231,642	952,853
Profit for the period	—	—	—	—	—	123,370	123,370
Other comprehensive income	—	—	—	3,695	—	—	3,695
Appropriation to statutory reserves	—	—	9,697	—	—	(9,697)	—
Share option scheme	—	—	—	—	(5,351)	—	(5,351)
<b>As at 30 June 2023 (unaudited)</b>	715,292	(333,180)	236,399	5,420	105,321	345,315	1,074,567

(a) Statutory reserves and other reserves included the retained earnings of Nantong Rich Hospital as at 30 June 2014 amounted to RMB138,950,000 when Nantong Rich Hospital ceased to be a “not-for-profit medical organization”. It is non-distributable and shall be used for the hospital’s future development according to the requirements of local authorities.

### (b) Share option scheme

The Group approved and launched a share option scheme on 19 September 2016. Pursuant to the share option scheme, two directors and one employee were granted the share options to subscribe for up to 47,710,500 shares of the Company. The share options will vest in four tranches at the third, the fourth, the fifth and the sixth anniversaries of the offer date and will only become exercisable from the respective vesting dates up to the tenth anniversary of the offer date. The subscription price payable upon the exercise of any share option is fixed at HKD1.60.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 18 Reserves (continued)

### (b) Share option scheme (continued)

As at 30 June 2024, 47,710,500 (31 December 2023: 47,710,500) outstanding options were not exercised, among which all options have been vested. These options with an exercise price of HKD1.60 per share upon vesting will be expired on 19 September 2026.

Another share option scheme was conditionally approved and adopted pursuant to a resolution of the shareholders of the Company passed on 19 September 2016. On and subject to the terms of the share option scheme, the Board shall be entitled at any time within ten years after 19 September 2016 to offer to grant to any non-executive director or independent non-executive director of the Company or any eligible employees of the Company as the Board may in its absolute discretion select, and subject to such conditions as the Board may think fit, an option to subscribe for such number of shares as the Board may determine at the subscription price. One director and ten employees were granted the share options to subscribe for up to 79,517,500 shares of the Company on 24 November 2017. The share options will vest in four tranches at the third, the fourth, the fifth and the sixth anniversaries of the offer date and will only become exercisable from the respective vesting dates up to the tenth anniversary of the offer date. The subscription price payable upon the exercise of the share options is fixed at HKD2.42.

As at 30 June 2024, 46,200,000 (31 December 2023: 46,200,000) outstanding options were not exercised, among which all options have been vested. These options with an exercise price of HKD2.42 per share upon vesting will be expired on 24 November 2027.

The number and weighted average exercise prices of share options are as follows:

	As at 30 June 2024 (Unaudited)		As at 31 December 2023 (Audited)	
	Weighted average exercise price HK\$	Number	Weighted average exercise price HK\$	Number
Outstanding at beginning of the period/year	2.00	93,910,500	2.47	112,070,500
Forfeited during the period/year	—	—	2.42	(18,160,000)
Outstanding at end of the period/year	2.00	93,910,500	2.00	93,910,500
Exercisable at end of the period/year	2.00	93,910,500	2.00	93,910,500

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 19 Borrowings

	Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
Bank borrowings-secured and/or guaranteed (a)	813,500	850,000
Other borrowings-secured and guaranteed (b)	—	16,606
	<b>813,500</b>	866,606
Less: Non-current portion of non-current borrowings	<b>(201,500)</b>	(219,140)
	<b>612,000</b>	647,466

The Group's borrowings were repayable as follows:

	Within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total RMB'000
<b>30 June 2024</b>				
Bank borrowings	612,000	137,500	64,000	813,500
<b>31 December 2023</b>				
Bank borrowings	638,000	90,000	122,000	850,000
Other borrowings	9,466	7,140	—	16,606
	647,466	97,140	122,000	866,606

Notes:

(a) As at 30 June 2024, bank borrowings include:

- i. RMB10,000,000 borrowings secured by the Group's buildings with net book value of RMB17,760,000 as at 30 June 2024 (Note 7);
- ii. RMB100,000,000 (31 December 2023: RMB160,000,000) borrowings secured by the Group's buildings with net book value of RMB30,172,000 (31 December 2023: RMB31,034,000) (Note 7);
- iii. RMB60,000,000 (31 December 2023: RMB20,000,000) borrowings secured by the Group's buildings with net book value of RMB30,968,000 (31 December 2023: RMB31,630,000) (Note 7); and
- iv. RMB171,500,000 (31 December 2023: RMB158,000,000) borrowings secured by the Group's land use rights with net book value of RMB2,748,000 (31 December 2023: RMB2,798,000) (Note 8) and buildings with net book value of RMB59,099,000 (31 December 2023: RMB60,108,000) (Note 7);

All the short-term and long-term bank borrowings are also guaranteed by the Company's subsidiaries for each other.

(b) Other borrowings are secured by the Group's equipment with net book value of RMB9,701,000 and are also guaranteed by the Company's subsidiaries for each other as at 31 December 2023.

All the borrowings are denominated in RMB and their fair value approximated to their carrying amounts.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 20 Deferred income

	Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
At the beginning of the period/year	5,653	97,136
Deduct against the cost of property and equipment	—	(83,400)
Transfer to profit or loss	(1,057)	(8,083)
	4,596	5,653
Current	1,498	1,958
Non-current	3,098	3,695
	4,596	5,653

## 21 Lease liabilities

	Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
<b>Present value of the minimum lease payments:</b>		
Within 1 year	272,376	264,298
After 1 year but within 2 years	252,787	221,760
After 2 years but within 5 years	562,375	539,962
After 5 years	412,792	373,925
	1,500,330	1,399,945

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 22 Contract liabilities

	Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
Sales of medical examination cards	517,252	537,306
Advances from medical examination customers	54,040	57,031
Advances from hospital patients	7,540	7,063
	<b>578,832</b>	601,400

Sales of medical examination cards represent the prepayments received from patients and customers and will be recognised in profit or loss when medical examination services are rendered to the relevant customers.

Revenue will be recognised when the relevant services are rendered to the customers. The amount of revenue recognised for the period ended 30 June 2024 that was included in the contract liabilities as at 31 December 2023 was RMB130,632,000 (31 December 2023: RMB221,267,000).

Contract liabilities as at 30 June 2024 are expected to be recognised as revenue in the following one to two years (31 December 2023: one to two years).

## 23 Trade and other payables

	Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
Trade payables due to third parties	162,086	164,351
Payables for purchase of property and equipment	115,587	131,661
Staff salaries and welfare payables	85,524	139,851
Deposits received	18,983	17,436
Accrued taxes other than income tax	4,840	5,531
Accrued professional service fees	631	1,310
Interest payables	448	908
Accrued advertising expenses	—	548
Others	33,189	79,633
	<b>421,288</b>	541,229

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 23 Trade and other payables (continued)

The aging analysis of the trade payables based on invoice date is as follows:

	Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
Trade payables		
– Up to 3 months	139,812	130,674
– 3 to 6 months	5,934	11,642
– 6 months to 1 year	6,188	8,709
– 1 to 2 years	3,532	1,804
– 2 to 3 years	772	3,381
– Over 3 years	5,848	8,141
	<b>162,086</b>	164,351

The trade payables are usually paid within 30–60 days of recognition.

The fair value of all trade and other payables of the Group approximated to their carrying amounts and the carrying amounts of the Group's trade and other payables are denominated in RMB.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 24 Revenue

Revenue of the Group consists of the following:

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
<b>General hospital</b>		
Outpatient pharmaceutical revenue	33,035	31,410
Outpatient service revenue	34,607	43,936
Inpatient pharmaceutical revenue	104,406	101,438
Inpatient service revenue	136,221	125,021
<b>Medical examination centers</b>		
Examination service revenue	922,445	982,274
Management service revenue and others	491	261
	<b>1,231,205</b>	<b>1,284,340</b>

## 25 Other income

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Government grants (Note)	1,828	10,757
Interest income from loans to third parties	3,073	—
Others	4,984	1,345
	<b>9,885</b>	<b>12,102</b>

Note:

Government grants mainly represent (a) RMB800,000 (2023: RMB7,511,000) amortisation of deferred income from the special government grants from Nantong Finance Bureau and Shanghai Qingpu Development and Reform Commission, (b) Nil (2023: RMB887,000) of subsidy for COVID-19 PCR testing, (c) Nil (2023: RMB629,000) of maternity subsidy and (d) RMB590,000 (2023: RMB247,000) of other medical subsidy.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 26 Expenses by nature

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Employee benefits expenses	501,699	496,103
Depreciation and amortization	216,506	192,616
Pharmaceutical costs	92,307	85,719
Outsourcing testing expenses	61,058	69,293
Medical consumables costs	50,827	58,092
Utility expenses	44,441	42,129
Platform service charges	23,846	19,201
Office expenses	16,714	20,919
Maintenance expenses	10,032	11,839
Other expenses	8,515	10,971
Professional service charges	7,500	9,168
Entertainment expenses	7,133	10,527
Stamp duty and other taxes	4,588	2,618
Advertising expenses	4,576	27,406
Short-term or low-value operating lease rentals	2,405	2,897
Labour union dues	1,388	1,920
Travel expenses	1,220	1,901
Auditor's remuneration	570	570
(Reversal of impairment losses)/impairment losses on receivables	(1,871)	2,374
	<b>1,053,454</b>	<b>1,066,263</b>

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 27 Finance costs – net

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Interest on lease liabilities	47,636	44,457
Interest on borrowings	15,897	18,679
Interest on other financial liabilities	—	1,088
	63,533	64,224
Amount capitalised	—	(2,689)
	63,533	61,535
Net exchange losses	522	—
<b>Finance costs</b>	<b>64,055</b>	<b>61,535</b>
Interest income	(3,089)	(2,736)
Net exchange gains	—	(9,760)
<b>Finance income</b>	<b>(3,089)</b>	<b>(12,496)</b>
<b>Finance costs – net</b>	<b>60,966</b>	<b>49,039</b>

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 28 Income tax expense

The amount of income tax expense recognised in the interim condensed consolidated statement of profit or loss represents:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Current income tax		
– Current period	48,203	50,534
– Under/(over)-provision in respect of prior years	4,854	(1,878)
Deferred income tax (Note 12)	(15,030)	5,062
Income tax expense	38,027	53,718

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the companies within the Group as follows:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Profit before income tax	125,148	179,937
Tax calculated at the applicable income tax rate (25%)	31,287	44,984
Tax effect of:		
Tax loss expired	—	6,037
Expenses not deductible for tax purpose	560	1,005
Utilization of tax losses and temporary differences not recognised as deferred tax assets in prior years	(5,880)	(5,119)
Temporary differences not recognised as deferred tax assets	206	1,352
Tax losses not recognised as deferred tax assets	6,841	7,102
Different tax rates of a subsidiary	159	235
Under/(over)-provision in respect of prior years	4,854	(1,878)
Income tax expense	38,027	53,718

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 28 Income tax expense (continued)

The corporate income tax rate applicable to the Group's subsidiaries located in mainland China is 25%. During the six months ended 30 June 2024, the corporate income tax rate applicable to some of the subsidiaries in mainland China is 15%.

The Company is registered in the Cayman Islands, and hence is not subject to corporate income tax. Two subsidiaries in the Group registered in the British Virgin Islands are not subject to corporate income tax.

No provision for Hong Kong profits tax has been made as the Group does not have assessable profits subject to Hong Kong profits tax during the six months ended 30 June 2024 and 2023.

The PRC corporate income tax law and its implementation rules impose a withholding tax at 10% for dividends distributed by a PRC-resident enterprise to its immediate holding company outside the PRC for earnings generated beginning 1 January 2008 and undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. A lower 5% withholding tax rate may be applied when the immediate holding companies are established in Hong Kong according to the tax treaty arrangement between the PRC and Hong Kong. The directors of the Company had confirmed that retained earnings of the Group's PRC subsidiaries as at 30 June 2024 will not be distributed in the foreseeable future.

## 29 Earnings per share

### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2024 and 2023, respectively.

	Unaudited Six months ended 30 June	
	2024	2023
Profit attributable to owners of the Company (RMB'000)	84,991	123,370
Weighted average number of ordinary shares in issue	1,590,324,000	1,590,324,000
Basic earnings per share (RMB)	0.05	0.08

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 29 Earnings per share (continued)

### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted number of ordinary shares in issue for the potential dilutive effect caused by the share options granted under the share option scheme assuming they were exercised.

For the six months ended 30 June 2024 and 2023, as the average market share price of the Company's share was lower than assumed exercise price including the fair value of any services to be supplied to the Group in the future under the share option arrangement, there would be no dilutive impact.

## 30 Contingencies

As at 30 June 2024, the Group had eleven (31 December 2023: seven) ongoing medical disputes arising from the operation of Nantong Rich Hospital and several disputes arising from medical examination centers which have not been settled. The Group has assessed the individual cases and taken into account of the expenses incurred and recorded, the Group believes the financial exposure in relation to the ongoing disputes shall not be material and thus no additional provision was made in this respect.

## 31 Commitments

### Capital commitments

Capital expenditure contracted for but not yet incurred at each balance sheet date, is as follows:

	Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
Authorized and contracted for:		
Leasehold improvement	10,614	29,020
Nantong Rich Hospital Expansion I	1,716	3,430
	12,330	32,450

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 32 Disposal of a subsidiary

On 12 June 2024, the Group entered into an agreement with independent third parties to dispose of its 100% equity interest of Nantong Rich Hemo-dialysis Co., Ltd. at cash consideration of RMB4,280,000. Gain on disposal amounted to RMB22,000 was analysed as follows:

	Unaudited Six months ended 30 June 2024 RMB'000
<b>Net assets disposed of:</b>	
Trade receivables	10
Other receivables	891
Prepayments	81
Cash and cash equivalents	4,342
Trade and other payables	(1,066)
	4,258
<b>Less: Proceeds from disposal</b>	<b>(4,280)</b>
	(22)
<b>Gain on disposal</b>	<b>(22)</b>
<b>Net cash outflows arising on disposal:</b>	
Cash at bank disposed of	4,342

The consideration was recognised in other receivable and expected to be received before 31 December 2024.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 33 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, has joint control over the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

The ultimate controlling shareholders of the Group are Dr. Fang and Dr. Mei.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the six months ended 30 June 2024 and 2023 and balances arising from related party transactions as at 30 June 2024 and 31 December 2023.

### (a) Name and relationship with related parties

Name of related party	Relationship with the Group
Dr. Fang (方宜新)	Controlling shareholder
Dr. Mei (梅紅)	Controlling shareholder
Mr. Fang Haoze (方浩澤)	Close family member of Dr. Fang and Dr. Mei
Nantong Rich Real Estate Development Co., Ltd. (南通瑞慈房地產開發有限公司)	Controlled by Dr. Fang
Nantong Rich Meidi Elderly Care Center (南通瑞慈美邸護理院有限公司) (“Nantong Meidi”)	Subsidiary of the joint venture
Jiangsu Tayoi biological technology co., Ltd. (江蘇東洋之 花生物科技股份有限公司) (“Jiangsu Tayoi”)	Controlled by Dr. Fang

(b) Saved as elsewhere disclosed in this financial information, the following transactions were carried out with related parties:

#### (i) Expenses paid on behalf of related parties by the Group

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Nantong Meidi	322	275
Nantong Rich Real Estate Development Co., Ltd.	8	10
	330	285

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 33 Related party transactions (continued)

(b) Saved as elsewhere disclosed in this financial information, the following transactions were carried out with related parties: (continued)

(ii) **Services provided to related parties**

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Nantong Meidi	625	288

(iii) **Guarantee provided by related parties for borrowings of the Group**

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2024	2023
	RMB'000	RMB'000
Dr. Fang and Dr. Mei	58,500	145,000

(c) **Key management compensation**

Key management includes executive directors and non-executive directors. The compensation paid or payable to key management for employee services is shown below:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Salaries and other short-term employee benefits	1,733	1,903
Pension	145	137
	1,878	2,040

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 33 Related party transactions (continued)

### (d) Balances with related parties

#### (i) Amounts due from related parties

	Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
Nantong Meidi	671	2,533
Nantong Rich Real Estate Development Co., Ltd.	28	20
	<b>699</b>	<b>2,553</b>

The amounts due from related parties are mainly for lending money to related parties, expenses paid on behalf of related parties or services provided by the Group, which were unsecured and non-interest bearing.

#### (ii) Amounts due to related parties

	Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
Jiangsu Tayoi	—	132

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 34 Dividend

The Board has resolved to declare interim dividend of HK\$0.045 per share for the six months ended 30 June 2024 (2023: nil).



股份代號 Stock Code: 1526

於開曼群島註冊成立之有限公司 Incorporated in the Cayman Islands with limited liability