RICI HEALTHCARE HOLDINGS LIMITED
瑞慈醫療服務控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1526)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2019

FINANCIAL HIGHLIGHTS

Since January 1, 2019, the Group has adopted HKFRS 16 *Leases*, and our interim results for the six months ended June 30, 2019 as highlighted below have taken into account the impact brought by such standard:

- revenue for the six months ended June 30, 2019 amounted to approximately RMB702.9 million, representing an increase of 28.7% from approximately RMB546.3 million for the corresponding period in 2018;
- gross profit for the six months ended June 30, 2019 amounted to approximately RMB150.7 million, as compared to approximately RMB103.0 million for the corresponding period in 2018;
- loss attributable to owners of the Company for the six months ended June 30, 2019 amounted to approximately RMB60.2 million, as compared to loss attributable to owners of the Company of approximately RMB67.9 million for the corresponding period in 2018; and
- adjusted EBITDA for the six months ended June 30, 2019 was approximately RMB140.3 million, as compared to approximately RMB45.0 million for the corresponding period in 2018.

The Board is of the view that the adoption of HKFRS 16 accelerates the related expenses charged at a early stage of the leasing period. For purpose of comparison with the results for the corresponding period in 2018 which HKFRS 16 had not been adopted, the key interim results of the Group for the six months ended June 30, 2019 without taking into account the adoption of HKFRS 16 are set out as follows:

- gross profit for the six months ended June 30, 2019 would amount to approximately RMB134.4 million, as compared to approximately RMB103.0 million for the corresponding period in 2018;
- loss attributable to owners of the Company for the six months ended June 30, 2019 would amount to approximately RMB49.0 million, as compared to loss attributable to owners of the Company of approximately RMB67.9 million for the corresponding period in 2018; and
- adjusted EBITDA for the six months ended June 30, 2019 would be approximately RMB40.6 million, as compared to approximately RMB45.0 million for the corresponding period in 2018.

In this announcement, "we", "us", "our" and "Rici" refer to the Company (as defined below) and where the context otherwise requires, the Group (as defined below).

The board (the "**Board**") of directors (the "**Directors**") of Rici Healthcare Holdings Limited (the "**Company**" and, together with its subsidiaries, collectively the "**Group**") announces the unaudited consolidated financial results of the Group for the six months ended June 30, 2019 (the "**Reporting Period**"), together with the comparative figures for the corresponding period in 2018. The Group's unaudited interim condensed consolidated statement of profit or loss, unaudited interim condensed consolidated statement of comprehensive income, unaudited interim condensed consolidated balance sheet and explanatory notes 1 to 19 as presented below are extracted from the Group's unaudited interim condensed consolidated financial statements for the six months ended June 30, 2019.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended June 30, 2019

	Note	**Unaudited** Six months ended June 30, **2019** *RMB'000*	Unaudited 2018 *RMB'000*
Revenue	*14*	**702,933**	546,250
Cost of sales	*15*	**(552,244)**	(443,242)
Gross profit		**150,689**	103,008
Distribution costs and selling expenses	*15*	**(86,712)**	(88,971)
Administrative expenses	*15*	**(140,781)**	(145,703)
Net impairment reversals/(losses) on financial assets	*15*	**126**	(5,444)
Other income		**16,182**	3,893
Other losses		**(175)**	(380)
Operating loss		**(60,671)**	(133,597)
Finance costs	*16*	**(76,093)**	(18,589)
Finance income	*16*	**6,017**	9,918
Finance costs — net		**(70,076)**	(8,671)
Share of results		**391**	15
Loss before income tax		**(130,356)**	(142,253)
Income tax credit	*17*	**13,235**	29,291
Loss for the period		**(117,121)**	(112,962)
Attributable to:			
Owners of the Company		**(60,241)**	(67,880)
Non-controlling interests		**(56,880)**	(45,082)
		(117,121)	(112,962)
Loss per share for loss attributable to owners of the Company			
— Basic	*18*	**RMB(0.04)**	RMB(0.04)
— Diluted	*18*	**RMB(0.04)**	RMB(0.04)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2019

	Unaudited	Unaudited
	Six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
Loss for the period	**(117,121)**	(112,962)
Other comprehensive income or losses	**—**	—
Total comprehensive loss for the period	**(117,121)**	(112,962)
Attributable to:		
Owners of the Company	**(60,241)**	(67,880)
Non-controlling interests	**(56,880)**	(45,082)
	(117,121)	(112,962)

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at June 30, 2019

	Note	**Unaudited June 30, 2019** *RMB'000*	Audited December 31, 2018 *RMB'000*
ASSETS			
Non-current assets			
Property and equipment		**1,071,844**	1,048,912
Right-of-use assets	*5*	**1,572,996**	—
Land use rights		**—**	3,298
Intangible assets		**14,257**	15,405
Investments accounted for using equity method		**7,317**	6,926
Financial assets at fair value through profit or loss		**4,399**	3,000
Deposits for long-term leases		**37,418**	33,318
Deferred income tax assets	*6*	**176,707**	142,880
Prepayments		**44,763**	19,041
		2,929,701	1,272,780
Current assets			
Inventories		**35,794**	31,317
Trade receivables	*7*	**288,382**	268,727
Other receivables	*8*	**27,294**	26,812
Prepayments		**21,021**	32,723
Amounts due from related parties		**1,666**	1,150
Cash and cash equivalents	*9*	**296,928**	495,407
Restricted cash	*9*	**283,775**	233,760
		954,860	1,089,896
Total assets		**3,884,561**	2,362,676
EQUITY			
Equity attributable to owners of the Company			
Share capital	*10*	**1,066**	1,066
Reserves		**642,100**	693,435
		643,166	694,501
Non-controlling interests		**(38,446)**	12,561
Total equity		**604,720**	707,062

	Note	**Unaudited June 30, 2019** *RMB'000*	Audited December 31, 2018 *RMB'000*
LIABILITIES			
Non-current liabilities			
Borrowings	*11*	**132,887**	128,227
Lease liabilities	*12*	**1,414,309**	—
Other financial liabilities		**109,851**	103,649
Other long-term liabilities		**—**	99,530
		1,657,047	331,406
Current liabilities			
Borrowings	*11*	**653,460**	610,010
Lease liabilities	*12*	**248,189**	—
Contract liabilities		**209,379**	227,371
Trade and other payables	*13*	**495,739**	463,383
Amounts due to related parties		**300**	3,530
Income tax payables		**10,122**	10,513
Deferred income		**5,605**	5,605
Current portion of other long-term liabilities		**—**	3,796
		1,622,794	1,324,208
Total liabilities		**3,279,841**	1,655,614
Total equity and liabilities		**3,884,561**	2,362,676

NOTES TO THE FINANCIAL INFORMATION

For the six months ended June 30, 2019

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 July 11, 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, specialty 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 October 6, 2016.

The interim condensed consolidated financial statements are presented in thousands of Renminbi ("**RMB'000**"), unless otherwise stated, and were approved and authorised for issue by the board of directors of the Company on August 30, 2019.

2 Basis of preparation

The notes contained in this announcement are extracted from the full set of interim condensed consolidated financial statements for the six months ended June 30, 2019 which have 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 statements should be read in conjunction with the annual financial statements of the Group for the year ended December 31, 2018, which have been prepared in accordance with HKFRSs and together with any public announcements made by the Company.

(a) Going concern

As at June 30, 2019, the Group's current liabilities exceeded its current assets by approximately RMB667,934,000. The directors considered that the contract liabilities and the deferred income included in current liabilities of the Group as at June 30, 2019 amounting to RMB214,984,000 will not require cash outflow from the Group. The Group meets its day-to-day working capital requirements depending on cash flows generated from operating activities, bank borrowings and credit facilities with banks in PRC. Based on the Group's past experience and good credit standing, the directors are confident on future operating cash flows and that the existing bank financing could be renewed and/or extended for at least another twelve months upon renewal. The directors therefore are of the opinion that it is appropriate to adopt the going concern basis in preparing the interim condensed consolidated financial statements.

3 Accounting policies

The accounting policies applied in the preparation of the interim condensed consolidated financial statements are consistent with those of the annual financial statements of the Group for the year ended December 31, 2018, as described in those annual financial statements, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings and the adoption of new standards, amendments and interpretation of HKFRSs effective for the financial year ending December 31, 2019, as set out below.

(a) New standard, amendments and interpretation of HKFRSs adopted by the Group in 2019

A number of new standard, amendments and interpretation of HKFRSs became applicable for the current reporting period and the Group had to change its accounting policies as a result of adopting these new standard, amendments and interpretation:

- HKFRS 16 Leases
- Annual Improvements to HKFRSs 2015–2017 Cycle
- HK(IFRIC) 23 Uncertainty over Income Tax Treatments
- Amendments to HKFRS 9 — Regarding prepayment features with negative compensation

- Amendments to HKAS 28 — Regarding long-term interests in associates and joint ventures, and

- Amendments to HKAS 19 — Regarding plan amendment, curtailment or settlement.

The effects of the adoption of HKFRS 16 and the new accounting policies are disclosed below in Note 3(c). The other amendments and interpretation described above are either currently not relevant to the Group or had no material impact on the Group's interim condensed consolidated financial statements or prior year financial statements.

(b) Impact of new standards and amendments of HKFRSs issued but not yet applied by the Group

Certain new accounting standards and amendments of HKFRSs have been published but are not mandatory for the financial year beginning January 1, 2019 and have not been early adopted by the Group. Those which are more relevant to the Group's current operations are as below:

		Effective for annual periods beginning on or after
Amendments to HKFRS 3	Regarding definition of a business	January 1, 2020
Amendments to HKAS 1 and HKAS 8	Regarding definition of material	January 1, 2020
Revised Conceptual Framework	Revised Conceptual Framework for Financial Reporting	January 1, 2020
HKFRS 17	Insurance Contracts	January 1, 2021
Amendments to HKFRS 10 and HKAS 28	Regarding sale or contribution of assets between an investor and its associate or joint venture	To be determined

These new standards and amendments described above are either currently not relevant to the Group or not expected to have material impact on the Group's interim condensed consolidated financial statements when they become effective.

(c) Changes in accounting policies

Below explains the impact of the adoption of HKFRS 16 *Leases* on the Group's financial statements and discloses the new accounting policies that have been applied from January 1, 2019, where they are different to those applied in prior periods.

The Group has adopted HKFRS 16 from January 1, 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on January 1, 2019.

(i) Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rates as of January 1, 2019. The lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 were ranged from 5.19% to 6.68%.

For leases previously classified as finance leases the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of HKFRS 16 are only applied after that date.

	RMB'000
Operating lease commitments disclosed as at December 31, 2018	2,270,696
Less: short-term leases to be recognised on a straight-line basis as expenses	(2,684)
	2,268,012
Discounted using the lessee's incremental borrowing rates at the date of initial application, representing additional lease liabilities recognised as at January 1, 2019	1,523,454
Add: finance lease liabilities recognised as at December 31, 2018	16,380
Total lease liabilities as at January 1, 2019	1,539,834

	RMB'000
Of which are:	
Current lease liabilities	207,594
Non-current lease liabilities	1,332,240
	1,539,834

Right-of-use assets were measured at the amount equal to the respective lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at December 31, 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	June 30, 2019 *RMB'000*	January 1, 2019 *RMB'000*
Properties	**1,528,318**	1,448,675
Equipment	**41,430**	23,218
Land use rights	**3,248**	3,298
Total right-of-use assets	**1,572,996**	1,475,191

Consolidated balance sheet (extract)	**As at December 31, 2018** *RMB'000*	**Effect of adoption of HKFRS 16** *RMB'000*	**As at January 1, 2019** *RMB'000*
Assets:			
Property and equipment	1,048,912	(23,218)	1,025,694
Right-of-use assets	—	1,475,191	1,475,191
Prepayments	51,764	(20,918)	30,846
Land use rights	3,298	(3,298)	—
Liabilities:			
Borrowings	738,237	(16,380)	721,857
Other long term liabilities	103,326	(95,697)	7,629
Lease liabilities	—	1,539,834	1,539,834

Impact on segment disclosures

Segment assets and segment liabilities of medical examination centers, specialty hospitals and general hospital as at June 30, 2019 were all increased as a result of the change in accounting policy by the following amounts:

	Segment assets *RMB'000*	Segment liabilities *RMB'000*
Medical Examination Centers	1,150,359	1,162,797
Specialty Hospitals	360,609	363,089
General Hospital	4,549	4,592
	1,515,517	1,530,478

Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 *Leases* and HK(IFRIC) 4 *Determining whether an Arrangement contains a Lease*.

(ii) The Group's leasing activities and how these are accounted for

The Group leases various business premises, offices and medical equipment. Rental contracts are typically made for fixed periods of 5 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From January 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs.

Payments associated with short-term and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

4 Estimates

The preparation of interim financial statements 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 statements, 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 December 31, 2018 with an additional item on estimation of impairment for the right-of-use assets arising from adoption of HKFRS 16.

5 Right-of-use assets

	Unaudited **As at** **June 30, 2019** ***RMB'000***	Audited As at December 31, 2018 *RMB'000*
Properties (i)	**1,528,318**	—
Equipment (i)	**41,430**	—
Land use rights (ii)	**3,248**	—
Net book amount	**1,572,996**	—

(i) Properties and Equipment

	Properties *RMB'000*	**Equipment** *RMB'000*	**Total** *RMB'000*
As at January 1, 2019			
Cost	1,448,675	23,218	1,471,893
Accumulated depreciation	—	—	—
Net book amount	1,448,675	23,218	1,471,893
Six months ended June 30, 2019			
Opening net book amount	1,448,675	23,218	1,471,893
Additions	172,667	20,000	192,667
Depreciation	(93,024)	(1,788)	(94,812)
Closing net book amount	1,528,318	41,430	1,569,748
As at June 30, 2019			
Cost	1,621,342	43,218	1,664,560
Accumulated depreciation	(93,024)	(1,788)	(94,812)
Net book amount	1,528,318	41,430	1,569,748

(ii) Land use rights

	Unaudited As at June 30, 2019 *RMB'000*	Unaudited As at January 1, 2019 *RMB'000*
Cost	**4,698**	4,698
Accumulated amortization	**(1,450)**	(1,400)
Net book amount	**3,248**	3,298

The land use rights are reclassified into right-of-use assets upon the adoption of HKFRS 16 on January 1, 2019.

6 Deferred income tax assets

	Unaudited As at June 30, 2019 *RMB'000*	Audited As at December 31, 2018 *RMB'000*
Deferred income tax assets		
— to be recovered within 12 months	**20,304**	18,017
— to be recovered after 12 months	**156,403**	124,863
	176,707	142,880

The gross movement on the deferred income tax assets account is as follows:

	Unaudited	
	Six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
At beginning of the period, as originally presented	**142,880**	81,988
Adoption of HKFRS 9	**—**	163
Restated opening balance	**142,880**	82,151
Credited to the consolidated statement of profit or loss	**33,827**	42,321
At the end of the period	**176,707**	124,472

7 Trade receivables

	Unaudited As at June 30, 2019 *RMB'000*	Audited As at December 31, 2018 *RMB'000*
Trade receivables	**308,549**	289,418
Less: loss allowance of trade receivables	**(20,167)**	(20,691)
	288,382	268,727

As at June 30, 2019 and December 31, 2018, the fair value of trade receivables of the Group approximated their carrying amounts.

The aging analysis of trade receivables are as follows:

	Unaudited As at June 30, 2019 *RMB'000*	Audited As at December 31, 2018 *RMB'000*
Trade receivables		
— Up to 6 months	**224,309**	221,278
— 6 months to 1 year	**64,625**	41,290
— 1 to 2 years	**13,584**	22,258
— 2 to 3 years	**3,465**	2,460
— Over 3 years	**2,566**	2,132
	308,549	289,418

8 Other receivables

	Unaudited As at June 30, 2019 *RMB'000*	Audited As at December 31, 2018 *RMB'000*
Deposits	**8,572**	14,657
Staff advance	**5,771**	4,340
Interest receivable	**3,838**	3,998
Receivables from non-controlling interests	**—**	1,310
Others	**9,230**	2,624
	27,411	26,929
Less: loss allowance of other receivables	**(117)**	(117)
	27,294	26,812

As at June 30, 2019 and December 31, 2018, other receivables of the Group are denominated in RMB and their carrying amounts approximated their fair value.

9 Cash and bank balance

(a) Cash and cash equivalents

	Unaudited As at June 30, 2019 *RMB'000*	Audited As at December 31, 2018 *RMB'000*
Cash at bank and on hand		
— Denominated in RMB	**184,549**	311,918
— Denominated in USD	**110,561**	164,534
— Denominated in HKD	**1,406**	1,214
— Denominated in JPY	**412**	634
— Denominated in EUR	**—**	17,107
	296,928	495,407

(b) Restricted cash

As at June 30, 2019, fixed deposits of USD41,059,970 and RMB1,500,000 (December 31, 2018: USD34,059,970) were pledged at banks for the Group's borrowings of RMB250,000,000.

10 Share capital

Ordinary shares, issued and fully paid:

	Number of ordinary shares	Share capital *RMB'000*
As at December 31, 2018 and June 30, 2019	1,592,079,000	1,066

In May 2019, the Company bought back 467,000 ordinary shares from open market, which were cancelled on July 4, 2019.

11 Borrowings

	Unaudited As at June 30, 2019 *RMB'000*	Audited As at December 31, 2018 *RMB'000*
Non-current:		
Bank borrowings — secured and/or guaranteed (i)	**126,307**	123,307
Other borrowings	**16,190**	—
Finance leases	**—**	16,380
Less: current portion of non-current borrowings	**(9,610)**	(11,460)
	132,887	128,227
Current:		
Bank borrowings — secured and/or guaranteed (ii)	**643,850**	598,550
Add: current portion of non-current borrowings	**9,610**	11,460
	653,460	610,010
Total borrowings	**786,347**	738,237

(i) As at June 30, 2019, non-current bank borrowings include:

  (a) RMB13,666,667 borrowings secured by buildings with net book value of RMB37,581,000; and

  (b) RMB107,640,000 borrowings secured by revenue collection rights of Changzhou Rich Obstetrics & Gynecology Hospital Co., Ltd.

(ii) As at June 30, 2019, short term bank borrowings include:

  (a) RMB95,000,000 borrowings secured by buildings with net book value of RMB38,793,000; and

  (b) RMB250,000,000 borrowings secured by USD41,059,970 and RMB1,500,000 fixed deposit.

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

As at June 30, 2019, all the borrowings were denominated in RMB and their fair value approximates their carrying amount.

As at June 30, 2019, borrowings of RMB686,307,000 were with floating interest rates.

12 Lease liabilities

	Unaudited As at June 30, 2019 ***RMB'000***	Audited As at December 31, 2018 *RMB'000*
Present value of the minimum lease payments:		
Within 1 year	**248,189**	—
After 1 year but within 2 years	**235,347**	—
After 2 years but within 5 years	**577,163**	—
After 5 years	**601,799**	—
	1,662,498	—

13 Trade and other payables

	Unaudited As at June 30, 2019 ***RMB'000***	Audited As at December 31, 2018 *RMB'000*
Trade payables due to third parties (b)	**151,036**	136,522
Payables for purchase of property and equipment	**138,125**	121,597
Staff salaries and welfare payables	**73,078**	97,393
Loans from non-controlling interests of subsidiaries (a)	**44,585**	17,185
Consideration payable to non-controlling interests for equity transfer	**30,000**	33,103
Deposits payable	**15,692**	2,246
Accrued taxes other than income tax	**5,451**	3,977
Interest payables	**3,715**	1,306
Accrued advertising expense	**1,328**	2,004
Accrued professional service fees	**997**	2,570
Others	**31,732**	45,480
	495,739	463,383

(a) Balance represents loans from the non-controlling interests of subsidiaries, which are unsecured. As at June 30, 2019 and December 31, 2018, loans from non-controlling interests of subsidiaries bore interest rate at 8%.

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

	Unaudited **As at** **June 30, 2019** ***RMB'000***	Audited As at December 31, 2018 *RMB'000*
Trade payables		
— Up to 3 months	**118,299**	110,271
— 3 to 6 months	**16,055**	9,486
— 6 months to 1 year	**7,805**	6,384
— 1 to 2 years	**2,324**	2,801
— 2 to 3 years	**822**	756
— Over 3 years	**5,731**	6,824
	151,036	136,522

The normal credit term granted by the Group is 30 days to 90 days. As at June 30, 2019 and December 31, 2018, fair value of all trade and other payables of the Group approximated to their carrying amounts due to their short maturities. All the trade and other payables of the Group are denominated in RMB.

14 Revenue and segment information

Management has determined the operating segments based on the information reviewed by the CODM for the purpose of 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, interest income, interest expenses, other finance expense 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 statements. These assets are allocated based on the operations of segment. Certain assets and liabilities related to some companies with corporate function are not allocated into segments.

The Group manages its business by three 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:

(i) 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**").

(ii) Medical examination centers

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

(iii) Specialty hospitals

The business of this segment is in Shanghai and Jiangsu Province. Revenue from this segment is derived from specialty hospital services.

(a) Revenue

Revenue of the Group consists of the following:

	Unaudited	
	Six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
General Hospital		
Outpatient pharmaceutical revenue	**24,885**	21,217
Outpatient service revenue	**30,592**	23,403
Inpatient pharmaceutical revenue	**106,326**	79,207
Inpatient service revenue	**79,660**	63,431
Medical Examination		
Examination service revenue	**440,639**	350,731
Management service fee and others	**1,256**	5,813
Specialty Hospitals		
Outpatient pharmaceutical revenue	**648**	123
Outpatient service revenue	**3,919**	1,025
Inpatient pharmaceutical revenue	**259**	7
Inpatient service revenue	**14,749**	1,293
	702,933	546,250

(b) Segment information

The following table presents revenue and profit information regarding the Group's operation segments for the six months ended June 30, 2019 and 2018, and the segment assets and liabilities at the respective balance sheet dates.

	General Hospital *RMB'000*	Medical Examination Centers *RMB'000*	Specialty Hospitals *RMB'000*	Unallocated *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
For the six months ended June 30, 2019						
Revenue	249,896	444,695	19,575	–	(11,233)	702,933
Segment profit/(loss)	72,732	49,116	(53,643)	(115)	(4,113)	63,977
Administrative expenses						(140,781)
Net impairment reversals on financial assets						126
Interest income						5,650
Interest expenses						(76,093)
Exchange gain						367
Total loss before income tax						(130,356)
Income tax credit						13,235
Loss for the period						(117,121)
Other information						
Additions to property and equipment, right-of-use assets and intangible assets	50,231	247,139	12,672	–	–	310,042
Depreciation and amortization	8,568	129,768	28,579	–	–	166,915

	General Hospital *RMB'000*	Medical Examination Centers *RMB'000*	Specialty Hospital *RMB'000*	Unallocated *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
As at June 30, 2019						
Segment assets	**1,024,552**	**3,147,946**	**813,097**	**856,830**	**(1,957,864)**	**3,884,561**
Segment liabilities	**539,780**	**2,862,592**	**755,718**	**115,999**	**(994,248)**	**3,279,841**

	General Hospital *RMB'000*	Medical Examination Centers *RMB'000*	Specialty Hospitals *RMB'000*	Unallocated *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
For the six months ended June 30, 2018						
Revenue	193,231	356,544	2,448	—	(5,973)	546,250
Segment profit/(loss)	42,774	21,420	(50,157)	—	—	14,037
Administrative expenses						(145,703)
Net impairment losses on financial assets						(5,444)
Interest income						6,795
Interest expenses						(18,589)
Exchange gain						2,698
Other finance income						425
Total loss before income tax						(142,253)
Income tax credit						29,291
Loss for the period						(112,962)
Other information						
Additions to property and equipment, land use right and intangible assets	16,259	140,864	68,211	—	—	225,334
Acquisition of a subsidiary	—	—	676	—	—	676
Depreciation and amortization	7,738	43,706	11,869	—	—	63,313

	General Hospital *RMB'000*	Medical Examination Centers *RMB'000*	Specialty Hospital *RMB'000*	Unallocated *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
As at December 31, 2018						
Segment assets	817,296	1,785,080	450,644	788,570	(1,478,914)	2,362,676
Segment liabilities	359,363	1,500,726	363,141	65,050	(632,666)	1,655,614

15 Expenses by nature

	Unaudited Six months ended June 30, 2019 *RMB'000*	2018 *RMB'000*
Employee benefits expense	**351,969**	281,717
Depreciation and amortization	**166,915**	63,313
Pharmaceutical costs	**72,511**	59,066
Medical consumables costs	**53,009**	38,337
Outsourcing testing expenses	**30,325**	23,323
Utility expenses	**27,286**	22,785
Professional service charge	**14,836**	7,166
Office expenses	**14,177**	19,947
Advertising expenses	**12,350**	15,560
Entertainment expenses	**5,967**	5,475
Maintenance expenses	**4,029**	3,163
Short-term or low-value (2018: all) operating lease rental and property management expenses	**3,228**	109,531
Travel expenses	**2,929**	6,995
Stamp duty and other taxes	**1,612**	961
Auditor's remuneration		
— Audit service	**1,124**	1,081
— Non-audit service	**—**	83
Net impairment (reversals)/losses for receivables	**(126)**	5,444
Others	**17,470**	19,413
	779,611	683,360

16 Finance costs — net

	Unaudited Six months ended June 30, **2019** ***RMB'000***	 2018 *RMB'000*
Interest on borrowings	**26,571**	18,537
Interest on lease liabilities	**49,522**	52
	76,093	18,589
Exchange gain	**(367)**	(2,698)
Interest income	**(5,650)**	(6,795)
Others	**—**	(425)
	(6,017)	(9,918)
Finance costs — net	**70,076**	8,671

17 Income tax credit

The amount of income tax credit recognised in the consolidated statement of profit or loss represents:

	Unaudited Six months ended June 30, **2019** ***RMB'000***	 2018 *RMB'000*
Current income tax		
— Current period	**19,128**	12,661
— Under provision for prior years	**1,464**	369
Deferred income tax	**(33,827)**	(42,321)
Income tax credit	**(13,235)**	(29,291)

The corporate income tax rate applicable to the Group's subsidiaries located in mainland China is 25%.

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 June 30, 2019 and 2018.

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 January 1, 2008 and undistributed earnings generated prior to January 1, 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 June 30, 2019 will not be distributed in the foreseeable future.

18 Loss per share

(a) Basic

Basic loss per share is calculated by dividing the net loss attributable to the owners of Company by the weighted average number of ordinary shares in issue during the six months ended June 30, 2019 and 2018, respectively.

	Unaudited Six months ended June 30,	
	2019	2018
Net loss attributable to owners of the Company (RMB'000)	**(60,241)**	(67,880)
Weighted average number of ordinary shares in issue	**1,591,982,912**	1,592,079,000
Basic loss per share (RMB)	**(0.04)**	(0.04)

(b) Diluted

Diluted loss 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 share option scheme assuming they were exercised.

	Unaudited	
	Six months ended June 30,	
	2019	2018
Net loss attributable to owners of the Company (RMB'000)	**(60,241)**	(67,880)
Weighted average number of ordinary shares for diluted loss per share, adjusted for share options	**1,469,737,825**	1,524,553,893
Diluted loss per share (RMB)	**(0.04)**	(0.04)

In determining the weighted average number of ordinary shares in issue during the six months ended June 30, 2019, the 467,000 ordinary shares bought back by the Company in May 2019 which were cancelled on July 4, 2019 were excluded since they were bought back.

19 Dividend

The Board has resolved not to declare any interim dividend for the six months ended June 30, 2019 (corresponding period in 2018: nil).

ACCOUNTING IMPLICATIONS OF ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARD 16 — LEASES

The Group has applied HKFRS 16 from January 1, 2019, but has not restated comparatives for the 2018 reporting period as permitted under the simplified transition approach in the standard. The reclassifications and the adjustments arising from the adoption of HKFRS 16 are therefore recognised in the opening balance sheet on January 1, 2019.

For further details, please refer to Note 3(c) titled "Changes in accounting policies" to the Financial Information in this announcement.

A comparison of results reflecting the adoption of HKFRS 16 on the results for the six months ended June 30, 2019:

	Unaudited	Unaudited
	Six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
Key Items from Interim Condensed Consolidated Statement of Profit or Loss		
Revenue	**702,933**	546,250
Gross profit	**150,689**	103,008
Loss for the period	**(117,121)**	(112,962)
Loss attributable to owners of the Company	**(60,241)**	(67,880)
Basic/diluted loss per share attributable to owners of the Company	**RMB(0.04)**	RMB(0.04)

	Unaudited	Audited
	June 30, 2019	December 31, 2018
	RMB'000	*RMB'000*
Key Items from Interim Condensed Consolidated Balance Sheet		
Total assets	**3,884,561**	2,362,676
Total liabilities	**3,279,841**	1,655,614
Total equity attributable to owners of the Company	**643,166**	694,501

A comparison of results without taking into account of the adoption of HKFRS 16 on the results for the six months ended June 30, 2019:

	Unaudited	Unaudited
	Six months ended June 30,	
	2019	2018
	RMB'000	*RMB'000*
Key Items from Interim Condensed Consolidated Statement of Profit or Loss		
Revenue	**702,933**	546,250
Gross profit	**134,351**	103,008
Loss for the period	**(102,160)**	(112,962)
Loss attributable to owners of the Company	**(49,012)**	(67,880)
Basic/diluted loss per share attributable to owners of the Company	**RMB(0.03)**	RMB(0.04)

	Unaudited	Audited
	June 30, 2019	December 31, 2018
	RMB'000	*RMB'000*
Key Items from Interim Condensed Consolidated Balance Sheet		
Total assets	**2,369,044**	2,362,676
Total liabilities	**1,749,362**	1,655,614
Total equity attributable to owners of the Company	**654,395**	694,501

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW AND STRATEGIC OUTLOOK

Industry Overview

With the continuous deepening of the medical reform in the People's Republic of China (the "**PRC**" or "**China**"), different specific policies of the "Healthy China 2030" Planning Outline were successively implemented, and the size of the private medical market continued to grow rapidly. According to the statistics released by National Health Commission (國家衛生健康委員會) of the PRC ("**NHC**") in May 2019, as of February 2019, there were 33,125 hospitals in China, comprising 11,960 public hospitals and 21,165 private hospitals, representing a year-on-year decrease of 319 public hospitals and a year-on-year increase of 2,185 private hospitals, respectively. From January to February 2019, the proportion of the number of patients nationwide treated in and discharged from private hospitals amounted for 15.35% and 17.35% of total number of patients nationwide treated in and discharged from hospitals, respectively, both seeing a year-on-year increase. The importance of the private medical practice to China's healthcare system and medical market continued to increase. There was a trend that the patients and customers of public medical institutions migrate towards private medical institutions. In particular, large private medical institutions, represented by Class III private hospitals, were able to attract more patients and customers.

According to the statistics from Statistical Communique of the PRC on the 2018 National Economic and Social Development (2018年國民經濟和社會發展統計公報) published by National Bureau of Statistics of China (國家統計局), the number of births in China was 15.2 million in 2018 with a birth rate of 10.94‰, showing a decrease in the number of births over 2017. However, the public has increasingly higher standards for quality of birth population as well as maternity and children healthcare service. On May 27, 2019, Department of Maternal and Child Health (婦幼健康司) of NHC issued the Report on Development of Maternal and Child Health Affairs in China (2019) (《中國婦幼健康事業發展報告(2019)》), presenting that there shall be innovative service philosophy, expanded service connotations and enhanced service functions for the women and children health affairs in the future, so as to achieve all-aspect and all-lifecycle health protection for women and children. According to the survey information presented in Chinese Private Wealth Report 2019 (《2019中國私人財富報告》) by Bain & Company, in 2018, the number of high-net-worth individuals in Guangdong, Shanghai, Beijing, Jiangsu and Zhejiang was approximately 43% of the total number of high-net-worth individuals in China, whose assets available for investment accounted for approximately 59% of the total assets held by all high-net-worth individuals in China. As the amount and the wealth of high-net-worth individuals grow, especially in the relatively affluent provinces and cities, consumers have increasing demand for high-quality maternity and children healthcare service. Together with the continuous shortage in public gynecological and pediatric medical resources in the short and medium term, there is still a large space for growth in the demand for high-quality gynecological and pediatric service. Middle to high-end private obstetrics, gynecology and pediatrics ("**OGP**") hospitals with outstanding medical quality, service quality, operating experience and brand reputation continue to have adequate market demand and competitiveness.

On June 12, 2019, the Opinions on Promoting Sustainable, Healthy and Standardised Development of Private Medical Institutions (《關於促進社會辦醫持續健康規範發展的意見》), which was jointly published by NHC and other authorities, specifies that support for the development of private medical institutions should be strengthened in various aspects including leaving sufficient room for the development of private medical institutions, increasing government purchases of services and further removing planning restrictions. Specifically, it includes strictly controlling the number and scale of the public hospitals; giving priority to private medical institutions for newly available medical and health resources; regulating and encouraging the establishment of private medical institutions including medical examination centers and OGP hospitals, as well as independently established medical institutions including hemodialysis centers operated as chain stores or group companies; and impose no restrictions on the regional planning of the total number and layout of private medical institutions. On July 15, 2019, the General Office of the State Council of the PRC (中國國務院辦公廳) established the Healthy China Promotion Committee (健康中國行動推進委員會), and published relevant documents such as the Healthy China Action (2019–2030) (《健康中國行動(2019–2030年)》) and the Plan for Organizing, Implementing and Assessing the Healthy China Action (《健康中國行動組織實施和考核方案》). Through such actions, the State Council of the PRC determined on the national level the overall targets and the assessment system to improve health of the Chinese people in the future. On the same day, the State Council of the PRC issued the Opinions of the State Council on Implementing Healthy China Action (《國務院關於實施健康中國行動的意見》), presenting that "maintaining health during the full life cycle" as one of the main goals of "Healthy China Action", and highlights the promotion of women and children health action, occupational health protection action and elderly health promotion action.

Such and similar new policies will provide a larger room for the development of medical examination and health management services, high-end private specialized hospitals and general healthcare institutions, creating new opportunities and better development environment for the Group's businesses.

General Hospital Business

Nantong Rich Hospital (Fourth Clinical College of Yangzhou University (揚州大學第四臨床醫學院)) is a Class III Grade B general hospital, the leading hospital for the development of medical alliance of Nantong Economic and Technological Development Zone and a National Standardized Medical Residency Training Coordination Base (國家住院醫師規範化培訓協同基地). Moreover, Nantong Rich Hospital has one construction project for National Key Clinical Specialty (國家級臨床重點專科), one Provincial Key Clinical Specialty under Construction (省級重點建設專科), five Municipal Key Clinical Specialties (市級臨床重點專科), one Municipal Key Specialty under Construction (市級重點建設專科) and one Municipal Key Discipline under Construction (市級重點建設學科). During the Reporting Period, Nantong Rich Hospital focused on strengthening the development of featured specialties including oncology, thoracic surgery and cardiology. It actively promoted the use of new large-scale equipment (gamma knife, linear accelerator, 256-row CT, etc.), further expanded its influence in Nantong and achieved significant growth in its performance. As of June 30, 2019, the hospital had 217 doctors, 149 medical technicians and 371 nurses. Revenue was approximately RMB241.5 million (corresponding period in 2018: RMB187.3 million), representing a year-on-year increase of 28.9%. During the Reporting Period, the number of outpatient visits of Nantong Rich Hospital was 185,982 (six months ended June 30, 2018: 169,125), and the number of inpatient visits of Nantong Rich Hospital was 13,173 (six months ended June 30, 2018: 11,533), which increased by 10.0% and 14.2% as compared with the corresponding period in the previous year, respectively. The expansion project of Nantong Rich Hospital Phase II, which was listed as a major special project among the "Double Hundred Projects" of Nantong in 2018, was progressing as planned.

As a collaboration with and a complement to Nantong Rich Hospital, Nantong Rich Meidi Elderly Care Center Co., Ltd. (南通瑞慈美邸護理院有限公司) ("**Nantong Meidi**") and Nantong Rich Hemodialysis Center Co., Ltd. (南通瑞慈血液透析有限公司) ("**Nantong Rich Hemodialysis Center**") achieved 24-hour medical linkage and further improved the Group's horizontal landscape in the medical industry of Nantong. In particular, Nantong Meidi is not only a designated medical institution for public medical insurance reimbursement and public basic care insurance reimbursement in Nantong, but also a practice base for students of Nanjing University of Science and Technology (南京理工大學) majoring in social work, a social practice base for students of Jiangsu College of Engineering and Technology (江蘇工程職業技術學院), a research base of Jiangsu Association of Gerontology (江蘇省老年學學會), and even a member of the Chinese Association for Life Care (中國生命關懷協會). As of June 30, 2019, Nantong Meidi served 103 elderly people (as of June 30, 2018: 103 elderly people). Door-to-door service had been successfully commenced and the consultation and management project in elderly-care industry had been carried forward.

Nantong Rich Hemodialysis Center was dedicated to providing personalized, reasonable and scientific dialysis solutions to the patients with nephropathy so as to ensure the adequacy and safety of the dialysis for the patients and improve their service experience. During the Reporting Period, Nantong Rich Hemodialysis Center served a total of 109 contracted patients and 35 hemodialysis machines were in use (as of December 31, 2018: 52 contracted patients and 25 hemodialysis machines).

Medical Examination Business

Along with the increasing number of medical examination institutions, the coverage of the medical examination business expanded. Our medical examination business covers 28 cities across the country, with an increase of 5 cities as compared with the corresponding period in the previous year. During the Reporting Period, our medical examination business focused on enhancing our own medical position and barriers. Our various examination centers obtained the ISO9001 management system certification, and 12 medical examination centers located in Shanghai were acclaimed for their performance in the "Magnolia" project in Shanghai. Meanwhile, the medical examination business further enhanced the penetration rate of Rici's medical examination brand by organizing festival events, promotion of single-item of sophisticated medical examination (MRI, CT, mammography, etc) and multi-channel promotion. As a high-end brand of Rici's medical examination business which introduced the disease prevention and management concepts of Japan, "*Advanced Integrative Medical* CEO Health Club" is under active development and expected to commence operation in the second-half of this year.

As of June 30, 2019, the Group had 57 medical examination centers in China (as of June 30, 2018: 48), representing a year-on-year growth of 18.8%, of which 47 centers were in operation (as of June 30, 2018: 38), representing a year-on-year growth of 23.7%. Revenue from our medical examination business was approximately RMB441.9 million, representing an increase of 24.0% from approximately RMB356.5 million in the corresponding period in the previous year. The number of visits of customers under medical examination business was 905,375 (corresponding period in 2018: 699,547), representing a year-on-year increase of 29.4%, among which, corporate customers were the principal customer category, accounting for approximately 81.0% of the total visits of customers of the Group's medical examination business. During the Reporting Period, the number of corporate customers and the number of individual customers were 733,368 and 172,007, respectively (corresponding period in 2018: 554,647 and 144,900, respectively), representing a year-on-year increase of 32.2% and 18.7%, respectively.

Specialty Hospital Business

Rici's OGP segment continued to adopt modernized hospital management approaches in 2019. Based on the JCI standards, Rici's OGP segment listed patient identification, medical record preparation and management, pharmaceutical use and management, anesthesia and surgery management, medical continuity and communication, as well as crisis value management as its six major monitoring indicators for medical quality control. Human resources management focuses on the continuing resident physicians' training management, and the establishment and optimization of professional teams. Standardized management measures are applied to the Group's fire safety, medical wastes management, equipment safety and the safety of hospital facilities matters, steadily enhancing the operating performance of the hospitals. During the Reporting Period, revenue from Rici's OGP segment amounted to RMB19.6 million (corresponding period in 2018: RMB2.4 million).

Changzhou Rich Obstetrics & Gynecology Hospital Co., Ltd. (常州瑞慈婦產醫院有限公司) ("**Changzhou Rich Hospital**") is committed to becoming a model for private hospitals with "standardized management, advanced technology and gathering of talents". Adhering to "quality first and patient-oriented service" philosophy, the hospital conducted promotional activities by combining local characteristics, popular social topics, cross-industry collaboration and media promotion, which were recognized by the local governments and the competent health departments at different levels. Such activities also earned the trust of people and the reputation in society. As a designated medical institution for public medical insurance reimbursement in Changzhou since February 2, 2019, Changzhou Rich Hospital ranked first in the "Branding Enhancement Awards for Top 10 Medical Institutions in China 2018" (2018年度中國醫療機構品牌傳播飛躍獎10強) and was selected as one of the "Top 50 Private Institutions in the Branding Chart of Top 100 Medical Institutions in China 2018" (2018年度中國醫療機構品牌傳播百強榜民營機構50強) (the 43rd place). Entering into the second operation year, Changzhou Rich Hospital continuously achieved rapid growth. As of June 30, 2019, Changzhou Rich Hospital had 117 beds in use (as of June 30, 2018: 99), serving a total of 8,914 outpatients and 481 inpatients during the Reporting Period (corresponding period in 2018: 1,492 and 37, respectively).

On December 21, 2018, Shanghai Shuixian Obstetrics & Gynecology Hospital (上海瑞慈水仙婦產醫院) was officially renamed as Shanghai Shuixian Obstetrics, Gynecology and Pediatric Hospital Co., Ltd. (上海瑞慈水仙婦兒醫院有限公司) ("**Rici Shuixian**"). Also, it entered into a strategic cooperation agreement with Children's Hospital of Shanghai (上海市兒童醫院) which is located right next to it, to commence the planning for the establishment of its pediatric department. From this year, Rici Shuixian has officially become a collaborative hospital of Ferguson Women's Health by strengthening the training of the hospital's internal staff on professional skills and foreign language proficiency. With the provision of the international medical service of American integrated LDRP (labor, delivery, recovery and postpartum) care, as well as the establishment of a commercial insurance service platform, the hospital aimed to satisfy demands of patients at different levels. Seizing the opportunity to become the official partnering hospital of the Obstetrics and Gynecology Hospital of Fudan University (復旦大學附屬婦產科醫院), the Children's Hospital of Fudan University (復旦大學附屬兒科醫院) and Children's Hospital of Shanghai, Rici Shuixian will leverage the first-class professional public medical resources in China and the specialized OGP medical services following international high-end service standards. Based on a standardized management philosophy, the service model of "focusing on obstetrics and gynecology with the collaborative development of pediatrics" was adopted, and the service volume saw continuous increase. As of June 30, 2019, Rici Shuixian had 39 beds in use, serving a total of 1,955 outpatients and 115 inpatients. Meanwhile, Shanghai Yuexin Maternity Care Center controlled by Rici Shuixian was recognized by Shanghai Bureau for Market Regulation as one of the first batch of standardized pilot projects in Shanghai in 2019.

Wuxi Rich Obstetrics, Gynecology and Pediatric Hospital Co., Ltd. (無錫瑞慈婦兒醫院有限公司) ("**Wuxi Rich Hospital**") successfully commenced operation on June 16, 2019. The hospital carried out marketing campaign based on the strategy of "putting the maternity care center first" at the final stage of its construction, and successfully received many package orders on its first day of operation. As of June 30, 2019, the hospital had 63 beds in use.

PROSPECTS

Nantong is one of the major cities in the strategy of "1+3" key functional zones in Jiangsu. The expansion project of Nantong Rich Hospital Phase II is in progress and the earliest completion of the construction is expected to be the end of 2020. Along with the commencement of operation of G-series high-speed trains and the establishment of a new airport in Nantong, medical and elderly care market in Nantong has huge potentials. Before the completion of the expansion project of Nantong Rich Hospital Phase II, Nantong Rich Hospital will strengthen its soft power and strive to receive "satisfactory revenue in low season" through market expansion and large-scale equipment promotion in order to further increase the revenue and profitability. At the same time, the intrinsic development of the six pillar departments, namely oncology, cardiology, brain, orthopedics, geriatric rehabilitation and OGP, will be enhanced. It is expected that Nantong Rich Hospital will become a private medical institution qualified as a Class III Grade A general hospital and improve its medical service network combining medical service, maternal and child healthcare, rehabilitation and elderly care after the completion of the expansion project of Nantong Rich Hospital Phase II.

The Opinions on the Implementation of Healthy China Action (《關於實施健康中國行動的意見》) published by the State Council of the PRC on July 15, 2019 presented that people's health is a significant symbol of national prosperity and a wealthy and powerful country, and disease prevention is the most economical and effective health promotion strategy. Our medical examination business has been always adhering to the scientific and medicalized characteristics of medical examination services. Following the establishment and the commencement of operation of the high-end brand "*Advanced Integrative Medical* CEO Health Club", our medical examination business will further improve the scientization, medicalization, personalization, high-end standard and internationalization of its medical examination services. Through continuous optimization and updating of product types, brand building and improvement of medical value-added services, the scale per single medical examination center is further expanded, and the market share and influence of the brand of Rici in the medical examination industry will be increased.

The opening of Wuxi Rich Hospital marked the completion of regional layout for Rici OGP brand in Yangtze River Delta. The three hospitals under Rici's OGP segment ("**Rici OGP Hospitals**") are in the core locations of the major cities in Yangtze River Delta region. There are adequate potential customers, medical resources and expert resources in such areas. Therefore, Rici OGP Hospitals will continuously leverage their own advantages to achieve rapid development. For hospitals construction, with the principle of "hospital's brand and reputation", they implement the management and innovative initiatives in various aspects including medical quality, patient safety, human resources, team building and planning of new projects by "strengthening internal development and enhancing core competitiveness". For business development, they focus on obstetrics and pediatrics, and persistently explore the possibility of new businesses, medical departments and service model. They provide the customers with high-tech and high-value-added services, and also continuously make efforts on discipline development and staff training in gynecology sector. In the coming years, Rici's OGP Hospitals have confidence in satisfying and even exceeding patients' expectations from the fundamental aspect of medical safety to other aspects such as high-quality medical service demand. They strive to be the models of private gynecology and pediatrics hospitals in the area, Yangtze River Delta region and even China.

FINANCIAL REVIEW

Revenue

We derive revenue mainly from our 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,		
	2019	2018	% of Change
	(RMB'000)	*(RMB'000)*	
General hospital business	**249,896** (1)	193,231 (1)	29.3%
Medical examination business	**444,695** (2)	356,544 (2)	24.7%
Specialty hospital business	**19,575**	2,448	699.6%
Inter-segment	**(11,233)**	(5,973)	384.4%
Total	**702,933**	546,250	28.7%

Notes:

(1) Included the revenue from hemodialysis business.

(2) Included the revenue from embedded clinic business in medical examination centers.

Our revenue increased by 28.7% from RMB546.3 million for the six months ended June 30, 2018 to RMB702.9 million for the Reporting Period, mainly due to an increase in revenue from the general hospital business, the medical examination business and specialty hospital business.

Revenue from the general hospital business for the Reporting Period amounted to RMB241.5 million, representing an increase of 28.9% from RMB187.3 million for the corresponding period in 2018, excluding inter-segment revenue of RMB8.4 million and RMB6.0 million for the six months ended June 30, 2019 and 2018, respectively. The increase was mainly attributable to our active improvement of operational efficiency, which led to an increase of 1,640 in the number of inpatient individuals served, an increase in the revenue per inpatient by 14.2% and an increase of the revenue from inpatients by RMB43.3 million. Meanwhile, the number of outpatient visits increased by 16,857 and revenue per outpatient increased by 13.1%, and thus the revenue from outpatients increased by RMB10.9 million.

Revenue from the medical examination business for the Reporting Period amounted to RMB441.9 million, representing an increase of 24.0% from RMB356.5 million for the corresponding period in 2018, excluding the inter-segment revenue of RMB2.8 million for the Reporting Period. The improvement of our service quality and the people's increasing awareness of demand for high-end medical examination services brought an increase in the number of visits of patients for medical examination services. In the Reporting Period, the number of visits for our medical examination services was 905,375, representing an increase of 29.4% from 699,547 in the corresponding period in 2018.

Revenue from the specialty hospital business for the Reporting Period amounted to RMB19.6 million (corresponding period in 2018: RMB2.4 million). For the Reporting Period, the numbers of outpatients and inpatients for our specialty hospital services served were 10,870 and 596, respectively. Revenue generated from outpatients visits and inpatients visits was RMB4.6 million and RMB15.0 million, respectively.

Cost of Sales

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,		
	2019	2018	% of Change
	(RMB'000)	*(RMB'000)*	
General hospital business	**174,777** (1)	147,193 (1)	18.7%
Medical examination business	**323,010** (2)	251,069 (2)	28.7%
Specialty hospital business	**69,125**	50,953	35.7%
Inter-segment	**(14,668)**	(5,973)	441.9%
Total	**552,244**	443,242	24.6%

Notes:

(1) Included the cost of sales of hemodialysis business.

(2) Included the cost of sales of embedded clinic business in medical examination centers.

Our cost of sales increased by 24.6% from RMB443.2 million for the six months ended June 30, 2018 to RMB552.2 million for the Reporting Period, mainly because (i) nine medical examination centers commenced operation in the period from July 2018 to June 2019; (ii) the expansion of the scale of our general hospital business; and (iii) the increased operating costs of the specialty hospitals.

Cost of sales of our general hospital business during the Reporting Period amounted to RMB174.8 million, representing an increase of 18.7% from RMB147.2 million during the corresponding period in 2018, which was mainly attributable to the increase in pharmaceutical costs and medical consumable costs following the expansion of revenue scale in 2019.

Cost of sales of our medical examination business during the Reporting Period amounted to RMB323.0 million, representing an increase of 28.7% from RMB251.1 million during the corresponding period in 2018. The increase was mainly attributable to (i) the increase in variable costs of our medical examination centers, including medical consumable costs and outsourced testing expenses, which was generally in line with the growth of revenue from our medical examination business; and (ii) the operation of new medical examination centers, resulting in an increase in certain fixed costs, such as depreciation and amortization expenses.

Cost of sales of the specialty hospital business during the Reporting Period amounted to RMB69.1 million, representing an increase of 35.7% from RMB51.0 million during the corresponding period in 2018. The increase was mainly attributable to the increase in the remuneration expenses of medical staff, medical consumable costs and outsourced testing expenses as the specialty hospital business was in its initial stage of development.

Gross Profit

Our gross profit increased by 46.3% from RMB103.0 million for the six months ended June 30, 2018 to RMB150.7 million for the Reporting Period. Gross profit margin increased by 2.5 percentage points from 18.9% for the six months ended June 30, 2018 to 21.4% for the Reporting Period, mainly due to the adoption of HKFRS 16, as HKFRS 16 was not adopted for the six months ended June 30, 2018. For comparison purpose only, assuming the changes to the results for the Reporting Period brought by the adoption of HKFRS 16 are not taken into account, the Group's gross profit would be approximately RMB134.4 million, representing an increase of approximately 30.4% as compared to the corresponding period in 2018, and our gross profit margin would be 19.1%, representing a 0.2% increase as compared to the corresponding period in 2018.

Distribution Costs and Selling Expenses

Our distribution costs and selling expenses amounted to RMB86.7 million during the Reporting Period, as compared to RMB89.0 million for the corresponding period in 2018.

Administrative Expenses

Our administrative expenses amounted to RMB140.8 million during the Reporting Period, as compared to RMB145.7 million for the corresponding period in 2018.

Other Income

Our other income, which mainly represented government subsidies, donation income and income from equipment sales, amounted to RMB16.2 million during the Reporting Period (corresponding period in 2018: RMB3.9 million).

Other Losses

Our other losses during the Reporting Period amounted to RMB0.2 million, as compared to other losses of RMB0.4 million for the corresponding period in 2018. Other losses mainly represented the donation expense to charity fund, losses on disposal of equipment and other miscellaneous losses.

Finance Costs — net

Our net finance costs amounted to RMB70.1 million during the Reporting Period, as compared to the net finance costs of RMB8.7 million for the corresponding period in 2018. The interest expenses amounted to RMB76.1 million during the Reporting Period, representing an increase of RMB57.5 million from RMB18.6 million for the corresponding period in 2018, among which the increase of RMB49.5 million in interest expenses was due to the adoption of HKFRS 16.

Share of Results

For the Reporting Period, the Group recognized a share of profit of RMB0.4 million (corresponding period in 2018: RMB0.02 million) in its consolidated results, mainly from the operating profit of RMB0.4 million of Nantong Meidi, a joint venture of the Group primarily engaged in providing elderly care services, whose business operation has been gradually stabilized since its establishment in the second half of 2014.

Income Tax Credit

For the Reporting Period, income tax credit amounted to RMB13.2 million (corresponding period in 2018: RMB29.3 million). The decrease in income tax credit was mainly due to (i) the profit before income tax of Nantong Rich Hospital increased by RMB18.1 million compared to the corresponding period in 2018; (ii) deferred income tax credit decrease from RMB42.3 million for the six months ended June 30, 2018 to RMB33.8 million for the Reporting Period, for less loss incurred by medical examination centers and specialty hospitals was recognized as the deferred income tax assets.

Loss for the Period

For the foregoing reasons, in the Reporting Period, we recorded net loss of RMB117.1 million (corresponding period in 2018: net loss of RMB113.0 million), mainly due to the losses incurred from the new medical examination centers and specialty hospitals, which were at the early stage of operation, and the effect of the adoption of HKFRS 16.

Adjusted EBITDA

To supplement our interim condensed consolidated financial statements 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 loss/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) loss/profit before income tax or loss/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,		
	2019	**2019**	2018
	(RMB'000)	***(RMB'000)***	*(RMB'000)*
		(Hypothetical use HKAS17)	
Adjusted EBITDA calculation			
Loss for the period	**(117,121)**	**(102,160)**	(112,962)
Adjusted for:			
Income tax credit	**(13,235)**	**(8,248)**	(29,291)
Finance costs — net	**70,076**	**20,554**	8,671
Depreciation and amortization	**166,915**	**73,891**	63,313
Pre-opening expenses and EBITDA loss of soft-opening[1]	**20,952**	**43,775**	102,498
Share option expenses	**12,754**	**12,754**	12,803
Adjusted EBITDA	**140,341**	**40,566**	45,032
Adjusted EBITDA margin[2]	**20.0%**	**5.8%**	8.2%

Notes:

(1) Primarily represents (a) pre-opening expenses, such as staff costs and rental expenses, incurred in the applicable period in connection with medical examination centers and specialty hospitals under construction to commence operation in the subsequent years; and (b) EBITDA loss of new medical examination centers and specialty hospitals incurred during the period from which they commence operation.

(2) The calculation of adjusted EBITDA margin is based on adjusted EBITDA divided by revenue and multiplied by 100%.

The adjusted EBITDA amounted to RMB140.3 million during the Reporting Period, representing an increase of 211.6% from RMB45.0 million for the corresponding period in 2018, mainly due to effect of the adjustment of the recognition of operating leases arising from the adoption of HKFRS 16.

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, 2019, the property and equipment of the Group amounted to RMB1,071.8 million, representing an increase of RMB22.9 million as compared to RMB1,048.9 million as at December 31, 2018. The increase of property and equipment was primarily due to acquisition of equipment as well as renovation for the new medical examination centers and specialty hospitals.

Trade Receivables

As at June 30, 2019, the trade receivables of the Group were RMB288.4 million, representing an increase of RMB19.7 million as compared to RMB268.7 million as at December 31, 2018, mainly due to (i) the faster growth of revenue from the medical examination business of the Group in the Reporting Period; and (ii) larger unsettled medical insurance receivables from social insurance bureau as a result of scale expansion of our general hospital business.

Net Current Assets and Liabilities

As at June 30, 2019, the Group's current liabilities exceeded its current assets by RMB667.9 million (as at December 31, 2018: current liabilities exceeded its current assets by RMB234.3 million). The increase of the Group's net current liabilities was mainly due to (i) the Group's consumption of current assets and increase in current liabilities for the construction and operation needs of the new medical examination centers, general hospital and specialty hospitals; (ii) the effect of the recognition of operating lease liabilities arising from the adoption of HKFRS 16.

Liquidity and Capital Resources

As at June 30, 2019, the Group had cash and cash equivalents of RMB296.9 million, with available unused bank facilities of RMB203.5 million. As at June 30, 2019, the Group had outstanding bank borrowings of RMB770.2 million, including non-current portion of long-term bank borrowings of RMB121.3 million. Based on the Group's past experience and good credit standing, the Directors are confident that these bank facilities could be renewed or extended for at least another twelve months upon renewal. For the currency in which cash and cash equivalents are denominated, please refer to note 9 to the interim condensed consolidated financial statements.

Significant Investments, Material Acquisitions and Disposals

For the Reporting Period, save as disclosed in this announcement, the Group did not have any significant investment, material acquisition or disposal.

Capital Expenditure and Commitments

For the Reporting Period, the Group incurred capital expenditures of RMB310.0 million (corresponding period in 2018: RMB225.3 million), primarily due to (i) purchases of medical equipment as well as renovation for our medical examination centers, general hospital and specialty hospitals; (ii) lease business premises for medical examination centers.

As at June 30, 2019, the Group had a total capital commitment of RMB287.7 million (as at December 31, 2018: RMB274.4 million), mainly comprising the related contracts of capital expenditure in equity investment and newly built medical examination centers and specialty hospitals.

Borrowings

As at June 30, 2019, the Group had total bank and other borrowings of RMB786.3 million (as at December 31, 2018: RMB738.2 million). Please refer to Note 11 to the interim condensed consolidated financial statements for more details.

Contingent Liabilities

The Group had no material contingent liability as at June 30, 2019 (as at December 31, 2018: Nil).

Financial instruments

The Group did not have any financial instruments as at June 30, 2019 (as at December 31, 2018: Nil).

Gearing Ratio

As at June 30, 2019, on the basis of net debt divided by total capital, the Group's gearing ratio was 78.1%. For comparison of results without taking into account of the adoption of HKFRS 16, the Group's gearing ratio would be 44.7% (as at December 31, 2018: 25.6%). The increase in gearing ratio mainly resulted from the Group's use of its internal funding and the increase of bank borrowings for the fund required for the construction and operation of new medical centers and specialty hospitals.

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, 2019, borrowings of RMB686,307,000 were with floating interest rate. We did not hedge our cash flow and fair value interest rate risk during 2019.

Foreign Exchange Risk

For the six months ended June 30, 2019, the Group was not exposed to significant foreign currency risk, except for the remaining bank deposits from the Company's initial public offering on October 6, 2016 (the "**IPO**"), which were denominated in Hong Kong dollar, and the bank deposits denominated in 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 amounts 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 major financial institutions, which the Directors believe are of high credit quality.

The Group has policies in place to ensure that receivables with credit terms are made to counterparties with an appropriate credit history and 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. It 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 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 injection from the shareholders of the Company (the "**Shareholders**"), as necessary. Based on contractual undiscounted payments, our financial liabilities were RMB3,792.3 million as at June 30, 2019 (as at December 31, 2018: RMB1,517.4 million).

Pledge of Assets

As at June 30, 2019, the Group had assets with a total carrying amount of RMB117,804,000 (as at December 31, 2018: assets of RMB100,684,000) and restricted deposits of USD41,059,970 and RMB1,500,000 (as at December 31, 2018: restricted deposits of USD34,059,970) pledged for borrowings.

Besides, the Group had 22.06% equity interest in Nantong Rich Hospital (as at December 31, 2018: 22.06%) secured to guarantee the exercise of the option right granted to Everbright (Haimen) Senior Healthcare Investment Fund (Limited Partnership) (海門光控健康養老產業投資合夥企業(有限合夥)). For details, please refer to the announcement of the Company dated September 3, 2018.

HUMAN RESOURCES

The Group had 6,550 employees as of June 30, 2019, as compared to 5,687 employees as of December 31, 2018. 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.

USE OF PROCEEDS FROM THE IPO

The net proceeds from the IPO amounted to RMB682.7 million after deducting share issuance costs and listing expenses. During the Reporting Period, the net proceeds from the listing were utilized in accordance with the proposed applications set out in the section headed "Future Plans and Use of Proceeds" in the Company's prospectus dated September 26, 2016 (the "**Prospectus**"), with the balance amounted to approximately RMB220.8 million. The balance of fund will continue to be utilized according to the manner as disclosed in the Prospectus. In the second half of 2019, the Company will use the proceeds raised from the IPO in accordance with its development strategies, market conditions and intended use of such proceeds. Details are set out in the following table:

	Net amount available as at December 31, 2018 *RMB'000*	Actual amount utilized during the Reporting Period *RMB'000*	**Unutilized amount as at June 30, 2019** ***RMB'000***
Expansion plans			
• Establishment of a premium pediatrics specialty hospital	—	—	**—**
• Establishment of six new medical examination centers	—	—	**—**
• Establishment of our multi-function facility	220,808	—	**220,808**
• Expansion of Nantong Rich Hospital	1,123	(1,123)	**—**
Partial repayment of our bank and other borrowings	—	—	**—**
For additional working capital and other general corporate purposes	—	—	**—**
Total	221,931	(1,123)	**220,808**

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Reporting Period.

CORPORATE GOVERNANCE PRACTICES

The Company recognizes 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 Corporate Governance Code (the "**Code**") as contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (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 Code during the Reporting Period, save for deviation from code provision A.2.1 of the Code.

Pursuant to code provision A.2.1 of the Code, the responsibility between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. However, Dr. Fang Yixin was appointed as the chief executive officer of the Company on March 20, 2019, and upon his new appointment, the Company does not have a separate chairman and the chief executive officer and Dr. Fang Yixin performs these two roles. The Board considers that vesting the roles of the chairman and the chief executive officer in Dr. Fang Yixin 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 Yixin (except his spouse, Dr. Mei Hong, and his son, Mr. Fang Haoze). The Board comprised four executive Directors, two non-executive Directors and three independent non-executive Directors as at the date of this announcement 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 the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 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, the Company repurchased on the Stock Exchange a total of 467,000 shares of the Company at a total consideration of approximately HKD504,694. Such shares of the Company were cancelled on July 4, 2019.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period. The purchase of the Company's shares was made for the benefit of the Shareholders with a view to enhancing the net asset value per share and earnings per share of the Company.

REVIEW OF FINANCIAL STATEMENTS

Audit Committee

The audit committee of the Company, comprising Ms. Wong Sze Wing, Ms. Jiao Yan, and Dr. Wang Yong, has discussed with the management and reviewed the unaudited interim financial statements of the Group for the Reporting Period.

Auditor

In addition, the Company's external auditor, PricewaterhouseCoopers, 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".

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.rich-healthcare.com. The interim report of the Company for the Reporting Period containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the above websites in due course.

APPRECIATION

On behalf of the Board, I would like to thank all our colleagues for their diligence, dedication, loyalty and integrity. I would also like to thank all our shareholders, customers, bankers and other business associates for their trust and support.

By Order of the Board
Rici Healthcare Holdings Limited
Fang Yixin
Chairman and Chief Executive Officer

Shanghai, the PRC, August 30, 2019

As at the date of this announcement, Dr. Fang Yixin, Dr. Mei Hong, Mr. Fang Haoze and Ms. Lin Xiaoying are the executive Directors; Ms. Jiao Yan and Mr. Yao Qiyong are the non-executive Directors; Dr. Wang Yong, Ms. Wong Sze Wing and Mr. Jiang Peixing are the independent-non executive Directors.