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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, 2024

FINANCIAL SUMMARY

- Revenue for the six months ended June 30, 2024 amounted to RMB1,231.2 million, representing a decrease of 4.1% from that of RMB1,284.3 million for the corresponding period in 2023.
- Gross profit for the six months ended June 30, 2024 amounted to RMB396.3 million, as compared to that of RMB484.0 million for the corresponding period in 2023.
- Profit attributable to owners of the Company for the six months ended June 30, 2024 amounted to RMB85.0 million, as compared to RMB123.4 million for the corresponding period in 2023.
- The Board has resolved to declare interim dividend of HK$0.045 per share for the Reporting Period.

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**", together with its subsidiaries, the "**Group**") announces the unaudited consolidated financial results of the Group for the six months ended June 30, 2024 (the "**Reporting Period**"), together with the comparative figures for the corresponding period in 2023. The Group's unaudited interim condensed consolidated balance sheet, unaudited interim condensed consolidated statement of profit or loss, unaudited interim condensed consolidated statement of other comprehensive income and explanatory notes 1 to 20 as presented below are extracted from the Group's unaudited interim condensed consolidated financial information for the six months ended June 30, 2024.

Interim condensed consolidated balance sheet

As at 30 June 2024

	Notes	**Unaudited 30 June 2024** *RMB'000*	Audited 31 December 2023 *RMB'000*
ASSETS			
Non-current assets			
Property and equipment		**1,519,237**	1,496,201
Right-of-use assets	*5*	**1,328,504**	1,245,255
Intangible assets		**16,583**	17,858
Investments accounted for using equity method		**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		**62,009**	56,475
Deferred tax assets	*6*	**124,941**	109,911
Other receivables		**50,000**	50,000
Prepayments	*9*	**31,404**	29,775
		3,327,375	3,199,155
Current assets			
Inventories		**39,372**	37,396
Trade receivables	*7*	**285,800**	299,469
Other receivables		**279,987**	264,779
Prepayments	*9*	**21,564**	22,293
Amounts due from related parties		**699**	2,553
Restricted cash	*8*	**900**	900
Cash and cash equivalents	*8*	**587,118**	811,210
		1,215,440	1,438,600
Total assets		**4,542,815**	4,637,755

	Notes	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	*10*	**1,065**	1,065
Reserves		**1,211,471**	1,125,880
		1,212,536	1,126,945
Non-controlling interests		**(25,904)**	(12,900)
Total equity		**1,186,632**	1,114,045
LIABILITIES			
Non-current liabilities			
Borrowings	*11*	**201,500**	219,140
Lease liabilities	*12*	**1,227,954**	1,135,647
Deferred income		**3,098**	3,695
		1,432,552	1,358,482
Current liabilities			
Borrowings	*11*	**612,000**	647,466
Lease liabilities	*12*	**272,376**	264,298
Contract liabilities	*13*	**578,832**	601,400
Trade and other payables	*14*	**421,288**	541,229
Amounts due to related parties		**—**	132
Income tax payables		**37,637**	108,745
Deferred income		**1,498**	1,958
		1,923,631	2,165,228
Total liabilities		**3,356,183**	3,523,710
Total equity and liabilities		**4,542,815**	4,637,755

Interim condensed consolidated statement of profit or loss

For the six months ended 30 June 2024

		Unaudited	Unaudited
		Six months ended 30 June	
	Notes	**2024**	2023
		RMB'000	*RMB'000*
Revenue	*15*	**1,231,205**	1,284,340
Cost of sales	*16*	**(834,918)**	(800,307)
Gross profit		**396,287**	484,033
Distribution costs and selling expenses	*16*	**(108,614)**	(163,189)
Administrative expenses	*16*	**(111,793)**	(100,393)
Reversal of impairment losses/ (impairment losses) on financial assets	*16*	**1,871**	(2,374)
Other income		**9,885**	12,102
Other losses		**(1,939)**	(1,643)
Operating profit		**185,697**	228,536
Finance costs	*17*	**(64,055)**	(61,535)
Finance income	*17*	**3,089**	12,496
Finance costs — net	*17*	**(60,966)**	(49,039)
Share of results of investments accounted for using equity method		**417**	440
Profit before income tax		**125,148**	179,937
Income tax expense	*18*	**(38,027)**	(53,718)
Profit for the period		**87,121**	126,219
Profit attributable to:			
Owners of the Company		**84,991**	123,370
Non-controlling interests		**2,130**	2,849
		87,121	126,219
Earnings per share for profit attributable to owners of the Company	*19*		
— Basic and diluted		**RMB0.05**	RMB0.08

Interim condensed consolidated statement of other comprehensive income

For the six months ended 30 June 2024

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

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 banking facilities 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.

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 periods.

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

Certain new and revised 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 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.

Sales 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.

	General Hospital	Medical Examination Centers	Unallocated	Elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the six months ended 30 June 2024 (unaudited)					
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*
As at 30 June 2024 (unaudited)					
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**
For the six months ended 30 June 2024 (unaudited)					
Other information					
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**

	General Hospital *RMB'000*	Medical Examination Centers *RMB'000*	Unallocated *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
For the six months ended 30 June 2023 (unaudited)					
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

	General Hospital *RMB'000*	Medical Examination Centers *RMB'000*	Unallocated *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
As at 31 December 2023 (audited)					
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
For the six months ended 30 June 2023 (unaudited)					
Other information					
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

5 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
	1,328,504	1,245,255

	Properties	Equipment	Land use rights	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2023 (Audited)				
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**
Six months ended 30 June 2024 (Unaudited)				
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**
As at 30 June 2024 (Unaudited)				
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**

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.

6 Deferred tax assets

	Unaudited As at 30 June 2024	Audited As at 31 December 2023
	RMB'000	*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
	94,142	78,800
Others		
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
	30,799	31,111
Total deferred tax assets	**124,941**	109,911

7 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)
	285,800	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
	299,466	315,006

8 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
	587,118	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.

9 Prepayments

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

Note:

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

10 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

11 Borrowings

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

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

12 Lease liabilities

	Unaudited As at 30 June 2024 *RMB'000*	Audited As at 31 December 2023 *RMB'000*
Present value of the minimum lease payments:		
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

13 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
	578,832	601,400

14 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
	421,288	541,229

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
	162,086	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.

15 Revenue

Revenue of the Group consists of the following:

	Unaudited Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
General hospital		
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
Medical examination centers		
Examination service revenue	**922,445**	982,274
Management service revenue and others	**491**	261
	1,231,205	1,284,340

16 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
	1,053,454	1,066,263

17 Finance costs — net

	Unaudited Six months ended 30 June **2024** ***RMB'000***	 2023 *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**	—
Finance costs	**64,055**	61,535
Interest income	**(3,089)**	(2,736)
Net exchange gains	**—**	(9,760)
Finance income	**(3,089)**	(12,496)
Finance costs — net	**60,966**	49,039

18 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** ***RMB'000***	 2023 *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	**(15,030)**	5,062
Income tax expense	**38,027**	53,718

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 and 2023, the corporate income tax rate applicable to some of the subsidiaries in mainland China is 15%.

19 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

(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.

20 Dividend

On 28 August 2024, the Board has resolved to declare an interim dividend of HK$0.045 per share (2023: Nil).

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 Co., Ltd. (南通瑞慈美邸護理院有限公司) ("**Nantong Meidi**") 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 Meidi 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.

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 grassroot 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,		
	2024	2023	Percentage
	RMB'000	*RMB'000*	change
General hospital business	**323,966**	312,416	3.7%
Medical examination business	**922,936**	982,535	(6.1%)
Inter-segment	**(15,697)**	(10,611)	47.9%
Total	**1,231,205**	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.

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,		
	2024	2023	Percentage
	RMB'000	*RMB'000*	Change
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 Meidi, 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.

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	2023
	RMB'000	*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[(1)]	**6,164**	14,901
Share options clawback	**—**	(5,351)
Adjusted EBITDA	**408,784**	431,142
Adjusted EBITDA margin [(2)]	**33.2%**	33.6%

Note:

(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 8 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.

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 11 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.

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 of the Company (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 a total of 9,654 (December 31, 2023: 9,413) employees as of June 30, 2024. 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.

INTERIM DIVIDEND

The Board has resolved to declare interim dividend of HK$0.045 per share ("**Interim Dividend**") 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 of the Company will be registered. In order to be qualified for the Interim Dividend, unregistered holders of shares of the Company 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.

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 Corporate Governance Code (the "**CG Code**") as contained in the Rules Governing the Listing of Securities on 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 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 Yixin ("**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 Hong, and his son, Mr. Fang Haoze). The Board comprised four 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 Model Code for Securities Transactions by Directors of Listed Issuers (the "**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 FINANCIAL INFORMATION

Audit Committee

The audit committee of the Board, comprising Ms. Wong Sze Wing, Mr. Jiang Peixing and Dr. Wang Yong, has discussed with the management and the external auditor and reviewed the unaudited interim condensed consolidated financial information 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 information 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, 28 August, 2024

As at the date of this announcement, the Board comprises four executive Directors, namely Dr. Fang Yixin, Dr. Mei Hong, Mr. Fang Haoze and Ms. Lin Xiaoying; and three independent non-executive Directors, namely Dr. Wang Yong, Mr. Jiang Peixing and Ms. Wong Sze Wing.